

**Letter from the President of the Management Board to the Shareholders of Medicalgorithmics S.A.**

Dear Shareholders,

We are delighted to hand over the Annual Report of Medicalgorithmics Group for the year 2016.

The year abounded in important economic and political events throughout the world. For our company the year has also been a period of significant changes and milestones, which have made us a substantially larger and stronger. However, we had to face legal and financial challenges of the recent months to win the position.

The takeover of a strategic American partner, Medi-Lynx Cardiac Monitoring, LLC, was one of last year's most important events for Medicalgorithmics S.A. After signing a controlling share package agreement on March 30th 2016 we became owner of 75% of shares in the capital of Medi-Lynx. Since then, its results are consolidated as part of Medicalgorithmics Group. Medi-Lynx manages 4 arrhythmia monitoring centres, provides services to customers in 36 states and, as at the date of publishing the annual report, employs more than 350 experts. We believe that the takeover of Medi-Lynx is going to accelerate our development and significantly increase the scale of our operations in the USA – on the market that is of strategic importance to us. The effects are already visible in the results of 2016 – the Group's revenue amounted to PLN 127,921 thousand and EBITDA amounted to PLN 51,124 thousand.

The favourable judgement in Delaware court was another key event for us. It has confirmed the effectiveness of termination of the agreement with the other American partner, AMI/Spectocor and the subsequent settlement with it. It has given us the right to acquire the resources of AMI/Spectocor that are most significant to us, that is, the employees and the customer database. We assume that the settlement and the regained opportunity of full concentration on business development is going to contribute to the increased scale of the Group's operations and market share in the USA, which is fully compliant with our strategy of building a strong position on this market.

The consolidated results for the year 2016 bear the effects of numerous events of a non-recurring nature – both costs and revenues – related to the process of taking over Medi-Lynx and the court dispute with AMI/Spectocor ended with a settlement and acquisition of the company's assets. However, the outlay incurred – the time, workload and financial costs – have had a significant influence on the condition of Medicalgorithmics today as well as its perspectives.

In 2017 we are going to concentrate, to a large extent, on completing the integration processes within the Group, which is supposed to bring about further growth in the USA and continuing the works on organic growth, including broadening the group of recipients of PocketECG by another countries - for instance, the European market.

Moreover, we are going to prepare for the market debut of two of our new products, with respect to which we have very high hopes, that is: a 12-channel ECG system and a home cardiological rehabilitation system. We have already been given an authorisation to sell the latter in the EU and we expect such marketing authorisation in the USA this year. It is, however, of a key importance for sales of this service that refund codes are developed and we are going to concentrate on that.

In conclusion, 2016 was a year full of challenges for the entire organization - just as we had expected. As we have predicted, a combination of organic growth, acquisition in the USA and bringing the continued legal disputes to an end have had a positive influence on the Company's value for the Shareholders. We have all arguments necessary to deem that this trend is going to continue.

I would now like to thank you for your trust. I also thank to our team for another year of cooperation for the entire Group. We follow the same path of development and motivate each other to take up subsequent challenges, which make Medicalgorithmics Group a larger and stronger organization.

Yours sincerely,

On behalf of the Management Board of Medicalgorithmics S.A.:

**Marek Dziubiński**

President of the  
Management  
Board