

**MED LIFE S.A.**  
**FIRST QUARTER REPORT 2019**

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*(all the amounts are expressed in RON, unless otherwise specified)*

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**Name of the issuing company:** Med Life S.A.

**Registered Office:** Bucharest, 365 Calea Griviței, district 1, Romania

**Fax no.:** 0040 374 180 470

**Unique Registration Code at the National Office of Trade Registry:** 8422035

**Order number on the Trade Registry:** J40/3709/1996

**Subscribed and paid-in share capital:** RON 5,536,270.5

**Regulated market on which the issued securities are traded:** Bucharest Stock Exchange

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Note: The following financial statements are prepared in accordance with international financial reporting standards, as adopted by European Union ("IFRS").

Quarterly report concluded in compliance with: ASF Regulation no. 5/2018 on issuers of financial instruments and capital markets and Law no. 24/2017 on issuers of financial instruments and capital markets.

The following financial statement are unaudited.

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**I. UNAUDITED STANDALONE FINANCIAL STATEMENTS AS AT MARCH 31, 2019  
("STANDALONE FS")**

UNAUDITED STANDALONE STATEMENT OF FINANCIAL POSITION FOR THE PERIOD  
ENDED MARCH 31, 2019 ("STANDALONE BS")

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>Variation 2019/2018</b>
<b>ASSETS</b>			
<b>Long Term</b>			
Intangible assets	7,943,553	7,701,244	3.1%
Tangible assets	180,214,351	183,020,161	-1.5%
Right-of-use asset	84,900,102	-	100.0%
Financial assets	160,786,086	147,899,593	8.7%
<b>TOTAL NON-CURRENT ASSETS</b>	<b>433,844,092</b>	<b>338,620,998</b>	<b>28.1%</b>
<b>Current Assets</b>			
Inventories	5,478,147	6,533,910	-16.2%
Receivables	50,623,642	47,146,208	7.4%
Receivables with group companies	77,705,703	74,915,161	3.7%
Other receivables	4,494,322	3,944,995	13.9%
Cash and cash equivalents	18,772,602	21,758,563	-13.7%
	<b>157,074,416</b>	<b>154,298,837</b>	<b>1.8%</b>
<b>Prepayments</b>	<b>2,989,993</b>	<b>2,204,277</b>	<b>35.6%</b>
<b>TOTAL CURRENT ASSETS</b>	<b>160,064,409</b>	<b>156,503,114</b>	<b>2.3%</b>
<b>TOTAL ASSETS</b>	<b>593,908,501</b>	<b>495,124,112</b>	<b>20.0%</b>
<b>LIABILITIES &amp; SHAREHOLDER'S EQUITY</b>			
<b>Current Liabilities</b>			
Trade accounts payable	80,757,191	75,848,191	6.5%
Overdraft	9,525,600	9,327,799	2.1%
Current portion of lease liability	28,829,504	2,252,331	1,180.0%
Current portion of long term debt	16,337,385	14,669,616	11.4%
Intercompany payables	1,715,486	2,754,866	-37.7%
Current tax liabilities	26,396	312,992	-91.6%
Other liabilities	5,678,020	6,388,289	-11.1%
<b>TOTAL CURRENT LIABILITIES</b>	<b>142,869,582</b>	<b>111,554,084</b>	<b>28.1%</b>
<b>Long Term Debt</b>			
Lease liability	73,689,074	15,161,217	386.0%
Long term debt	213,175,445	205,624,681	3.7%
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>286,864,519</b>	<b>220,785,898</b>	<b>29.9%</b>
Deferred tax liability	10,903,351	10,785,523	1.1%
<b>TOTAL LIABILITIES</b>	<b>440,637,452</b>	<b>343,125,505</b>	<b>28.4%</b>
<b>SHAREHOLDER'S EQUITY</b>			
Issued capital	81,495,470	81,495,470	0.0%
Treasury shares	(3,730,083)	(6,056,105)	-38.4%
Reserves	73,097,248	73,097,247	0.0%
Retained earnings	2,408,414	3,461,995	-30.4%
<b>TOTAL EQUITY</b>	<b>153,271,049</b>	<b>151,998,607</b>	<b>0.8%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>593,908,501</b>	<b>495,124,112</b>	<b>20.0%</b>

**Mihail Marcu,**  
CEO

**Vera Firu,**  
Accounting and Tax Manager

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UNAUDITED STANDALONE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE PERIOD ENDED MARCH 31, 2019 (“**STANDALONE PL**”)

	<b>Period ended at March 31, 2019</b>	<b>Period ended at March 31, 2018</b>	<b>Variation 2019/2018</b>
<b>Sales</b>	112,604,219	104,261,744	8.0%
Other operating revenues	866,868	103,377	738.6%
<b>Operating Income</b>	<b>113,471,087</b>	<b>104,365,121</b>	<b>8.7%</b>
<b>Operating expenses</b>	<b>(107,611,517)</b>	<b>(100,852,589)</b>	<b>6.7%</b>
<b>Operating Profit</b>	<b>5,859,570</b>	<b>3,512,532</b>	<b>66.8%</b>
Finance cost	(2,797,089)	(2,476,333)	13.0%
Other financial expenses	(3,953,089)	(22,512)	17,459.9%
<b>Financial result</b>	<b>(6,750,178)</b>	<b>(2,498,845)</b>	<b>170.1%</b>
<b>Result Before Taxes</b>	<b>(890,608)</b>	<b>1,013,687</b>	<b>-187.9%</b>
Income tax expense	(162,985)	(405,228)	-59.8%
<b>Net Result</b>	<b>(1,053,593)</b>	<b>608,459</b>	<b>-273.2%</b>

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**Mihail Marcu,**  
CEO

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**Vera Firu,**  
Accounting and Tax Manager

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**II. FINANCIAL ANALYSIS**

***ANALYSIS OF THE STANDALONE PL***

Sales for the 3 month period ended 31 March 2019 ("**Q1 2019**") amount to RON 112,604,219, higher by 8.0% compared to sales recorded in the first quarter of 2018 ("**Q1 2018**"). This increase was mainly the result of a growth in all of the business lines determined by a mixture of increase in prices and volume.

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide services. Medlife SA recorded operating expenses of RON 107,611,517 in Q1 2019, representing an increase of 6.7%, or RON 6,758,928, as compared to Q1 2018.

Operating profit recorded a 66.8% increase in Q1 2019 as compared to Q1 2018, from RON 3,512,532 in Q1 2018 to RON 5,859,570 in Q1 2019.

Financial result decreased in Q1 2019 by RON 4,251,333 from a negative RON 2,498,845 in Q1 2018 to negative RON 6,750,178 in Q1 2019, mainly due to an increase in net foreign exchange losses.

***ANALYSIS OF THE STANALONE BS***

Non-current assets amount to RON 433,844,092 as of 31 March 2019, recording an increase of 28.1% as compared to 31 December 2018. The increase is mainly the result of recognising the right-of-use asset after the adoption of IFRS 16.

Current assets increased by RON 3,561,295 or 2.3% from RON 156,503,114 in 31 December 2018 to RON 160,064,409 in 31 March 2019.

Prepayments recorded as at 31 March 2019 amount to RON 2,989,993. As compared to 31 December 2018, an increase of RON 785,716 was recorded. The increase is linked to accrued expenses and prepaid local tax liabilities.

Current liabilities (excluding interest bearing debt items), increased by RON 2,872,755, or 3.4%, from RON 85,304,338 as at 31 December 2018, to RON 88,177,093 as at 31 March 2019.

Interest bearing debt increased by RON 94,521,364, from RON 247,035,644 as of 31 December 2018 to RON 341,557,008 as of 31 March 2019. The increase is mainly due to financing Company's current activity and adoption of IFRS 16.

***IFRS 16 "Leases"***

As of January 1, 2019, Medlife S.A. has adopted the new IFRS 16 "Leases" standard. IFRS 16 replaces existing instructions for lease agreements, including IAS 17 Leasing, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating Leasing - Incentives and SIC-27 Fund Transactions valuation that implies the legal form of a Lease Agreement.

Currently, Medlife S.A. carried out a detailed assessment of the impact of applying IFRS 16, which was included in the statements presented for T1 2019. Below are the balance sheet and profit and loss account items before and after adoption of IFRS 16 at 31 March 2019:

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	<b>Period ended March 31, 2019</b>		
	<b>Before IFRS 16</b>	<b>IFRS 16 adjustments</b>	<b>After IFRS 16</b>
<b>Balance sheet items</b>			
Right-of-use asset	-	84,900,102	84,900,102
Current portion of lease liability	2,320,774	26,508,730	28,829,504
Lease liability	14,895,688	58,793,386	73,689,074
Deferred tax liability	10,785,523	117,828	10,903,351
Retained earnings	2.928.256	(519,842)	2,408,414
<b>Profit and loss account items</b>			
Operating expenses	(108,025,186)	413,669	(107,611,517)
Finance cost	(1,981,406)	(815,683)	(2,797,089)
Income tax expense	(45,157)	(117,828)	(162,985)

### **III. IMPORTANT EVENTS Q1 2019**

#### **Acquisition of Rozsakert Medical Center Hungary**

Medlife announced in January 2019 the first international transaction: the purchase of 51% of the majority package of Rozsakert Medical Center in Hungary. Rozsakert Medical Center is among the top 10 private health care providers in Hungary. The company is comprised of a multidisciplinary clinic that includes a compartment equipped with a small surgery room and a dental center. Over 40,000 patients access a diverse range of outpatient clinical and paraclinical services and investigations, as well as a comprehensive range of interventions, focusing on the specialties of ophthalmology, gynecology, proctology, dermatology, plastic surgery, and more others. The transaction was completed in March 2019 with the fulfillment of the suspensive conditions.

#### **Increase participation in Sama Craiova and PDR Brasov groups**

Medlife announced the acquisition of a new 35% stake in the SAMA Group of companies in Craiova. In this way, MedLife will be the shareholder with 90% of the shares of the Oltenia group of companies (from 55% share initially). Medlife also acquired another 3% of PDR Braşov Group, one of the most important private medical services providers in Romania, thus the company holding 83% of the shareholding (from 80% share initially).

The additional shares in SAMA and PDR groups were obtained based on an exchange with MedLife own shares, in line with the decision taken by the Board of Directors of the Company, empowered by the Extraordinary General Meeting of Shareholders (EGMS) on October 8, 2018. This transaction is aimed at group alignment, but also compliance with the acquisition strategy, which recognizes and encourages the contribution of the founders of the subsidiaries to the integrated activity of the MedLife group.

#### **Inauguration of the first dental clinics Dent Estet in Sibiu**

In Q1 2019 the Dent Estet Group opened 2 dental clinics in Sibiu, one focusing on dental services for children and the other one for adults. The Dent Estet Group is the largest dental clinic in Romania, with more than 20 years of experience. The group has a medical team with multidisciplinary expertise and international certifications. Thus, in the new Dent Estet clinics in Sibiu, patients benefit from an in-house dental radiology studio and a digital photo studio, as well as the most advanced digital technologies, including the Waterlase Laser and the Digital Scanner.

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**IV. MAIN FINANCIAL RATIOS**

<b><i>Current ratio</i></b>	<b>Period ended at March 31, 2019</b>	
Current assets	160,064,409	=
Current liabilities	142,869,582	
		1.12
<b><i>Debt to equity ratio</i></b>	<b>Period ended at March 31, 2019</b>	
Long Term Debt	286,864,519	=
Equity	153,271,049	
		187%
Long Term Debt	286,864,519	=
Capital Assets	440,135,568	
		65%
<b><i>Trade receivables turnover (days)</i></b>	<b>Period ended at March 31, 2019</b>	
Average receivables	48,884,925	=
Sales	112,604,219	
		39.07
<b><i>Fixed assets turnover</i></b>	<b>Period ended at March 31, 2019</b>	
Sales	112,604,219	=
Net Fixed Assets	433,844,092	
		0.26