

**MED LIFE GROUP**  
**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 Grivitei, 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 no. 5/2018 regarding the issuers and the securities operations and Law no. 24/2017 regarding the capital market

The following financial statement are unaudited.

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

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ("CONSOLIDATED BS")**

	<b>March 31, 2019</b>	<b>1 January, 2019</b>	<b>Variation</b>
<b>ASSETS</b>			
<b>Long Term</b>			
Goodwill	82,378,647	82,378,647	0.0%
Intangible assets	38,963,872	39,647,014	-1.7%
Tangible assets	452,887,076	458,033,010	-1.1%
Right-of-use asset	105,951,764	-	100.0%
Other financial assets	16,654,765	10,115,776	64.6%
<b>TOTAL NON-CURRENT ASSETS</b>	<b>696,836,124</b>	<b>590,174,447</b>	<b>18.1%</b>
<b>Current Assets</b>			
Inventories	30,262,729	31,070,480	-2.6%
Receivables	85,303,599	78,957,879	8.0%
Other receivables	12,071,509	13,117,114	-8.0%
Cash and cash equivalents	39,675,884	34,206,159	16.0%
	<b>167,313,721</b>	<b>157,351,632</b>	<b>6.3%</b>
Assets classified as held for sale	381,665	381,665	0.0%
Prepayments	8,817,794	6,186,462	42.5%
<b>TOTAL CURRENT ASSETS</b>	<b>176,513,180</b>	<b>163,919,759</b>	<b>7.7%</b>
<b>TOTAL ASSETS</b>	<b>873,349,304</b>	<b>754,094,206</b>	<b>15.8%</b>
<b>LIABILITIES &amp; SHAREHOLDER'S EQUITY</b>			
<b>Current Liabilities</b>			
Trade accounts payable	145,922,699	140,970,528	3.5%
Overdraft	29,307,406	30,911,018	-5.2%
Current portion of lease liability	43,020,855	8,949,472	380.7%
Current portion of long term debt	25,717,668	23,162,490	11.0%
Current tax liabilities	1,074,068	729,572	47.2%
Provisions	1,875,448	2,458,957	-23.7%
Other liabilities	35,556,505	37,605,544	-5.4%
Liabilities directly associated with assets classified as held for sale	442,944	458,785	-3.5%
<b>TOTAL CURRENT LIABILITIES</b>	<b>282,917,593</b>	<b>245,246,366</b>	<b>15.4%</b>
<b>Long Term Debt</b>			
Lease liability	100,766,080	26,525,231	279.9%
Long term debt	294,912,197	287,013,365	2.8%
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>395,678,277</b>	<b>313,538,596</b>	<b>26.2%</b>
Deferred tax liability	16,598,179	16,436,342	1.0%
<b>TOTAL LIABILITIES</b>	<b>695,194,049</b>	<b>575,221,304</b>	<b>20.9%</b>
<b>SHAREHOLDER'S EQUITY</b>			
Issued capital	81,495,470	81,495,470	0.0%
Treasury shares	(3,730,082)	(6,056,105)	-38.4%
Reserves	93,906,109	93,906,109	0.0%
Retained earnings	(12,988,579)	(9,994,660)	30.0%
<b>Equity attributable to owners of the Group</b>	<b>158,682,918</b>	<b>159,350,814</b>	<b>-0.4%</b>
Non-controlling interests	19,472,337	19,522,088	-0.3%
<b>TOTAL EQUITY</b>	<b>178,155,255</b>	<b>178,872,902</b>	<b>-0.4%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>873,349,304</b>	<b>754,094,206</b>	<b>15.8%</b>

**Mihail Marcu,**  
CEO

**Vera Firu,**  
Accounting and Tax Manager

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UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME ("CONSOLIDATED PL")

	<b>3 months ended March 31, 2019</b>	<b>2018</b>	<b>Variation 2019/2018</b>
<b>Sales</b>	231,022,320	176,228,645	31.1%
Other operating revenues	2,026,049	209,217	868.4%
<b>Operating Income</b>	<b>233,048,369</b>	<b>176,437,862</b>	<b>32.1%</b>
<b>Operating expenses</b>	<b>(218,005,747)</b>	<b>(166,815,073)</b>	<b>30.7%</b>
<b>Operating Profit</b>	<b>15,042,622</b>	<b>9,622,789</b>	<b>56.3%</b>
Finance cost	(4,785,542)	(3,363,845)	42.3%
Other financial expenses	(6,318,848)	(256,061)	2367.7%
<b>Financial result</b>	<b>(11,104,390)</b>	<b>(3,619,906)</b>	<b>206.8%</b>
<b>Result Before Taxes</b>	<b>3,938,232</b>	<b>6,002,883</b>	<b>-34.4%</b>
Income tax expense	(1,568,883)	(1,614,370)	-2.8%
<b>Net Result</b>	<b>2,369,349</b>	<b>4,388,513</b>	<b>-46.0%</b>
Owners of the Group	940,414	2,887,261	-67.4%
Non-controlling interests	1,428,935	1,501,252	-4.8%
<b>Other comprehensive income items that will not be reclassified to profit or loss</b>			
Gain / Loss on revaluation of properties	-	-	0.0%
Corrections related to prior years	-	-	0.0%
Deferred tax on other comprehensive income components	-	-	0.0%
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total other comprehensive income attributable to:</b>			
Owners of the Group	-	-	0.0%
Non-controlling interests	-	-	0.0%
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2,369,349</b>	<b>4,388,513</b>	<b>-46.0%</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Group	940,414	2,887,261	-67.4%
Non-controlling interests	1,428,935	1,501,252	-4.8%

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**II. FINANCIAL ANALYSIS**

**ANALYSIS OF THE CONSOLIDATED PL**

Sales for the 3 month period ended 31 March 2019 ("Q1 2019") amounted to RON 231,022,320, higher by 31.1% compared to sales recorded in the first quarter of 2018 ("Q1 2018"). This increase was mainly the result of significant growth in all of the Group's business lines, led by Hospitals, Clinics, Corporate and Laboratories, as well as acquisitions completed by the Group in 2018, after March month.

<b>Business Line</b>	<b>Q1 2019 Sales</b>	<b>% of Total Sales</b>	<b>Q1 2018 Sales</b>	<b>% of Total Sales</b>	<b>Variation 2019/2018</b>
Clinics	67,709,964	29.3%	48,199,052	27.4%	40.5%
Stomatology	14,375,414	6.2%	10,534,452	6.0%	36.5%
Hospitals	52,713,276	22.8%	33,002,491	18.7%	59.7%
Laboratories	38,105,024	16.5%	33,632,216	19.1%	13.3%
Corporate	45,581,978	19.7%	39,857,039	22.6%	14.4%
Pharmacies	9,750,143	4.2%	8,948,472	5.1%	9.0%
Others	2,786,521	1.2%	2,054,923	1.2%	35.6%
<b>SALES</b>	<b>231,022,320</b>	<b>100.0%</b>	<b>176,228,645</b>	<b>100.0%</b>	<b>31.1%</b>

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide the Group's services. The Group recorded operating expenses of RON 218,005,747 in Q1 2019, representing an increase of 30.7%, or RON 51,190,674 as compared to Q1 2018. The increase is mainly linked to overall business increase. The Group's operating expenses as a percentage of total operating income decreased to 93.5% in Q1 2019 from 94.5% in Q1 2018.

Operating profit recorded a 56.3% increase in Q1 2019 as compared to Q1 2018, from RON 9,622,789 in Q1 2018 to RON 15,042,622 in Q1 2019.

Financial result decreased in Q1 2019 with RON 7,484,484 from a negative RON 3,619,906 in Q1 2018 to a negative RON 11,104,390 in Q1 2019. The increase was mainly due to the increase of RON 6,062,787 in other financing expenditures due to the increase in foreign exchange expenses, but also to the increase of RON 1,011,480 in the cost of financing following the implementation of IFRS 16.

The net result for the 3 month period ended 31 March 2019 decreased with RON 2,019,164, or by 46.0%, as compared to the corresponding period of 2018, from RON 4,388,513 in Q1 2018 to RON 2,369,349 in Q1 2019. Decrease is the translation of the increase in financial expenses into net result.

On a pro-forma basis, sales for Q1 2019 amount to RON 230,004,605 and Adjusted EBITDA to RON 41,895,914. Please refer to *chapter VII – UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION* for more information regarding pro-forma financial information.

**ANALYSIS OF THE CONSOLIDATED BS**

Non-current assets amount to RON 696,836,124 as of 31 March 2019, recording an increase of 18.1% as compared to 31 December 2018.

Current assets increased by 7.7% from RON 163,919,759 as at December 31<sup>st</sup>, 2018 to RON 176,513,180 as at March 31<sup>st</sup>, 2019.

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Current liabilities (excluding interest bearing debt items) increased with RON 2,648,278, or by 1.5%, from RON 182,223,386 as at 31 December 2018, to RON 184,871,664 as at 31 March 2019.

Interest bearing debt increased with RON 117,162,630 or 31.1%, from RON 376,561,576, as of 31 December 2018 to RON 493,724,206 as of 31 March 2019. The increase is mainly due to the implementation of IFRS 16 which leads to an increase of RON 106,471,190 in financial leasing debt.

**IFRS 16 "Leases"**

As of January 1, 2019, Group 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, Group 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:

	<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	-	105,951,764	105,951,764
Current portion of lease liability	9,552,416	33,468,439	43,020,855
Lease liability	27,763,329	73,002,751	100,766,080
Deferred tax liability	16,436,342	161,837	16,598,179
Retained earnings	(12,357,353)	(631,226)	(12,988,579)
<b>Profit and loss account items</b>			
Operating expenses	(218,497,801)	492,054	(218,005,747)
Finance cost	(3,774,062)	(1,011,480)	(4,785,542)
Income tax expense	(1,407,046)	(161,837)	(1,568,883)

**III. IMPORTANT EVENTS Q1 2019**

**Acquisition of Rozsakert Medical Center Group 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.

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**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.

**IV. SUBSEQUENT EVENTS**

There were no significant events subsequent to March 31, 2019.

**V. MAIN FINANCIAL RATIOS**

<b><i>Current ratio</i></b>	<b>Period ended at March 31, 2019</b>	
Current assets	176,513,180	=
Current liabilities	282,917,593	
<b><i>Debt to equity ratio</i></b>	<b>Period ended at March 31, 2019</b>	
Long Term Debt	395,678,277	=
Equity	178,155,255	
Long Term Debt	395,678,277	=
Capital Assets	573,833,532	
<b><i>Trade receivables turnover (days)</i></b>	<b>Period ended at March 31, 2019</b>	
Average receivables	82,130,739	=
Sales	231,022,320	
<b><i>Fixed assets turnover</i></b>	<b>Period ended at March 31, 2019</b>	
Sales	231,022,320	=
Net Fixed Assets	696,836,124	

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**VI. OPERATIONAL KEY PERFORMANCE INDICATORS**

<b>Business line</b>	<b>Info</b>	<b>3 Month ended March 31, 2019</b>	<b>3 Month ended March 31, 2018</b>
Clinics	<b>Revenue</b>	<b>67,709,964</b>	<b>48,199,052</b>
Clinics	Visits	435,603	320,519
Clinics	Avg fee	155.4	150.4
Stomatology	<b>Revenue</b>	<b>14,375,414</b>	<b>10,534,452</b>
Stomatology	Visits	29,632	25,808
Stomatology	Avg fee	485.1	408.2
Hospitals	<b>Revenue</b>	<b>52,713,276</b>	<b>33,002,491</b>
Hospitals	Patients	20,816	15,658
Hospitals	Avg fee	2,532.4	2,107.6
Laboratories	<b>Revenue</b>	<b>38,105,024</b>	<b>33,632,216</b>
Laboratories	Analyses	1,496,320	1,445,108
Laboratories	Avg fee	25.5	23.3
Corporate	<b>Revenue</b>	<b>45,581,978</b>	<b>39,857,039</b>
Corporate	Subscriptions	650,193	573,688
Corporate	Avg fee	70.1	69.5
Pharmacies	<b>Revenue</b>	<b>9,750,143</b>	<b>8,948,472</b>
Pharmacies	Clients	69,700	75,256
Pharmacies	Sales per client	139.9	118.9
Others	<b>Revenue</b>	<b>2,786,521</b>	<b>2,054,923</b>

**VII. UNAUDITED CONSOLIDATED PRO-FORMA FINANCIAL INFORMATION FOR THE 3 MONTH PERIOD ENDED MARCH 31, 2019 ("CONSOLIDATED PRO FORMA PL")**

**Introduction**

The following Consolidated Pro Forma PL of the Consolidated PL is based on the Group's Consolidated FS for the 3 month period ended on March 31, 2019, adjusted with the historical financial results of the company acquired by the Group during the period from 1 January 2019 up to 31 March 2019 (the "**Acquired Company**"). Details of the Acquired Company are set out below.

The Consolidated Pro Forma PL for the 3 month ended 31 March 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 3 month period ended 31 March 2019. The Consolidated Pro Forma PL should be read in conjunction with the Consolidated FS for the 3 month period ended 31 March 2019.



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**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 acquisitions completed in 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 acquisitions completed as of 31 March 2019, the Consolidated PL includes no 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 Q1 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 Rozsakert Medical Center Group from Ungaria, completed in March 2019.

The Consolidated Pro Forma PL has been prepared for illustrative purposes only and, because of its nature, to address a hypothetical situation and therefore, does not represent the Group's actual financial results. The Consolidated Pro Forma PL does not necessarily reflect what the combined Group's financial condition or results of operations would have been, had the acquisitions 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.

<b>Consolidated Pro Forma PL</b>				
<b>3 Months ended March 31, 2019</b>				
	<b>Consolidated PL</b>	<b>Normalisation</b>	<b>One off</b>	<b>Consolidated Pro forma PL</b>
<b>SALES</b>	<b>231,022,320</b>	<b>(6,092,247)</b>	<b>-</b>	<b>224,930,073</b>
Other operating revenues	2,026,049	-	-	2,026,049
<b>OPERATING INCOME</b>	<b>233,048,369</b>	<b>(6,092,247)</b>	<b>-</b>	<b>226,956,122</b>
<b>OPERATING EXPENSES</b>	<b>(218,005,747)</b>	<b>6,092,247</b>	<b>1,688,142</b>	<b>(210,225,357)</b>
<b>OPERATING PROFIT</b>	<b>15,042,622</b>	<b>-</b>	<b>1,688,142</b>	<b>16,730,764</b>
Finance cost	(4,785,542)	-	-	(4,785,542)
Other financial expenses	(6,318,848)	-	-	(6,318,848)
<b>FINANCIAL RESULT</b>	<b>(11,104,390)</b>	<b>-</b>	<b>-</b>	<b>(11,104,390)</b>
<b>RESULT BEFORE TAXES</b>	<b>3,938,232</b>	<b>-</b>	<b>1,688,142</b>	<b>5,626,374</b>
Income tax expense	(1,568,883)	-	(270,103)	(1,838,986)
<b>NET RESULT</b>	<b>2,369,349</b>	<b>-</b>	<b>1,418,040</b>	<b>3,787,389</b>

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<b>Net Income to Adjusted EBITDA</b>	<b>3 Months ended March 31, 2019</b>			
	<b>Consolidated PL</b>	<b>Normalisation</b>	<b>One off</b>	<b>Consolidated Pro forma PL</b>
<b>Net income/(loss) for the period</b>	<b>2,369,349</b>	-	<b>1,418,040</b>	<b>3,787,389</b>
Add back:				
<b>Taxes on income</b>	<b>1,568,883</b>	-	<b>270,103</b>	<b>1,838,986</b>
<i>Out of which:</i>				
Base tax expense	1,568,883	-	-	1,568,883
One off impact	-	-	270,103	270,103
<b>Net financial result</b>	11,104,390	-	-	11,104,390
<b>Depreciation, amortisation and impairment, including write-ups</b>	23,296,903	-	-	23,296,903
<b>Adjusted EBITDA</b>	<b>38,339,524</b>	<b>0</b>	<b>1,688,142</b>	<b>40,027,667</b>

<b>Sales split by Business Line</b>	<b>3 Months ended March 31, 2019</b>			
	<b>Consolidated PL</b>	<b>Normalisation</b>	<b>One off</b>	<b>Consolidated Pro forma PL</b>
Clinics	67,709,964	(295,840)	-	67,414,124
Stomatology	14,375,414	-	-	14,375,414
Hospitals*	52,713,276	(5,796,407)	-	46,916,869
Laboratories	38,105,024	-	-	38,105,024
Corporate	45,581,978	-	-	45,581,978
Pharmacies	9,750,143	-	-	9,750,143
Other	2,786,521	-	-	2,786,521
<b>Total Sales</b>	<b>231,022,320</b>	<b>(6,092,247)</b>	-	<b>224,930,073</b>

**Note\*:**

In the normalization adjustments the subsidies received from the NHIH which refers to the National Health Program have its revenues and expenses reclassified.

**Basis for the Consolidated Pro Forma PL**

The Consolidated Pro Forma PL for the 3 month period ended 31 March 2019 have been prepared starting from the Consolidated PL of the Group as of 31 March 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 March 2019.

The Consolidated Pro Forma PL for the 3 months ended 31 March 2019 give effect to the acquisition of the Acquired Company as if the acquisition had occurred on 1 January 2019. 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 PL as one-off adjustments, based on management judgment for the Group, without taking into account the Acquired Company.

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**Consolidated Pro Forma PL adjustments**

**Normalization adjustment**

Normalization adjustments are made to include the financial results of the Acquired Company 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 company that was normalized and the months included in the normalization are presented below:

<b>Entity</b>	<b>Date of obtaining control</b>	<b>Months included in Normalization (inclusive) 1 January - 31 March 2019</b>
Rozsakert Medical Center Group	March 2019	-

**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. These expenses relate to costs incurred in relation to the acquisition of the Acquired Company which were expensed rather than capitalized as part of the acquisition cost of the company, including 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.

<b>Type of Expense</b>	<b>Amount for Q1 2019</b>	<b>Note</b>
Cost of acquisitions	1,037,870	<i>Note A</i>
Other costs	649,193	<i>Note B</i>
Cost of financing	1,097	<i>Note C</i>
<b>Total</b>	<b>1,668,142</b>	

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

**Note B**

Includes other expenses considered non-recurring, not related to the Group's ongoing operational activity.

**Note C**

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

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

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

**VIII. EBITDA EVOLUTION**

	3 months ended March 31,		Variation 2019/2018
	2019	2018	
	Pro-Forma	IFRS	
<b>SALES</b>	<b>224,930,073</b>	<b>176,228,645</b>	<b>27.6%</b>
Other operating revenues	2,026,049	209,217	868.4%
<b>OPERATING INCOME</b>	<b>226,956,122</b>	<b>176,437,862</b>	<b>28.6%</b>
<b>OPERATING EXPENSES, EXCEPT AMORTIZATION AND DEPRECIATION</b>	<b>(186,928,455)</b>	<b>(155,025,237)</b>	<b>20.6%</b>
<b>EBITDA</b>	<b>40,027,667</b>	<b>21,412,625</b>	<b>86.9%</b>
EBITDA Margin	17.8%	12.2%	

	3 Month ended March 31		% of Total	
	Pro-Forma 2019	IFRS 2018	Pro-Forma 2019	IFRS 2018
<b>EBITDA</b>	<b>40,027,667</b>	<b>21,412,625</b>	<b>100%</b>	<b>100%</b>
<i>Attributable to:</i>				
Owners of the Group	36,052,047	18,655,075	90.1%	87.1%
Non-controlling interests	3,975,620	2,757,550	9.9%	12.9%

**Mihail Marcu,**  
CEO

**Vera Firu,**  
Accounting and Tax Manager