

**MED LIFE GROUP**  
**PRO FORMA FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED 12 MONTHS**  
**AT 31 DECEMBRE 2018**

## Introduction

The following Consolidated Pro Forma PL of the Consolidated PL is based on the Group's Consolidated audited Financial Statements for the 12 month period ended on 31 December 2018, adjusted with the historical financial results of the company acquired by the Group during the period from 1 January 2018 up to 31 December 2018 (the "**Acquired Company**"). Details of the Acquired Company are set out below.

The Consolidated Pro Forma PL for the 12 month ended 31 December 2018 transpose (i) the acquisition of the Acquired Company as if the acquisition had occurred on 1 January 2018 by combining the financial results for the period of the Acquired Company with those of the Group and (ii) the elimination of certain expenses included in the Consolidated PL of the Group which the Group considers to be non-operational and/or non-recurring in nature.

The Consolidated Pro Forma PL provide a hypothetical illustration of the impact of the transactions on the Company's earnings. The Consolidated Pro Forma PL has been prepared for the Group as at and for the 12 month period ended 31 December 2018. The Consolidated Pro Forma PL should be read in conjunction with the Group's Consolidated audited Financial Statements for the 12 month period ended 31 December 2018.

## Purpose of the Consolidated Pro Forma PL

The Consolidated Pro Forma PL set out below has been prepared to (i) illustrate the effect on the Group of the acquisition completed in 12 months 2018 and (ii) provide an estimate of the Group's recurring EBITDA.

The Group's unaudited consolidated pro forma Adjusted EBITDA is also useful when analyzing the Group's current debt compared to its earnings capacity. Although the Consolidated BS in the Consolidated FS include the full amount of debt incurred to finance the acquisition completed as of 31 December 2018, the Consolidated PL includes no portion of the annual earnings of the Acquired Company. Using the unaudited consolidated pro forma Adjusted EBITDA for such comparison allows inclusion of a measure of the full period earnings that will contribute to the servicing of the debt incurred in relation to the acquisition.

In the first 12 months of 2018, the Company made the following acquisition in pursuit of a consolidation strategy aimed at complementing the Group's service offering, expanding its national footprint and consolidating its market position:

- 100% of the shares in SC Clinica Polissano SRL, completed in April 2018;
- 90% of the shares in SC Ghencea Medical Center SA, completed in May 2018;
- 80% of the shares in SC Solomed Clinic SA, completed in May 2018;
- 100% of the shares in SC Sfatul Medicului SA, completed in August 2018; and
- 100% of the shares in SC Transilvania Imagistica SA, completed in September 2018 through SC Genesys Medical Clinic SRL.

The Consolidated Pro Forma PL has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore, does not represent the Group's actual financial results. The Consolidated Pro Forma PL do not necessarily reflect what the combined Group's financial condition or results of operations would have been, had the acquisition occurred on the dates indicated in the pro-forma calculations. They also may not be useful in predicting the future financial condition and results of operations of the Group with the

acquired companies. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

### Consolidated Pro-Forma PL

	12 Months ended December 31, 2018			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
<b>SALES*</b>	<b>794,562,861</b>	<b>9,509,859</b>	<b>-</b>	<b>804,072,720</b>
Other operating revenues	9,844,865	3,772,574	-	13,617,439
<b>OPERATING INCOME</b>	<b>804,407,726</b>	<b>13,282,433</b>	<b>-</b>	<b>817,690,159</b>
<b>OPERATING EXPENSES*</b>	<b>(766,014,417)</b>	<b>(11,683,330)</b>	<b>3,151,145</b>	<b>(774,546,602)</b>
<b>PERATING PROFIT</b>	<b>38,393,309</b>	<b>1,599,103</b>	<b>3,151,145</b>	<b>43,143,557</b>
Finance cost	(17,567,816)	(970,850)	-	(18,538,666)
Other financial income	3,008,389	17,058	-	3,025,447
<b>FINANCIAL RESULT</b>	<b>(14,559,427)</b>	<b>(953,792)</b>	<b>-</b>	<b>(15,513,219)</b>
<b>RESULT BEFORE TAXES</b>	<b>23,833,882</b>	<b>645,311</b>	<b>3,151,145</b>	<b>27,630,338</b>
Income tax expense	(7,051,245)	(20,760)	(504,183)	(7,576,188)
<b>NET RESULT</b>	<b>16,782,637</b>	<b>624,551</b>	<b>2,646,962</b>	<b>20,054,150</b>

### Net Income to Adjusted EBITDA

	12 Month ended December 31, 2018			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
<b>Net income/(loss) for the period</b>	<b>16,782,637</b>	<b>624,551</b>	<b>2,646,962</b>	<b>20,054,150</b>
Add back:				
<b>Taxes on income</b>	<b>7,051,245</b>	<b>20,760</b>	<b>504,183</b>	<b>7,576,188</b>
Out of which:				
Base tax expense	7,051,245	20,760	-	7,072,005
One off impact	-	-	504,183	504,183
<b>Net financial result</b>	<b>14,559,427</b>	<b>953,792</b>	<b>-</b>	<b>15,513,219</b>
<b>Depreciation, amortisation and impairment, including write-ups</b>	<b>56,982,245</b>	<b>3,310,450</b>	<b>-</b>	<b>60,292,695</b>
<b>Adjusted EBITDA</b>	<b>95,375,554</b>	<b>4,909,553</b>	<b>3,151,145</b>	<b>103,436,252</b>

## Sales split by Business Line

	12 Month ended December 31, 2018			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
Clinics	233,339,171	15,494,907	-	248,834,078
Stomatology	44,733,559	-	-	44,733,559
Hospitals*	167,320,772	(9,460,243)	-	157,860,529
Laboratories	134,680,878	2,722,813	-	137,403,691
Corporate	169,171,271	629,891	-	169,801,162
Pharmacies	36,111,885	-	-	36,111,885
Other	9,205,325	122,491	-	9,327,816
<b>Total Sales</b>	<b>794,562,861</b>	<b>9,509,859</b>	<b>-</b>	<b>804,072,720</b>

*\*In the normalisation adjustments the subsidies received from the NHIH which refer to National Health Program have had its corresponding revenues and expenses reclassified.*

## Basis for the Consolidated Pro Forma PL

The Consolidated Pro Forma PL for the 12-month period ended 31 December 2018 has been prepared starting from the Consolidated PL of the Group as of 31 December 2018. The Consolidated Pro Forma PL was prepared in a manner consistent with the accounting policies adopted by the Group in the Consolidated FS as of 31 December 2018.

The Consolidated Pro Forma PL for the 12 months ended 31 December 2018 gives effect to the acquisitions of the Acquired Companies as if the acquisitions had occurred on 1 January 2018. Also, certain expense items incurred by the Group in the relevant period which are considered to be non-operational and non-recurring by nature as detailed in the notes to the tables, are reflected in the Consolidated Pro Forma PL as one off adjustments, based on management judgment for the Group, without taking into account the Acquired Companies.

## Consolidated Pro Forma PL adjustments

### Normalization adjustment

Normalization adjustments are made to include the financial results of the Acquired Companies in the Group results for the relevant period. The adjustments represent the unaudited Income Statement items for the portion of the relevant period prior to and including the month of acquisition of the companies.

The companies that were normalized and the months included in the normalization are set out below:

Entity	Date of obtaining control	Months included in Normalization (inclusive)
SC Clinica Polisano SRL	April 2018	January – March 2018
SC Ghencea Medical Center SA	June 2018	January – May 2018
SC Solomed Clinic SA	June 2018	January – May 2018
SC Sfatul Medicului SA	September 2018	January – August 2018
SC Transilvania Imagistica SA	October 2018	January – September 2018

## One-off adjustments

The one-off adjustments represent expenses which have been included in the Group's Consolidated PL but which, in the Group's opinion, represent non-recurring and/or non-operational expenses by nature. These expenses relate to costs incurred in relation to the acquisition of the Acquired Companies which were expensed rather than capitalized as part of the acquisition cost of the company, including also the costs of aborted or continuing acquisition processes, as well as the fine from the Competition Council as a consequence of Competition Council Decision no. 19/11.04.2018.

The one-off expenses are presented below. The amounts calculated for each of the expenses is gross of the applicable income tax.

<b>Type of Expense</b>	<b>Amount for Q4 2018</b>	<b>Note</b>
Cost of Acquisitions	959,638	<i>Note A</i>
Competition Council Fine	1,216,451	<i>Note B</i>
Other costs	497,551	<i>Note C</i>
Finance Cost	477,505	<i>Note D</i>
<b>Total</b>	<b>3,151,145</b>	

### Note A

Cost of Acquisitions includes the expenses incurred in respect of external due diligence reports on target companies covering financial, taxation and legal due diligence as well as the cost of legal advisory services in relation to the signing and closing of the transactions signed or concluded in the period. The external costs of aborted acquisitions are also included.

These expenses are considered non-recurrent and non-operational, as they do not relate to the operational business of the Group.

### Note B

Through the Competition Council Decision no. 19/11.04.2018, the Competition Council fined Medlife S.A. and other group entities, as follows: RON 755,926 to MedLife S.A., RON 86,617 to Genesys Medical Clinic S.R.L. and RON 22,577 to Rur Medical S.A.

The rest of the RON 351,331 represent legal charges in relation to the fine.

These expenses are classified as one-offs as they do not relate to the on-going operational business of the Group.

### Note C

Includes other expenses considered non-recurring and not having any connection with the operational activity of the Group.

### Note D

The cost of financing includes the expenses incurred in connection with legal assistance regarding the Group's financing, covering the costs related to the mortgage and the fees related to the land book.

These expenses are considered non-recurring and non-operational because they are not related to the Group's ongoing operational activity.

## EBITDA EVOLUTION

	12 Month ended December 31,		Variatie
	2018	2017	2018/2017
	Pro-Forma	IFRS	
<b>Sales</b>	<b>804,072,720</b>	<b>623,219,949</b>	<b>29.0%</b>
Other operating revenues	13,617,439	7,496,681	81.6%
<b>Operating income</b>	<b>817,690,159</b>	<b>630,716,630</b>	<b>29.6%</b>
<b>Operating expenses less depreciation</b>	<b>(714,253,907)</b>	<b>(552,779,223)</b>	<b>29.2%</b>
<b>EBITDA</b>	<b>103,436,252</b>	<b>77,937,407</b>	<b>32.7%</b>
<i>EBITDA margin</i>	<i>12,86%</i>	<i>12,51%</i>	

	12 Month ended December 31, 2018	% out of Total
<b>Adjusted Pro-forma EBITDA</b>	<b>103,436,252</b>	<b>100%</b>
<i>Attributable to:</i>		
Owners of the Group	93,806,618	90.69%
Non-controlling interests	9,629,634	9.31%

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CEO

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