

MED LIFE GROUP
PRO FORMA FINANCIAL INFORMATION
FOR THE PERIOD ENDED 12 MONTHS
AT 31 DECEMBRE 2020

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 2020, adjusted with the historical financial results of the company acquired by the Group during the period from 1 January 2020 up to 31 December 2020 (the "**Acquired Company**"). Details of the Acquired Company are set out below.

The Consolidated Pro Forma PL for the 12 month ended 31 December 202- transpose (i) the acquisition of the Acquired Company as if the acquisition had occurred on 1 January 2020 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 2020. 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 2020.

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 2020 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 2020, 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 2020, 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:

- 7% of share capital of Genesys Arad, as a result, MedLife holds the 68% stake;
- 100% of share capital of Labor Maricor;
- 100% of the shares in Centrul Medical Matei Basarab SRL;
- 75% of share in Pharmachem Distributie SRL;
- 100% of the shares in CED Pharma SRL;
- 36% of the shares in KronDent 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, 2020			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
SALES	1,077,448,351	136,046,535	-	1,213,494,886
Other operating revenues	9,274,762	534,843	-	9,809,605
OPERATING INCOME	1,086,723,113	136,581,378	-	1,223,304,491
OPERATING EXPENSES	(977,611,985)	(131,539,461)	5,261,188	(1,103,890,258)
OPERATING PROFIT	109,111,128	5,041,917	5,261,188	119,414,233
Finance cost	(23,252,552)	(582,449)	-	(23,835,001)
Other financial expenses	(7,307,417)	(535,277)	-	(7,842,694)
FINANCIAL RESULT	(30,559,969)	(1,117,726)	-	(31,677,695)
RESULT BEFORE TAXES	78,551,159	3,924,191	5,261,188	87,736,538
Income tax expense	(15,880,183)	(554,265)	(841,790)	(17,276,238)
NET RESULT	62,670,976	3,369,926	4,419,398	70,460,300

Net Income to Adjusted EBITDA

	12 Months ended December 31, 2020			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
Net income/(loss) for the period	62,670,976	3,369,926	4,419,398	70,460,300
Add back:				
Taxes on income	15,880,183	554,265	841,790	17,276,238
<i>Out of which:</i>				
Base tax expense	15,880,183	554,265	-	16,434,448
One off impact	-	-	841,790	841,790
Net financial result	30,559,969	1,117,726	-	31,677,695
Depreciation, amortisation and impairment, including write-ups	102,897,388	1,735,618	-	104,633,007
Adjusted EBITDA	212,008,516	6,777,536	5,261,188	224,047,240

Sales split by Business Line

	12 Months ended December 31, 2020			
	Consolidated PL	Normalisation	One off	Consolidated Pro forma PL
Clinics	307,919,487	13,519,953	-	321,439,439
Stomatology	61,363,524	4,728,020	-	66,091,544
Laboratories	198,519,202	108,815	-	198,628,017
Corporate	198,530,858	-	-	198,530,858
Hospitals	251,943,388	-	-	251,943,388
Pharmacies	44,405,803	24,840,072	-	69,245,875
Other	14,766,088	92,849,677	-	107,615,765
Total Sales	1,077,448,350	136,046,537	-	1,213,494,887

Basis for the Consolidated Pro Forma PL

The Consolidated Pro Forma PL for the 12-month period ended 31 December 2020 has been prepared starting from the Consolidated PL of the Group as of 31 December 2020. 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 2020.

The Consolidated Pro Forma PL for the 12 months ended 31 December 2020 gives effect to the acquisitions of the Acquired Companies as if the acquisitions had occurred on 1 January 2020. Also, certain expense items incurred by the Group in the relevant period which are considered to be non-operational and nonrecurring 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)
Labor Maricor	April 2020	January – March 2020
Centrul Medical Matei Basarab SRL	To be determined	January – December 2020
Pharmachem Distributie SRL	To be determined	January – December 2020
CED Pharma SRL	To be determined	January – December 2020
KronDent SRL	To be determined	January – December 2020

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 2020	Note
Cost of Acquisitions	546,494	<i>Note A</i>
Research studies	1,654,900	<i>Nota B</i>
Consultancy costs	1,360,725	<i>Note C</i>
Other costs	1,699,069	<i>Note D</i>
Total	5,261,188	

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

The Group issued a series of medical studies with regards to the effect of the pandemic over the general population. These costs are considered nonrecurring.

Note C

Includes expenses with consultancy services.

Note D

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

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