MED LIFE GROUP

PRO FORMA FINANCIAL INFORMATION

FOR THE PERIOD ENDED 12 MONTHS

AT 31 DECEMBRE 2019

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 2019, adjusted with the historical financial results of the company acquired by the Group during the period from 1 January 2019 up to 31 December 2019 (the "**Acquired Company**"). Details of the Acquired Company are set out below.

The Consolidated Pro Forma PL for the 12 month ended 31 December 2019 transpose (i) the acquisition of the Acquired Company as if the acquisition had occurred on 1 January 2019 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 2019. 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 2019.

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 2019 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 2019, 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 2019, the Company made the following acquisitions in pursuit of a consolidation strategy aimed at complementing the Group's service offering, expanding its national footprint and consolidating its market position:

- 51% of the shares in Rózsakert Medical Center;
- 65% of the shares in Badea Medica;
- 75% of the shares in Onco Team Diagnostic;
- 100% of the shares in Lotus Hospital;
- 100% of the shares in Micromedica Medical Center.

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, 2019			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro forma PL**
SALES	**967,380,307**	**22,055,490**	**-**	**989,435,797**
Other operating revenues	7,648,949	2,123,544	-	9,772,493
OPERATING INCOME	**975,029,256**	**24,179,034**	**-**	**999,208,290**
OPERATING EXPENSES	**(918,594,743)**	**(17,075,262)**	**4,978,240**	**(930,691,765)**
PERATING PROFIT	**56,434,513**	**7,103,773**	**4,978,240**	**68,516,525**
Finance cost	(19,186,950)	(484,772)	-	(19,671,722)
Other financial expenses	(8,164,408)	64,658	-	(8,099,751)
FINANCIAL RESULT	**(27,351,358)**	**(420,114)**	**-**	**(27,771,473)**
RESULT BEFORE TAXES	**29,083,155**	**6,683,658**	**4,978,240**	**40,745,052**
Income tax expense	(8,930,702)	(820,956)	(796,518)	(10,548,176)
NET RESULT	**20,152,452**	**5,862,702**	**4,181,721**	**30,196,876**

Net Income to Adjusted EBITDA

	12 Month ended December 31, 2019			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro forma PL**
Net income for the period	**20,152,452**	**5,862,702**	**4,181,721**	**30,196,876**
Add back:				
Taxes on income	**8,930,702**	**820,956**	**796,518**	**10,548,176**
Out of which:				
Base tax expense	8,930,702	820,956	-	9,751,658
One off impact	-	-	796,518	796,518
Net financial result	**27,351,358**	**420,114**	**-**	**27,771,473**
Depreciation, amortisation and impairment, including write-ups	**93,303,786**	**4,688,489**	**-**	**97,992,275**
Adjusted EBITDA	**149,738,299**	**11,792,262**	**4,978,240**	**166,508,800**

Sales split by Business Line

	12 Month ended December 31, 2019			
	Consolidated PL	**Normalisation**	**One off**	**Consolidated Pro forma PL**
Clinics	295,465,223	33,586,781	-	329,052,003
Stomatology	59,817,358	704,275	-	60,521,633
Hospitals*	221,198,932	(25,822,660)	-	195,376,272
Laboratories	154,135,274	13,587,095	-	167,722,369
Corporate	183,514,802	-	-	183,514,802
Pharmacies	39,341,136	-	-	39,341,136
Other	13,907,582	-	-	13,907,582
Total Sales	**967,380,307**	**22,055,491**	**-**	**989,435,797**

**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 2019 has been prepared starting from the Consolidated PL of the Group as of 31 December 2019. 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 2019.

The Consolidated Pro Forma PL for the 12 months ended 31 December 2019 gives effect to the acquisitions of the Acquired Companies as if the acquisitions had occurred on 1 January 2019. 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)
Rózsakert Medical Center	March 2019	January – March 2019
Badea Medical	May 2019	January – May 2019
Onco Team Diagnostic	October 2019	January – October 2019
Centrul Medical Micromedica	December 2019	January – December 2019
Spitalul Lotus	December 2019	January – December 2019

One-off adjustments

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.

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

Type of Expense	Amount for FY 2019	Note
Cost of Acquisitions	2,544,313	*Note A*
Other costs	2,272,527	*Note B*
Finance Cost	161,399	*Note C*
Total	**4,978,240**	

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

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

Note C

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, 2019	2018	Variatie 2019/2018
	Pro-Forma	**IFRS**	
Sales	**989,435,797**	**794,562,861**	**24.5%**
Other operating revenues	9,772,493	9,844,865	(0.7%)
Operating income	**999,208,290**	**804,407,726**	**24.2%**
Operating expenses less depreciation	**(832,699,490)**	**(709,032,172)**	**17.4%**
EBITDA	**166,508,800**	**95,375,554**	**74.6%**
EBITDA margin	*16.83%*	*12.00%*	

	12 Month ended December 31, 2019	% out of Total
Adjusted Pro-forma EBITDA	**166,508,800**	**100%**
Attributable to:		
Owners of the Group	147,580,910	88.6%
Non-controlling interests	18,927,891	11.4%

Mihail Marcu,
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