MED LIFE GROUP

PRELIMINARY PRO FORMA FINANCIAL INFORMATION
FOR THE 12 MONTH PERIOD ENDED AS AT
DECEMBER 31, 2016

Note 1: Introduction

The following unaudited consolidated pro forma financial information of the consolidated statement of profit and loss and other comprehensive income are based on the Group's unaudited Preliminary Consolidated Financial Statements for the 12 months period ended on 31 December 2016, adjusted with the historical financial results of the companies acquired by the Group during the period from 1 January 2016 up to 31 December 2016 (the "**Acquired Companies**"). Details of the Acquired Companies are set out in Note 2 below.

The unaudited consolidated pro forma financial information for the 12 months ended 31 December 2016 transpose (i) the acquisition of the Acquired Companies as if the acquisition had occurred on 1 January 2016 by combining the financial results for the period of the Acquired Companies with those of the Group and (ii) the elimination of certain expenses included in the Consolidated Statement of Profit and Loss and Other Comprehensive Income of the Group which the Group considers to be non-operational and/or non-recurring in nature.

Pro forma financial information provide a hypothetical illustration of the impact of the transactions on the Company's earnings. Pro forma financial information has been prepared for the Group as at and for the 12- month period ended on 31 December 2016. Pro forma financial information should be read in conjunction with the Preliminary Consolidated Financial Statements for the period ended 31 December 2016.

Note 2: Purpose of the Pro Forma Financial Information

The unaudited consolidated Pro forma financial information set out below has been prepared to (i) illustrate the effect on the Group of the acquisitions completed in 2016 and (ii) provide an estimate of the Group's recurring EBITDA.

The Group's unaudited consolidated pro forma Adjusted EBITDA is also useful when analysing the Group's current debt compared to its earnings capacity. Although the Preliminary Consolidated Statement of Financial Position in the Preliminary Consolidated Financial Statements includes the full amount of debt incurred to finance the acquisitions completed as of 31 December 2016, the Preliminary Consolidated Statement of Profit and Loss and Other Comprehensive income includes only a portion of the annual earnings of the Acquired Companies. 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 acquisitions.

In 2016 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:

- 100% of the shares in Prima Medical, March 2016;
- 60% of the shares in Stem Cells Bank, March 2016;
- 100% of the shares in Diamed Center, March 2016;
- 60% of the shares in Dent Estet, July 2016.
- 90% of the shares in CM Panduri, October 2016.

The pro forma financial information 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 pro forma combined financial info 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.

Pro Forma Consolidated Statement of Profit and Loss

	12 Month ended 31 December 2016			
(RON, unless otherwise indicated)	**Preliminary Consolidated FS**	**Normalisation**	**One off**	**Pro forma**
SALES	**502,986,790**	**23,829,420**		**526,816,210**
Other operating revenues	5,468,590	1,710,898		7,179,488
OPERATING INCOME	**508,455,380**	**25,540,318**	**-**	**533,995,698**
OPERATING EXPENSES	**(489,321,977)**	**(23,958,997)**	**12,811,510**	**(500,469,463)**
OPERATING PROFIT	**19,133,403**	**1,581,321**	**12,811,510**	**33,526,235**
Net finance cost	(13,336,592)	(225,316)		(13,561,908)
Other financial expenses	(5,048,649)	568,876		(4,479,773)
FINANCIAL RESULT	**(18,385,241)**	**343,560**	**-**	**(18,041,681)**
RESULT BEFORE TAXES	**748,162**	**1,924,881**	**12,811,510**	**15,484,554**
Income tax expense	(2,411,102)	(264,431)	(2,049,842)	(4,725,375)
NET RESULT	**(1,662,939)**	**1,660,450**	**10,761,668**	**10,759,179**

Net Income to Adjusted EBITDA

	12 Month ended 31 December 2016			
(RON, unless otherwise indicated)	**Preliminary Consolidated FS**	**Normalisation**	**One off**	**Pro forma**
Net income/(loss) for the period	**(1,662,939)**	**1,660,450**	**10,761,668**	**10,759,179**
Add back:				
Taxes on income	**2,411,102**	**264,431**	**2,049,842**	**4,725,375**
Out of which:				
Base tax expense	2,411,102	264,431		2,675,533
One off impact			2,049,842	2,049,842
Net financial result	18,385,241	(343,560)	-	18,041,681
Depreciation, amortisation and impairment, including write-ups	35,543,837	788,602	-	36,332,439
Adjusted EBITDA	**54,677,241**	**2,369,923**	**12,811,510**	**69,858,674**

Sales split by Business Line

	12 Month ended 31 December 2016			
(RON, unless otherwise indicated)	**Preliminary Consolidated FS**	**Normalisation**	**One off**	**Pro forma**
Clinics	130,109,363	1,116,816		131,226,179
Stomatology	18,504,217	14,719,092		33,223,309
Laboratories	96,725,937	7,993,512		104,719,449
Corporate	127,988,835	-		127,988,835
Hospitals	104,977,229	-		104,977,229
Pharmacies	23,597,580	-		23,597,580
Other	1,083,629	-		1,083,629
Total Sales	**502,986,790**	**23,829,420**	**-**	**526,816,210**

Note3. Basis for the Pro Forma Financial Information

The unaudited consolidated pro forma financial information of the Statement of Profit and Loss for the 12-month period ended 31 December 2016 have been prepared starting from the unaudited Preliminary Consolidated Financial Statements of the Group as of 31 December 2016. The pro forma financial information was prepared in a manner consistent with the accounting policies adopted by the Group in the unaudited Preliminary Consolidated Financial Statements as of 31 December 2016.

The unaudited pro forma financial information for the 12 months ended 31 December give effect to the acquisition of the Acquired Companies as if each acquisition had occurred on 1 January 2016. Also, certain expense items incurred by the Group in the relevant period but considered to be non-operational and non-recurring in nature, as detailed in the notes to the tables, are reflected in the consolidated pro forma statement of profit and loss as one off adjustments, based on management judgment for the Group, without taking into account the Acquired Companies.

Note 4. Pro Forma Financial Information adjustments

Note 4.1 - Normalization adjustment

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

The companies that were normalized and the months included in the normalisation are presented below:

Entity	Date of obtaining control	Months included in Normalization (inclusive) 1 January - 31 December 2016
Prima Medical SRL	March 2016	January – March 2016
Diamed Center SRL	March 2016	January – March 2016
Stem Cells Bank SA	March 2016	January – March 2016
Dent Estet Clinic SA	June 2016	January – June 2016
Aspen Laborator Dentar SRL	June 2016	January – June 2016
Dent A Porter SRL	June 2016	January – June 2016
Dentestet Kids SRL	June 2016	January – June 2016
Dentist 4 Kids SRL	June 2016	January – June 2016
Green Dental Clinic SRL	June 2016	January – June 2016
CM Panduri	September 2016	January – September 2016

Note 4.2 - One off adjustments

The one off adjustments represent expenses which have been included in the Group's Preliminary Consolidated Statement of Profit and Loss and other comprehensive income but which, in the Group's opinion, represent non-recurring and/or non-operational expenses. These expenses relate mainly to: (i) 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 the costs of aborted or continuing acquisition processes; (ii) costs which were related to certain consulting services and the cost of financing from the International Finance Corporation, member of the World Bank Group; (iii) certain other costs with external consultants in relation to non-operational or non-recurring matters; (iv) a provision in the twelve month statement in respect of the full amount of a receivable from the NHIH related to the 2008-2010 period, which is currently under litigation and (v) cost in relation to the Initial Public Offer.
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 2016 (RON)	Note
Cost of Acquisitions	2,323,141	*Note A*
Cost of Financing	181,664	*Note B*
Consultancy Costs	611,425	*Note C*
NHIH receivable allowance	7,365,835	*Note D*
Cost of IPO	2,329,445	*Note E*
Total	**12,811,510**	

Note A

Cost of Acquisitions includes the expenses incurred in respect of external due diligence reports on targets covering financial, taxation and legal due diligence, costs in relation to specialized reports required for purchase price allocation calculations as well as the cost of legal advisory services in relation to the signing and closing of the transactions concluded in the period. The external costs of aborted acquisitions are also included.
These expenses are classified as one-offs as they do not relate to the on-going operational business of the Group.

Note B

In 2016, the Group entered into a new financing facility of EUR 10m with the International Finance Corporation, member of the World Bank Group. The costs related to the implementation of this financing were incurred by the Group. These expenses are classified as one-offs as they do not relate to the on-going operational business of the Group.

Note C

In 2016, the Group incurred expenses related to the exploration of a potential structured financing. In 2016, the Group incurred consulting costs related to the adoption of the new Fiscal Code as at 1 January 2016. In particular, the focus was on the fiscal treatment of independent practitioners (such as some of the Group's doctors) under the new regulations. These expenses are treated as one-off.

Note D

As at 31 December 2016, the Group's consolidated statement of financial position included a receivable of RON 7.36 million from the NHIH in relation to certain of the services provided to NHIH insured clients in the 2008-2010 period. These amounts related to services that were provided in excess of the stated allocations of NHIH funds to the Group, but for which the Group believes that it has a valid claim for re-imbursement. The Group has initiated litigation proceedings against the NHIH. Since the end of 2010, the Group has not recorded similar receivables from the NHIH and the other receivables recorded from NHIH are deemed to be fully collectable by the Group and are not outstanding on average more than 60 days.
Given the increasing age of this receivable, the Group has recorded in its Preliminary Consolidated Financial Statements for the period ended as at 31 December 2016, a bad debt allowance against the full amount of this receivable.

The Group has reclassified this allowance as a one-off item given its non-recurring nature and its relation to historic periods and practices, which have not been continued.

Note E

In 2016 the Group incurred expenses in relation to the IPO process for the listing of the Company with the Bucharest Stock Exchange Market.