TERVEYSTALO GROUP
HALF-YEAR REPORT
JANUARY 1–JUNE 30, 2018

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STRONG BOTTOM LINE GROWTH CONTINUED. THE STRENGTHENED BALANCE SHEET SUPPORTS PREPARATIONS FOR THE ATTENDO ACQUISITION

Highlights of the second quarter, April–June 2018

- Revenue increased by 2.9 percent year-on-year to EUR 189.0 million (183.6)
- Adjusted* EBITDA increased by 15.8 percent year-on-year to EUR 25.5 million (22.0)
- EBITDA increased by 93.9 percent year-on-year to EUR 32.3 million (16.7)
- Adjusted* earnings before interest, taxes, and amortization (EBITA) were 10.7 percent (9.2) of revenue
- Earnings before interest, taxes, and amortization (EBITA) were 14.3 percent (6.3) of revenue
- Profit for the period amounted to EUR 15.4 million (2.2)
- Operating cash flow amounted to EUR 30.2 million (28.4)
- Earnings per share** were EUR 0.12 (0.02)

Highlights of the review period January–June 2018

- Revenue increased by 12.3 percent year-on-year to EUR 386.5 million (344.2)
- Adjusted* EBITDA increased by 22.7 percent year-on-year to EUR 56.3 million (45.8)
- EBITDA increased by 74.5 percent year-on-year to EUR 62.5 million (35.8)
- Adjusted* earnings before interest, taxes, and amortization (EBITA) were 11.9 percent (10.6) of revenue
- Earnings before interest, taxes, and amortization (EBITA) were 13.5 percent (7.7) of revenue
- Profit for the period*** amounted to EUR 42.6 million (8.0)
- Net debt decreased by 40.1 percent to EUR 218.0 million (364.1)
- Net debt/Adjusted EBITDA was 2.1, down from 4.5
- Operating cash flow amounted to EUR 48.6 million (34.9)
- Earnings per share**)***) were EUR 0.33 (0.07)

EBITDA = Earnings Before Interest, Taxes, Depreciation, and Amortization
EBITA= Earnings Before Interest, Taxes, and Amortization
**Adjustments are material items outside the ordinary course of business associated with acquisition-related expenses, restructuring-related expenses, gain on sale of assets, strategic projects including the IPO, new business operations, and other items affecting comparability. Adjustments totaled EUR -6.8 (5.3) million in April-June and EUR -6.2 (10.0) million in January–June.*
*** The effects of share conversion and share split have been taken into account in the weighted average number of shares.*
**** Profit for the period includes a retrospective adjustment to Q1/2018 income taxes relating to usage of tax losses carried forward based on the estimated taxable income for the reporting period.*

Yrjö Närhinen, CEO: "Further improved operational efficiency supports the implementation of our strategy in evolving markets"

In the second quarter, revenue increased by 2.9 percent, with no significant effect from acquisitions. We focus on healthcare in line with our strategy and provide complementary services to all customer segments. The market fundamentals supporting our growth have remained largely unchanged Development is stable within corporate customers, while stronger demand in the public sector compensates for intensified competition of private customers. Total capacity of the market has increased faster than the demand as new medical centers and hospitals have been opened, especially in major cities in Finland. This is reflected in revenue growth this year. Growth and improved operating leverage will continue to generate value for our shareholders.

In June, Terveystalo's Board of Directors confirmed our medium and long-term financial targets, which remained unchanged. In the long run, our target is annual revenue growth of 6–8 percent through a combination of organic growth and bolt-on acquisitions. Our target for profitability is an adjusted EBITA margin of 12–13 percent in the medium to long term. With strong operating leverage of the company the growing public business and, when finalized, the Attendo acquisition will dilute relative profitability only in the short term.

Our profitability improved further. The net profit for the second quarter was EUR 15.4 (2.2) million, including a total of EUR 7.8 million in non-recurring capital gains. We are focusing on our core business and investing in customer experience, medical quality, and digitalization. Our solvency was substantially strengthened and a strong balance sheet supports the preparations for the Attendo acquisition.

We are seeing growing interest in our services among public customers and believe that, when finalized, the Attendo acquisition enables us to provide a unique service offering to public sector customers. In our view, regardless of the specifics of Finland's social and healthcare reforms, the share of publicly financed and privately produced services will increase in many ways: in outsourcing, specialized care, and primary healthcare. Transparent cooperation and effective dialogue are important aspects of this development. With this in mind, we are participating in freedom of choice experiments with a learning-oriented attitude and a long-term approach. Our view is that private operators can produce freedom of choice services when the appropriate determination of price is ensured. As a private operator, we supplement the services provided by the public sector. We fight for the wellbeing of individuals, work communities, and society at large.

Outlook for 2018

The positive development of the domestic economy supports the corporate and private customer businesses. Social and healthcare reform is important to Finland and would change the environment for all healthcare providers and create opportunities, especially for those investing in meeting new customer needs. Terveystalo expects its markets to continue to develop favorably. However, increased capacity is estimated to impact particularly the private customer business.

Key figures

EUR million	4–6/ 2018	4–6/ 2017	Change, % %	1–6/ 2018	1–6/ 2017	Change, % %	2017
Revenue	189.0	183.6	2.9	386.5	344.2	12.3	689.5
Adjusted EBITDA (*	25.5	22.0	15.8	56.3	45.8	22.7	92.4
Adjusted EBITDA margin (%) (*	13.5	12.0	-	14.6	13.3	-	13.4
EBITDA (*	32.3	16.7	93.9	62.5	35.8	74.5	68.2
EBITDA margin, % (*	17.1	9.1	-	16.2	10.4	-	9.9
Adjusted EBITA (*	20.2	16.9	19.6	45.8	36.7	25.0	73.0
Adjusted EBITA margin (%) (*	10.7	9.2	-	11.9	10.6	-	10.6
Net profit (***	15.4	2.2	> 200.0	42.6	8.0	> 200.0	7.2
Net debt	-	-	-	218.0	364.1	-40.1	256.4
Net debt/adjusted EBITDA (last 12 months) (*	-	-	-	2.1	4.5	-	2.8
Return on equity (ROE), % (* (***	-	-	-	8.8	5.8	-	2.1
Equity ratio, % (*	-	-	-	52.9	37.2	-	50.7
Gearing, % (*	-	-	-	44.2	109.1	-	56.1
Earnings per share (**(***	0.12	0.02	-	0.33	0.07	-	0.06
Operating cash flow	30.2	28.4	6.3	48.6	34.9	39.5	70.0
Personnel (end of period)	-	-	-	4,531	4,445	1.9	4,265
Private practitioners (end of period)	-	-	-	4,629	4,400	5.2	4,431

(Alternative performance measure. Additional information in note 14.*
*(** The weighted average number of shares takes into account the effect of the consolidation of shares and the share split.*
*(*** Profit for the period and the ROE profit for the period (LTM) include a retrospective adjustment to Q1/2018 income taxes relating to usage of tax losses carried forward based on the estimated taxable income for the reporting period.*
Diacor is included in the consolidated figures for the comparison period for the balance sheet and personnel as of March 31, 2017.

Market review

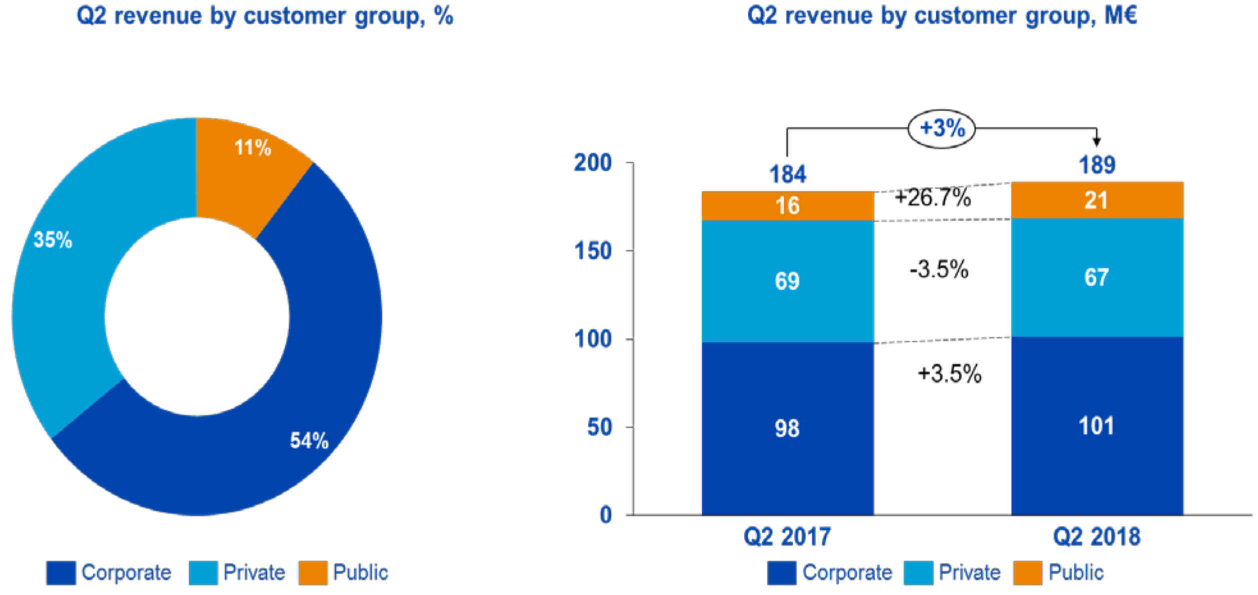
The healthcare services market remained stable throughout the reporting period. The strong Finnish economy, improved employment rate, and increased consumer confidence all contributed to strong demand in the corporate and private customer groups in the review period. However, increased capacity due to new medical centers and hospitals has intensified competition, especially in Finland's major cities. The demand for Terveystalo's services has remained strong and the company believes that its market share continued to develop favorably in the corporate and public sector customer groups. In the private customer group, the increased supply in the market is reflected in changes, with new clinics affecting the development of local market shares in particular.

The social welfare and healthcare reform draft laws are now in circulation for comments and being considered by the Parliament of Finland. Therefore, it is not yet certain whether the proposed reform will be carried out. The proposed solution would enable private service providers to offer publicly funded health center services basically similar to the current services. The provider of direct-choice services (provided at health and social services centers) would be paid on a similar basis as a publicly owned health and social services center. According to Terveystalo's assessment, this would provide Terveystalo with the opportunity to increase business in its area of core expertise by utilizing its existing network without significant further investments.

The freedom of choice pilots that have started in 2018 cover direct-choice services (at health and social services centers), personal budgeting, and customer vouchers. According to the planned schedule issued by the Finnish government in June, the direct-choice health and social services center pilots will be completed by the end of 2020, and the responsibility to arrange services would be included in the county's normal activities as of the beginning of 2021. The oral healthcare pilots are scheduled to be completed by the end of 2021, with the operations transferred to the oral healthcare units at the beginning of 2022. Personal budgets and customer vouchers are set to be implemented from the beginning of 2022. Freedom of choice for health and social services centers and oral healthcare would enter into effect in 2023. However, the schedule may be delayed for various reasons.

With the most extensive network of clinics and hospitals and occupational healthcare customer base, the company nevertheless expects to be able to continue its strong performance also in the current market structure and to be an attractive partner for many cities and municipalities.

Revenue by payer group April–June 2018



Corporate

Corporate customers constitute Terveystalo's largest customer group. Terveystalo's corporate customers consist of the company's occupational healthcare customers, excluding municipal occupational healthcare customers. The company provides statutory occupational health services and other occupational health and wellbeing services for corporate customers of all sizes. Terveystalo is the largest provider of occupational healthcare services in Finland in terms of revenue and the number of end-users. Terveystalo provides occupational healthcare services for over 23,000 companies.

Revenue for the second quarter increased by 3.5 percent, amounting to EUR 101.4 (98.0) million, without being significantly affected by acquisitions. The sales of preventative occupational health services developed favorably, while the demand for illness-related appointments declined in May and June due to factors such as the lower incidence of infectious diseases compared to the previous year. The growth in preventive services is supported by, among other things, a renewed personal digital health plan, Oma Suunnitelma, which has already been made to some 125,000 customers. Sales of wellbeing services and digital services also grew significantly. The second quarter had one more business day than the comparison period, which increased revenue compared to the previous year.

Private

Private customers are Terveystalo's second-largest customer group. Private customers include private individuals and families. The company's strong brand, easy access to services without long waiting times, leading service portfolio for private customers, families, and senior citizens, and personalized digital services give Terveystalo a competitive edge over public healthcare services and encourage customers to invest in their own health. Services for private customers are paid for either by the customers themselves or by their insurance companies.

Revenue for the second quarter from private customers decreased by 3.5 percent, amounting to EUR 67.0 (69.4) million, without being significantly affected by acquisitions. Demand in the second quarter was weaker than in the previous quarter and the competition has intensified due to increased capacity from new hospitals and medical centers, especially in Finland's major cities. Regional differences remain substantial. The utilization rates of Terveystalo's physicians' appointment services remained exceptionally high during the second quarter, but the number of appointments offered in specialized care showed a year-on-year decrease in May and June. However, the number of appointments offered declined relatively less than the increased market capacity. The lower incidence of infections compared to the reference period also reduced the demand for appointment services related to illnesses. The year-on-year decrease in physicians' appointments also led to lower volumes for diagnostics and surgery services. Revenue was also reduced by the divestment of the fertility clinic business in Finland in August 2017, although this only had a minor impact on revenue. Strong demand for well-being and digital services boosted revenue during the period. The second quarter had one more business day than the comparison period, which increased revenue compared to the previous year.

Public

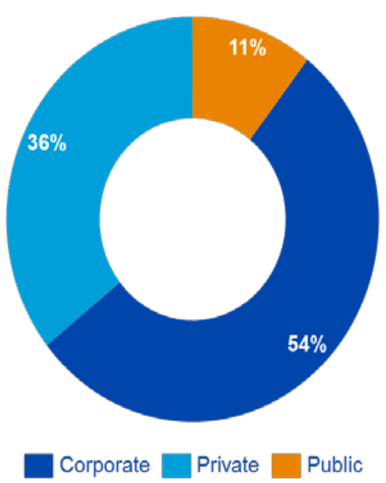
Terveystalo's public customer group is made up of Finnish public sector organizations, such as municipalities, municipal federations, and hospital districts, as well as municipal occupational healthcare customers. Terveystalo's broad nationwide platform, digital offering, good reputation, and established brand, as well as its thorough expertise and experience in healthcare services throughout the chain of care, make Terveystalo an attractive partner for the public sector. Terveystalo's services for public sector customers are mainly financed by municipalities and government budgets.

Organic growth from public customers was strong in the second quarter and revenue increased by 26.7 percent, amounting to EUR 20.6 (16.3) million. Demand for Terveystalo's services in the public sector market is strong. The increase in turnover was particularly supported by new outsourcing contracts in Lumijoki and Kinnula and specialized care outsourcing at Iisalmi Hospital. In the second quarter, Terveystalo signed a new outsourcing contract with Tervola municipality. The contract will enter into force in the fourth quarter of 2018.

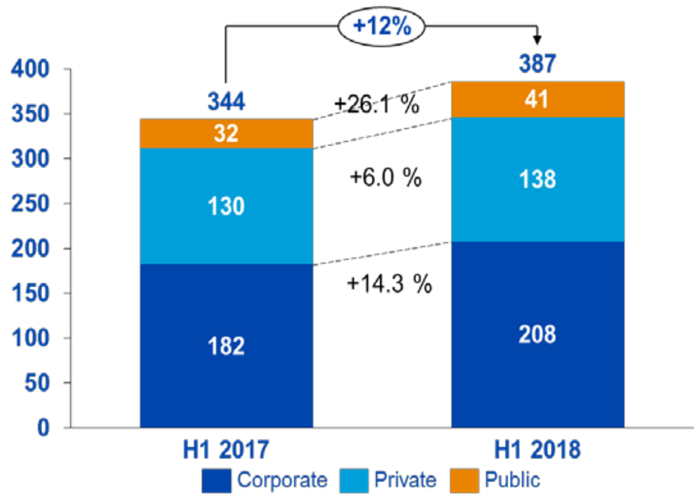
Terveystalo is participating in freedom of choice experiments in Ylä-Savo (Iisalmi, Sonkajärvi, Vieremä, Kiuruvesi), Central Uusimaa (Hyvinkää, Järvenpää, Mäntsälä), Hämeenlinna, Jyväskylä, and Kuopio. The number of freedom of choice experiments and the revenue derived from them increased substantially year-on-year.

Revenue by payer group January–June 2018

H1 revenue by customer group, %



H1 revenue by customer group, M€



Corporate

Revenue for the first half of the year increased by 14.3 percent, amounting to EUR 207.8 (181.8) million. The acquisition of Diacor in March 2017 again contributed significantly to revenue growth. In addition, the favorable development of preventative occupational health services promoted revenue growth. Revenue from well-being and digital services also increased significantly from the comparison period.

Private

Revenue for the review period from private customers increased by 6.0 percent, amounting to EUR 137.8 (129.9) million. The factors contributing to revenue growth during the review period included the Diacor acquisition, organic growth and, to a lesser extent, the expansion of the network of oral healthcare services. At times, Terveystalo's utilization rates have been exceptionally high, although regional differences are significant. However, increased capacity has intensified competition, especially in Finland's major cities. Revenue was reduced by the divestment of the fertility clinic business in Finland in August 2017. Fertility clinic services had a minor effect on revenue. Revenue was boosted by the strong demand for well-being and digital services.

Public

Organic growth from public customers was strong in the review period and revenue increased by 26.1 percent, amounting to EUR 40.9 (32.4) million. Demand for Terveystalo's services in the public sector market is strong. The increase in turnover was particularly supported by new outsourcing contracts in Lumijoki and Kinnula and specialized care outsourcing at Iisalmi Hospital.

Terveystalo is participating in freedom of choice experiments in Ylä-Savo (Iisalmi, Sonkajärvi, Vieremä, Kiuruvesi), Central Uusimaa (Hyvinkää, Järvenpää, Mäntsälä), Hämeenlinna, Jyväskylä, and Kuopio. While the number of freedom of choice experiments and the revenue derived from them increased substantially year-on-year, they only have a minor impact on total revenue.

Consolidated revenue and result April–June 2018

Terveystalo's revenue for the second quarter increased by 2.9 percent, amounting to EUR 189.0 (183.6) million. Increased revenue from public customers had a significant impact on revenue growth in the second quarter.

Material and service costs increased by 2.3 percent, amounting to EUR 88.6 (86.6) million. Material purchases decreased by 1.4 percent and amounted to EUR 7.3 (7.4) million. The costs of external services increased by 2.7 percent and amounted to EUR 81.5 (79.3) million. The increase was mainly due to volume increase and, to a lesser extent, changes in the sales breakdown compared with the reference period.

The Group's employee benefit expenses decreased by 3.2 percent and amounted to EUR 51.6 (53.3) million following the realization of synergies related to the acquisitions of Diacor and Porin Lääkäritalo.

Adjusted EBITDA for the second quarter increased by 15.8 percent year-on-year to EUR 25.5 million (22.0). The increase in adjusted EBITDA was mainly due to increased revenue and the cost synergies from the integrations of Diacor and Porin Lääkäritalo. Adjusted EBITDA represented 13.5 (12.0) percent of revenue.

EBITDA increased by 93.9 percent year-on-year to EUR 32.3 (16.7) million. Earnings before interest, taxes and amortization (EBITA) relative to revenue increased by 8 percentage points, to 14.3 per cent.

Depreciation, amortization, and impairment in the second quarter totaled EUR 10.3 (10.5) million. Amortization of intangible assets during the second quarter amounted to EUR 5.0 (5.4) million, of which the amortization of intangible assets allocated from the transaction price of business combinations on the date of acquisition totaled EUR 3.7 (3.7) million. Depreciation of property, plant, and equipment totaled EUR 5.3 (5.1) million.

Terveystalo's operating profit more than tripled year-on-year and amounted to EUR 22.1 (6.2) million.

The Group's net financial expenses for the second quarter decreased by 43.4 percent thanks to refinancing arrangements made in conjunction with the IPO and amounted to EUR 2.8 (5.0) million. The net financial expenses for the second quarter include EUR 0.6 million in expenses related to the financing of future acquisitions. Terveystalo's profit before tax for the second quarter was EUR 19.4 (1.2) million. Terveystalo recognized a capital gain of EUR 7.8 million in the second quarter, primarily from the sale of the shares in the mutual real estate company in Pori. The capital gain has a non-recurring positive impact on the company's result. Profit for the second quarter was EUR 15.4 (2.2) million.

Consolidated revenue and result January–June 2018

Terveystalo's revenue for the first half of the year increased by 12.3 percent year-on-year to EUR 386.5 (344.2) million. The Diacor acquisition made in the first quarter of 2017 contributed significantly to revenue growth and was supported by organic growth.

Material and service costs increased by 13.1 percent, amounting to EUR 181.7 (160.7) million. The increase was mainly due to volume increase resulting from the acquisitions and, to a lesser extent, changes in the sales breakdown compared with the reference period.

The Group's employee benefit expenses totaled EUR 102.5 (98.6) million, an increase of 4.0 percent as a result of volume growth.

Adjusted* EBITDA for the review period increased by 22.7 percent year-on-year to EUR 56.3 million (45.8). The increase in adjusted EBITDA was mainly due to increased revenue and the cost synergies from the integrations of Diacor and Porin Lääkäritalo. Adjusted EBITDA represented 14.6 (13.3) percent of revenue.

EBITDA increased by 74.5 percent year-on-year to EUR 62.5 (35.8) million. Earnings before interest, taxes and amortization (EBITA) relative to revenue increased by 5.8 percentage points, to 13.5 percent.

Costs related to acquisitions and restructuring and capital gains from the sale of shares in subsidiaries and other entities affected the comparability of EBITDA and EBITA in the review period.

Depreciation, amortization and impairment for the period totaled EUR 20.4 (19.1) million. Amortization of intangible assets during the period amounted to EUR 10.0 (9.9) million, of which the amortization of intangible assets allocated from the transaction price of business combinations on the date of acquisition totaled EUR 7.4 (7.2) million. Depreciation of property, plant, and equipment totaled EUR 10.4 (9.2) million.

Terveystalo's operating profit for the period increased by 151.5 percent and amounted to EUR 42.0 (16.7) million.

The Group's net financial expenses for the period decreased by 48.7 percent thanks to refinancing arrangements made in conjunction with the IPO and amounted to EUR 5.1 (9.9) million. The net financial expenses for the period include EUR 0.6 million in expenses related to the financing of future acquisitions. Terveystalo's profit before tax for the review period was EUR 37.2 (6.8) million. Following the completion of a tax audit, Terveystalo recognized EUR 13.0 million in deferred tax assets based on outstanding tax losses in the first quarter, with a non-recurring positive effect on the result. In addition, Terveystalo recognized a capital gain of EUR 7.8 million during the period, primarily from the sale of real estate in Pori. Profit for the review period was EUR 42.6 (8.0) million.

Financial position and cash flow

The Group's total assets amounted to EUR 933.6 million (EUR 899.5 million in June 2017). The increase of EUR 34.1 million resulted mainly from an increase in cash and cash equivalents.

Cash and cash equivalents at the end of the period amounted to EUR 71.5 million (EUR 20.4 million in June 2017).

Terveystalo’s operating cash flow for the second quarter increased to EUR 30.2 (28.4) million. The growth was mainly due to improved profitability and it was partly weighed down by an increase in net working capital.

No significant acquisitions were made in the second quarter. With cash flows related to the sale of subsidiaries allocated to the second quarter in the amount of EUR 16.0 (0) million, cash flow from investing activities was positive at EUR 12.3 (-6.1) million. The acquisitions of subsidiaries and businesses accounted for EUR -0.2 (-0.7) million.

Cash flow before financing activities in April–June 2018 was EUR 42.4 (22.3) million.

A return of equity was distributed to shareholders in the second quarter in the amount of EUR 7.7 million.

Cash flow from financing activities amounted to EUR -13.5 (-12.9) million.

Equity attributable to owners of the parent company totaled EUR 492.9 (333.7) million. The increase of EUR 159.2 million resulted mainly from the new capital raised through the IPO as well as improved profitability. In addition, pre-listing shareholders made an investment totaling EUR 25 million in the company’s invested non-restricted equity reserve.

Gearing at the end of the review period was 44.2 (109.1) per cent. Net interest-bearing debt amounted to EUR 218.0 (364.1) million. The decrease was mainly due to the equity raised through the share issue carried out in connection with the listing as well as the repayment of loans.

At the end of the review period, return on equity was 8.8 (5.8) percent and the equity ratio was 52.9 (37.2) percent. Profit for the last 12 months includes a EUR 13 million increase in deferred tax assets recognized fully for tax losses carried forward following the conclusion of the tax audit. Profit for the last 12 months also includes a EUR 9.0 million decrease in deferred tax assets relating to usage of tax losses carried forward on the basis of estimated taxable profit. Of this, EUR 4.1 million is allocated to the first quarter of 2018.

Investments and acquisitions

Acquisition of Attendo’s healthcare operations in Finland

On May 17, 2018, Terveystalo Plc signed an agreement to acquire the Finnish healthcare operations of Attendo AB. If completed, the transaction will bring together two unique, industry-leading healthcare companies that complement each other in terms of people, culture, and competences.

Attendo’s Finnish healthcare operations have an excellent strategic fit with Terveystalo's occupational healthcare and private and public operations and they strengthen and complement the services offered to different customers. The transaction would ensure a large and complementary pool of physicians, other healthcare professionals, and personnel. The highly complementary transaction would improve Terveystalo’s competitiveness and growth opportunities, particularly within services offered to the public sector. The completion of the transaction is subject to approval by the Finnish Competition and Consumer Authority (“FCCA”), which announced in July that it will initiate further proceedings concerning the transaction between Terveystalo and Attendo. Such proceedings are part of the FCCA’s normal operations. The FCCA may approve the transaction as such, attach conditions to the approval or request the Finnish Market Court to prohibit the transaction. According to the Finnish Competition Act, further proceedings may not take longer than three months. Terveystalo has taken into account the possibility of further proceedings in the original timetable for the transaction and the completion of the transaction is still expected to take place in late 2018.

Terveystalo has strongly invested in quality and digital platforms. Terveystalo's centralized and scalable services and systems combined with the high quality and cost-efficient services to public sector customers of Attendo's Finnish healthcare operations will provide significant earnings leverage. Based on the 2017 financials, Terveystalo and Attendo's Finnish healthcare operations would have had combined revenue of approximately EUR 920 million, adjusted EBITDA of EUR 110 million excluding synergies, adjusted EBITA of EUR 90 million excluding synergies and a total number of highly skilled physicians, other healthcare professionals, and personnel of over 12,000.

The aggregated combined financial information is for illustrative purposes only. The combined financial information gives an indication of the combined sales and earnings assuming the activities were included in the same company from the beginning of the financial year 2017. The aggregated combined financial information is based on a hypothetical situation and should not be viewed as pro forma financial information as purchase price allocation, transaction costs and differences in accounting principles have not been taken into account. The presented information is unaudited carve out financial information, which has been prepared on a "carve out" basis and does not necessarily reflect what the combined results of operations would have been, had Attendo's Finnish healthcare operations operated as an independent group and had it presented stand-alone financial information under IFRS during the period presented.

In the second quarter, Terveystalo reached an agreement with Nordic financial institutions on a financing package of EUR 160 million related to the Attendo acquisition.

In June, Terveystalo signed an agreement to acquire the Jämsä unit of Jämsän Fysikaalinen Hoitolaitos Oy, a private provider of physiotherapy services. The company's Jämsä unit has three employees and its revenue in 2017 amounted to approximately EUR 0.2 million.

Net investments in January–June 2018, including M&A, amounted to EUR -1.9 (163.9) million. The Group's net cash capital expenditure, excluding M&A, was EUR 7.4 (8.0) million and non-cash capital expenditure EUR 5.7 (4.7) million. These investments consisted mainly of investments in the network and medical equipment, as well as investments in IT systems and service development.

Net investments related to acquisitions totaled EUR -15.0 (151.1) million. During the first half of the year, Terveystalo acquired two small companies and the business operations of one company. In January, the company acquired the business operations of Hammas Jaarli Oy. In February–March, Terveystalo strengthened its network by acquiring the Naantali-based Naantalin Yksityislääkärit Oy as well as Juha Uusimäki Oy (Lääkäriasema ILO), which operates in Tuuri and Vimpeli. In the second quarter, the company sold the entire share capital of Porin Linnankulma Mutual Real Estate Company.

The investments in the comparison period included the acquisition prices of Porin Lääkäritalo group and Diacor group, which affected cash flow, as well as EUR 93.9 million in non-cash capital expenditure related to the Diacor acquisition.

Personnel

The number of employed staff on June 30, 2018 increased slightly year-on-year, to 4,531 (4,445). The number of private practitioners increased slightly and amounted to 4,629 (4,400) at the end of the review period.

Annual General Meeting, changes in shareholdings and changes in the composition of the Shareholders’ Nomination Board

General Meeting of Shareholders

The Annual General Meeting of Terveystalo Plc was held on Thursday, April 12, 2018, in Helsinki, Finland. The Annual General Meeting adopted the financial statements for the year 2017 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting approved the proposals of the Shareholders’ Nomination Board and the Board of Directors without any changes.

As proposed by the Board of Directors, the Annual General Meeting resolved that the loss from the financial period 2017 of EUR 10.1 million will be retained in the company's retained earnings and that EUR 0.06 per share (totaling EUR 7.7 million) will be distributed from the invested non-restricted equity reserve. The distribution was paid on April 27, 2018.

The number of Board members was confirmed as eight and Ulf Fredrik Cappelen, Olli Holmström, Vesa Koskinen and Åse Aulie Michelet were re-elected as members of the Board, and Eeva Ahdekivi, Lasse Heinonen, Katri Viippola and Tomas von Rettig were elected as new members of the Board.

KPMG Oy was re-elected as the company’s auditor, with APA Jari Härmälä as the auditor in charge.

The Annual General Meeting authorized the Board of Directors to resolve on the repurchase of the company’s own shares using the unrestricted equity of the company. The authorization covers a maximum of 12,803,653 own shares in total, which corresponds to approximately 10 per cent of the company’s currently registered shares.

The Annual General Meeting also authorized the Board of Directors to resolve on the issuance of shares and special rights entitling to shares as referred to in Chapter 10, Section 1 of the Finnish Companies Act. The authorization covers of a maximum of 25,607,306 shares in total, which corresponds to approximately 20 per cent of the company’s currently registered shares. The authorization can be used for the financing or execution of acquisitions or other business arrangements, to strengthen the balance sheet and financial position of the company, for implementing share-based incentive plans or the payment of the annual remuneration payable to the members of the Board of Directors, or for other purposes as determined by the Board of Directors.

The Annual General Meeting authorized the Board of Directors to decide on donations of a total maximum of EUR 150,000 for charitable or corresponding purposes.

All of the authorizations will remain effective until the end of the Annual General Meeting 2019 and in any event no longer than for a period of 18 months from the date of the resolution of the Annual General Meeting.

Notifications of major shareholdings

Terveystalo received two notifications of major shareholdings during the review period:

On May 21, 2018, Terveystalo received a notification in accordance with Chapter 9, Section 5 of the Finnish Securities Markets Act from EQT VI Limited. According to the notification, the total holdings in Terveystalo shares and votes indirectly held by EQT VI Limited (directly held by Lotta Holding I S.à r.l. ("Lotta Holding")) decreased to zero on May 21, 2018, as a result of a transaction whereby Lotta Holding sold its entire holding of 14,510,320 shares in Terveystalo.

On May 21, 2018, Terveystalo received a notification in accordance with Chapter 9, Section 5 of the Finnish Securities Markets Act from Rettig Capital Oy Ab. According to the notification, the total holdings in Terveystalo shares and votes indirectly held by Rettig Capital Oy Ab (directly held by Rettig Group AB ("Rettig Group")) increased to 16.52 percent (21,153,191 shares) of all of the outstanding shares in Terveystalo. Rettig Capital Oy Ab's previous indirect position (directly held by Rettig Group) in Terveystalo shares was 13,471,000 shares, which represented 10.52 percent of the outstanding shares in Terveystalo.

The share capital of Terveystalo consists in aggregate of 128,036,531 shares, each share conferring one (1) vote.

Changes in the composition of the Shareholders' Nomination Board

Following EQT VI Fund (Lotta Holding I S.à r.l.) sale of its holdings in Terveystalo, its representative Vesa Koskinen resigned from the Shareholders' Nomination Board. The Helsinki Deaconess Institute appointed Laura Raitio as its new representative on Terveystalo's Shareholders' Nomination Board, replacing Maija-Liisa Friman.

Effective from June 8, 2018, the members of Terveystalo's Shareholders' Nomination Board are Risto Murto (Varma Mutual Pension Insurance Company), Tomas von Rettig (Rettig Group Oy Ab), Ole Johansson (Hartwall Capital), Laura Raitio (Helsinki Deaconess Institute), and Fredrik Cappelen (Chairman of the Board of Directors of Terveystalo Plc). The Chairman of the Shareholders' Nomination Board is Risto Murto.

Financial targets

In June 2018, Terveystalo's Board of Directors confirmed Terveystalo's medium-term and long-term financial targets, which remained unchanged:

• Growth: Terveystalo aims at 6-8% annual growth in revenue in the long term through a combination of organic growth and bolt-on acquisitions.

• Profitability: The target level for an Adjusted EBITA margin is 12-13 percent of revenue in the medium to long term.

• Capital structure: Net debt / adjusted EBITDA not to exceed 3 times. However, indebtedness may temporarily exceed the target level, for example, in conjunction with acquisitions.

• Dividend Policy: The aim is to distribute at least 30% of net profit as dividends annually. The proposed dividend shall take Terveystalo's long-term development potential and financial position into account.

Significant short-term risks and uncertainty factors

When implementing the strategy, Terveystalo and its operations face many types of risks and opportunities. Terveystalo applies a comprehensive risk management process to ensure that risks are identified and mitigated whenever possible, even though many of the risks are not within the full control of the company. To harness its value creation potential, Terveystalo is prepared to take controlled risks within its risk-bearing capacity.

Unacceptable risks include illegal activities or practices, serious risk to customers' or personnel's health; financial losses that significantly affect the company's results; serious health, safety, information safety, incident, or accident risks relating to premises, equipment, or systems; and loss of reputation or image that causes significant loss of confidence in the company.

According to Terveystalo's risk classification, risks are divided into four main groups: strategic risks, financial and personnel risks, operational risks, and patient safety risks. All of these categories may include both internal and external risks and opportunities.

The risks and uncertainty factors described below are considered to potentially have a significant impact on the company's business operations, financial results and future outlook within the next 12 months. The list is not intended to be exhaustive.

Changes in the competitive landscape and increasing price competition may have a negative impact on the company's profitability and growth potential.

The development and implementation of new services, service products and operating models involves risks.

The company's business operations rely on its capacity to identify, recruit, and retain competent and professional healthcare professionals, employees, and executives. The increased supply of services and increased competition may affect the availability of healthcare professionals, particularly in major cities. Turnover in key employees involves the risk of losing knowledge and expertise.

The company may not be able to find suitable acquisition targets or expansion opportunities under favorable terms.

The company is a party to, and may become a party to, legal action or administrative procedures initiated by the authorities, patients, or third parties. The company's view is that its currently pending legal obligations and court cases are not significant in nature.

The company is well prepared for the EU General Data Protection Regulation, which entered into force in May and aims to increase the transparency of the processing of personal data.

Risk management at Terveystalo and risks related to the company's business are described in more detail on the company website at https://www.terveystalo.com/en/investors/Corporate-governance/Risk-management-and-risks/ and in the company's Annual Review 2017.

Seasonal variation and the impact of the number of business days

Seasonality affects Terveystalo's revenue to some extent. The company's revenue has typically been lower during the holiday seasons, particularly in July and August. At the quarterly level, seasonal variation has historically reduced revenue particularly in the third quarter. Due to the seasonal nature of business, the required net working capital varies during the year. Variation is also due to the timing of pension and VAT payments, vacation pay obligations and service fees related to occupational healthcare. Normally, the company's net working capital decreases toward the end of the year as a result of seasonal factors. The number of business days typically has an effect on revenue and earnings development, particularly when comparing quarterly performance.

Events after the reporting period

The Finnish competition and consumer authority initiates further proceedings concerning the transaction between Terveystalo and Attendo

The FCCA decided on July 17 to initiate further proceedings concerning the transaction between Terveystalo and Attendo. Such proceedings are part of the FCCA's normal operations. The FCCA may approve the transaction as such, attach conditions to the approval or request the Finnish Market Court to prohibit the transaction. According to the Finnish Competition Act, further proceedings may not take longer than three months. Terveystalo has taken into account the possibility of further proceedings in the original timetable for the transaction as set out in its stock exchange release of May 17, 2018. The completion of the transaction is expected to take place in late 2018.

Until the FCCA's final decision, Terveystalo's operations and Attendo's Finnish healthcare operations shall remain as separate undertakings, as before.

Divestment of Ava Clinic

Terveystalo Group divested the entire operation of Ava Clinic in Riga, Latvia. Ava Clinic provides gynecological services, obstetrician services, and infertility treatment. In 2017, the company employed an average of 13 employees and the unit's revenue in 2017 was approximately EUR 3 million and net profit approximately EUR 1 million.

The consolidated balance sheet for the period includes EUR 1.5 million available-for-sale assets related to this transaction and EUR 0.1 million debt related to available-for-sale long-term assets.

Briefings

Terveystalo will hold a Finnish-language result briefing and live webcast on August 17, 2018, starting at 11:00 a.m. EEST, at Terveystalo Piazza, Jaakonkatu 3B (3rd floor), 00100 Helsinki, Finland. The English audiocast and conference call will be held at 12:30 Finnish time. You can follow the Finnish webcast at: https://terveystalo.videosync.fi/2018-08-17-q2

The English audiocast is available at: https://terveystalo.videosync.fi/2018-08-17-teleconference To ask questions, please join the telephone conference 5–10 minutes prior to the start time using your local number (Finland: +358 (0)9 7479 0360, Sweden: +46 (0)8 5033 6573, UK: +44 (0)330 336 9104, US: +1 323-794-2095). If you are calling from another location, please use any of the numbers above. The Participant Passcode is 320579.

Helsinki, August 17, 2018
Terveystalo Plc
Board of Directors

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Terveystalo in brief

Terveystalo is a listed company on the Helsinki Stock Exchange. Terveystalo is the largest healthcare service company in Finland with net sales and network. The company offers versatile primary and secondary health care services for corporate and private customers and the public sector. The nationwide network covers 180 locations across Finland, complemented by 24/7 digital services.

In 2017, Terveystalo had approximately 1.2 million individual customers and approximately 3.3 million doctor visits. Nearly 9,000 healthcare professionals work in Terveystalo, about half of whom are private practitioners. Terveystalo's services carry the Key Flag symbol and the company is a member of the Association for Finnish Work. www.terveystalo.com

Condensed consolidated statement of income

In millions of euro	Note	4-6/2018	4-6/2017	Change, %	1-6/2018	1-6/2017	Change, %	2017
Revenue	4	**189.0**	**183.6**	**2.9**	**386.5**	**344.2**	**12.3**	**689.5**
Other operating income		8.3	0.4	> 200.0	8.7	0.9	> 200.0	2.1
Materials and services	5	-88.6	-86.6	2.3	-181.7	-160.7	13.1	-324.3
Employee benefit expenses	6, 9	-51.6	-53.3	-3.2	-102.5	-98.6	4.0	-189.5
Depreciation, amortization and impairment losses		-10.3	-10.5	-2.1	-20.4	-19.1	7.1	-40.0
Other operating expenses	7	-24.6	-27.4	-10.1	-48.5	-50.0	-3.0	-109.6
Operating profit / loss		**22.1**	**6.2**	**> 200.0**	**42.0**	**16.7**	**151.5**	**28.2**
Financial income		0.0	0.0	-29.6	0.1	0.1	-31.6	0.1
Financial expenses		-2.8	-5.0	-43.3	-5.1	-10.0	-48.6	-24.2
Net finance expenses		**-2.8**	**-5.0**	**-43.4**	**-5.1**	**-9.9**	**-48.7**	**-24.1**
Share of results in associated companies		0.2	-		0.2	-		-0.2
Profit / loss before taxes		**19.4**	**1.2**	**> 200.0**	**37.2**	**6.8**	**> 200.0**	**3.9**
Income tax expense	8	-4.0	1.0	>-200.0	5.5	1.2	> 200.0	3.3
Profit / loss for the period		**15.4**	**2.2**	**> 200.0**	**42.6**	**8.0**	**> 200.0**	**7.2**
Profit attributable to:								
Owners of the parent company		15.4	2.2	> 200.0	42.6	8.0	> 200.0	7.2
Non-controlling interests		0.0	0.0	>-200.0	0.0	0.0	29.3	0.0

Consolidated statement of comprehensive income

In millions of euro	Note	4-6/2018	4-6/2017	Change, %	1-6/2018	1-6/2017	Change, %	2017
Profit / loss for the period		**15.4**	**2.2**	**> 200.0**	**42.6**	**8.0**	**> 200.0**	**7.2**
Total comprehensive income		**15.4**	**2.2**	**> 200.0**	**42.6**	**8.0**	**> 200.0**	**7.2**
Total comprehensive income attributable to:								
Owners of the parent company		15.4	2.2	> 200.0	42.6	8.0	> 200.0	7.2
Non-controlling interest		0.0	0.0	>-200.0	0.0	0.0	0.0	0.0
Earnings per share for profit attributable to the shareholders of the parent company, in euro *)								
Basic earnings per share		0.12	0.02		0.33	0.07		0.06
Diluted earnings per share		0.12	0.02		0.33	0.07		0.06

*) The effects of share conversion and share split have been taken into account in the weighted average number of shares in the comparative period.

The notes are an integral part of the consolidated interim financial statements.

Condensed consolidated statement of financial position

In millions of euro	Note	30.6.2018	30.6.2017	31.12.2017
ASSETS				
Non-current assets				
Property, plant and equipment	11	82.1	90.8	92.1
Goodwill	10	584.0	582.9	583.3
Other intangible assets	10	103.7	116.9	109.2
Investment properties		0.6	0.6	0.6
Investments in associates		0.5	0.5	0.3
Available-for-sale financial assets		1.1	1.5	1.2
Other receivables		-	0.0	0.0
Deferred tax assets		11.3	6.6	7.4
Total non-current assets		**783.3**	**799.8**	**794.1**
Current assets				
Inventories		5.5	5.6	5.2
Trade and other receivables		71.9	73.7	70.0
Cash and cash equivalents		71.5	20.4	33.0
Total current assets		**148.9**	**99.7**	**108.2**
Non-current assets held for sale	13	**1.5**	**-**	**-**
TOTAL ASSETS		**933.6**	**899.5**	**902.3**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital		0.1	0.0	0.1
Invested non-restricted equity reserve		518.2	401.9	525.9
Retained deficit		-25.4	-68.2	-68.8
Non-controlling interest		0.1	0.1	0.1
TOTAL EQUITY		**493.1**	**333.8**	**457.3**
Non-current liabilities				
Non-current financial liabilities		261.0	353.5	270.2
Deferred tax liabilities		22.5	25.6	24.1
Provisions		5.5	5.2	6.6
Other liabilities		6.7	29.8	6.3
Total non-current liabilities		**295.6**	**414.1**	**307.2**
Current liabilities				
Provisions		1.1	2.3	1.4
Trade and other payables		115.0	118.1	117.1
Current tax liabilities		0.1	0.2	0.1
Current financial liabilities		28.6	31.0	19.2
Total current liabilities		**144.9**	**151.7**	**137.8**
Liabilities associated with non-current assets held for sale	13	**0.1**	**-**	**-**
TOTAL LIABILITIES		**440.6**	**565.7**	**445.0**
TOTAL EQUITY AND LIABILITIES		**933.6**	**899.5**	**902.3**

The notes are an integral part of the consolidated interim financial statements.

Condensed consolidated statement of changes in equity

	Equity attributable to owners of the parent company					
In millions of euro	Share capital	Invested non-restricted equity reserve	Retained deficit	Total	Non-controlling interests	Total equity
Equity 1.1.2018	**0.1**	**525.9**	**-68.8**	**457.2**	**0.1**	**457.3**
Comprehensive income						
Profit for the period	-	-	42.6	42.6	0.0	42.6
Transactions with owners						
Share-based payments	-	-	0.8	0.8	-	0.8
Equity repayment	-	-7.7	-	-7.7	-	-7.7
Equity 30.6.2018	**0.1**	**518.2**	**-25.4**	**492.9**	**0.1**	**493.1**

	Equity attributable to owners of the parent company					
In millions of euro	Share capital	Invested non-restricted equity reserve	Retained deficit	Total	Non-controlling interests	Total equity
Equity at 1.1.2017	**0.0**	**308.0**	**-76.2**	**231.8**	**0.4**	**232.3**
Comprehensive income						
Profit for the period	-	-	8.0	8.0	0.0	8.0
Transactions with owners						
Directed share issue	-	93.9	-	93.9	-	93.9
Transactions with non-controlling interests						
Change in non-controlling interests	-	-	-	-	-0.4	-0.4
Equity at 30.6.2017	**0.0**	**401.9**	**-68.2**	**333.7**	**0.1**	**333.8**

The notes are an integral part of the consolidated interim financial statements.

Condensed consolidated statement of cash flows

In millions of euro	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Cash flows from operating activities					
Profit before income taxes	19.4	1.2	37.2	6.8	3.9
Adjustments for					
Non-cash transactions					
Depreciation, amortization and impairment losses	10.3	10.5	20.4	19.1	40.0
Change in provisions	-0.7	-0.7	-1.4	-1.3	-0.8
Other non-cash transactions	0.3	0.1	0.6	0.4	1.1
Gains and Losses on sale of property, plant, equipment and other changes	-7.8	-	-7.8	-	-0.2
Net finance expenses	2.8	5.0	5.1	9.9	24.1
Changes in					
Trade and other receivables	9.5	3.6	-2.2	-2.5	1.0
Inventories	-0.2	-0.1	-0.3	-0.2	0.0
Trade and other payables	-3.4	8.8	-2.9	3.1	1.3
Interest received	0.0	0.0	0.1	0.1	0.1
Income taxes paid	-0.1	0.1	-0.1	-0.4	-0.6
Net cash from operating activities	**30.2**	**28.4**	**48.6**	**34.9**	**70.0**
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	-0.1	-0.1	-0.6	-56.6	-81.6
Acquisition of property, plant and equipment	-2.9	-4.2	-5.1	-6.1	-11.4
Acquisition of intangible assets	-2.4	-1.3	-4.1	-2.1	-5.1
Proceeds from the disposal of subsidiaries, net of cash disposed of	16.0	-	16.0	-	-
Proceeds from sale of available-for-sale financial assets	1.6	0.1	1.6	0.1	0.1
Acquisition of business operation, net of cash acquired	-0.1	-0.6	-0.5	-0.6	-0.7
Proceeds from sale of business operations, net of cash disposed of	-	-	-	-	1.1
Repayment of borrowings	-	-	-	-5.1	-5.1
Proceeds from sale of property, plant and equipment	0.1	-	0.3	-	-
Dividends received	0.0	0.0	0.0	0.0	0.0
Net cash from investing activities	**12.3**	**-6.1**	**7.6**	**-70.4**	**-102.7**
Cash flows from financing activities					
Share issue	-	-	-	-	100.0
Equity investment without consideration in the invested non-restricted equity reserve	-	-	-	-	25.0
Proceeds from non-current borrowings	-	-	-	40.8	297.8
Repayment of non-current borrowings	-0.7	-	-0.7	-	-344.9
Proceeds from current borrowings	-	-	-	11.6	20.0
Repayment of current borrowings	-	-6.7	-0.7	-22.6	-31.6
Payment of finance lease liabilities	-1.2	-1.7	-2.2	-3.1	-14.6
Payment of hire purchase liabilities	-0.8	-0.8	-1.5	-1.8	-9.4
Interests and other financial expenses paid	-3.2	-3.4	-3.8	-7.7	-15.5
Acquisition of non-controlling interests	-	-0.3	-	-0.3	-0.3
Equity repayment	-7.7	-	-7.7	-	-
Net cash from financing activities	**-13.5**	**-12.9**	**-16.5**	**16.8**	**26.5**
Net change in cash and cash equivalents	**28.9**	**9.4**	**39.7**	**-18.7**	**-6.1**
Cash and cash equivalents at 1 January	43.6	10.9	33.0	39.1	39.1
Cash and cash equivalents relating non-current assets held for sale	1.0	-	1.1	-	-
Cash and cash equivalents at 30 June	71.5	20.4	71.5	20.4	33.0

The notes are an integral part of the consolidated interim financial statements.

Notes to the annual accounts bulletin

1. Basis of accounting principles

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting - standard, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2017. The accounting policies adopted are consistent with those of the annual financial statements for 2017 with the exception of new and amended IFRS standards which have been adopted on 1 January 2018. All presented figures have been rounded. Financial ratios have been calculated using exact figures.

Following standards and their amendments were adopted on 1 January 2018:

- IFRS 9 Financial Instruments: IFRS 9 replaces the existing guidance in IAS 39. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The new standard did not have a significant impact on Terveystalo's consolidated financial statements.

- Amendments to IFRS 2 Clarification and Measurement of Share-based Payment Transactions. The amendments clarify the accounting for certain types of arrangements. Three accounting areas are covered: measurement of cash-settled share-based payments; classification of share-based payments settled net of tax withholdings; and accounting for a modification of a share-based payment from cash settled to equity-settled. Terveystalo took the changes into account on 1 January 2018 when applying IFRS 2 on share-based key employee incentive plan.

- Amendments to IAS 40 - Transfers of Investment Property. When making transfers of an investment property, the amendments clarify that a change in management's intentions, in isolation, provides no evidence of a change in use. The examples of evidences of a change in use are also amended so that they refer to property under construction or development as well as to completed property. The new amendments did not have a significant impact on Terveystalo's consolidated financial statements.

- Annual Improvements to IFRSs (2014-2016 cycle). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments relate to IFRS 1 and IAS 28. The new improvements did not have a significant impact on Terveystalo's consolidated financial statements.

Terveystalo Group has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

- IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019): The new standard replaces the current IAS 17 standard and related interpretations. IFRS 16 requires the lessees to recognize the lease agreements on the statement of financial position as a right of use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short term contracts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5,000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. Terveystalo has assessed the impacts of IFRS 16 preliminary on its consolidated financial statements. The most significant impact identified is that Terveystalo will recognize new assets and liabilities, mainly for its operating leases of facilities. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the operating lease expense with a depreciation charge for right of use assets and interest expense on lease liabilities reported under financing expenses. Terveystalo has an implementation project on process, along with Terveystalo will quantify the impact of the adoption of IFRS 16 on its consolidated financial statement and decide the transition method.

2. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017.

3. Events after the reporting period

3.1 The Finnish Competition and Consumer Authority initiates further proceedings concerning the transaction between Terveystalo and Attendo

The FCCA decided on July 17 to initiate further proceedings concerning the transaction between Terveystalo and Attendo. Such proceedings are part of the FCCA's normal operations. The FCCA may approve the transaction as such, attach conditions to the approval or request the Finnish Market Court to prohibit the transaction. According to the Finnish Competition Act, further proceedings may not take longer than three months. Terveystalo has taken into account the possibility of further proceedings in the original timetable for the transaction as set out in its stock exchange release of May 17, 2018. The completion of the transaction is expected to take place in late 2018.

Until the FCCA's final decision, Terveystalo's operations and Attendo's Finnish healthcare operations shall remain as separate undertakings, as before.

3.2 Divestment of AVA Clinic

On 31 July 2018, Terveystalo Group has entered into an agreement with Eugin Group, Europe's second largest group fully dedicated to human reproduction, whereby Terveystalo sells to Eugin Group the entire operation of Ava Clinic in Riga.

Ava Clinic provides gynecological services, obstetrician services, as well as infertility treatment. In 2017, the company employed an average of 13 employees and the unit's revenue in 2017 was approximately EUR 3 million.

4. Revenue

The Group's distribution of revenue is based on the customer types. The Group does not have customers whose revenue exceeds 10 % of the Group's total revenue. Terveystalo offers its primary and outpatient secondary healthcare services to three distinct customer groups: corporate customers, private customers and public customers.

Corporate customers constitute Terveystalo’s largest customer group. Terveystalo’s corporate customers consist of the company’s occupational healthcare customers, excluding municipal occupational healthcare customers. The company provides statutory occupational health services and other occupational health and wellbeing services for corporate customers of all sizes. Terveystalo is the largest provider of occupational healthcare services in Finland in terms of revenue and the number of end-users. Terveystalo provides occupational healthcare services for over 23,000 companies.

Private customers are Terveystalo’s second-largest customer group. Private customers include private individuals and families. The company’s strong brand, easy access to services without long waiting times, leading service portfolio for private customers, families, and senior citizens, and personalized digital services give Terveystalo a competitive edge over public healthcare services and encourage customers to invest in their own health. Services for private customers are paid for either by the customers themselves or by their insurance companies.

Terveystalo’s public customer group is made up of Finnish public sector organizations, such as municipalities, municipal federations, and hospital districts, as well as municipal occupational healthcare customers. Terveystalo’s broad nationwide platform, digital offering, good reputation, and established brand, as well as its thorough expertise and experience in healthcare services throughout the chain of care, make Terveystalo an attractive partner for the public sector. Terveystalo’s services for public sector customers are mainly financed by municipalities and government budgets.

Disaggregation of revenue

In millions of euro	4-6/2018	4-6/2017	Change, %	1-6/2018	1-6/2017	Change, %	2017
Corporate *)	101.4	98.0	3.5	207.8	181.8	14.3	372.1
Private	67.0	69.4	-3.5	137.8	129.9	6.0	253.8
Public *)	20.6	16.3	26.7	40.9	32.4	26.1	63.6
Total	**189.0**	**183.6**	**2.9**	**386.5**	**344.2**	**12.3**	**689.5**

*) Disaggregation of revenue for the year 2017 has been adjusted to correspond the current definition. The changes has a minor effect on the figures for corporate customers and public.

5. Materials and services

In millions of euro	4-6/2018	4-6/2017	Change, %	1-6/2018	1-6/2017	Change, %	2017
Purchase of materials	-7.3	-7.4	-1.4	-15.5	-14.2	8.9	-27.8
Change in inventories	0.2	0.1	43.8	0.3	0.2	44.5	-0,0
External services	-81.5	-79.3	2.7	-166.6	-146.7	13.6	-296.5
Total	**-88.6**	**-86.6**	**2.3**	**-181.7**	**-160.7**	**13.1**	**-324.3**

6. Employee benefit expenses

In millions of euro	4-6/2018	4-6/2017	Change, %	1-6/2018	1-6/2017	Change, %	2017
Salaries and fees	-42.0	-43.6	-3.5	-83.8	-80.6	4.1	-155.2
Share-based payments	-0.6	-		-0.8	-		-0.2
Other personnel expenses	-9.0	-9.8	-8.2	-17.9	-18.0	-0.7	-34.0
Total	**-51.6**	**-53.3**	**-3.2**	**-102.5**	**-98.6**	**4.0**	**-189.5**

7. Other operating expenses

In millions of euro	4-6/2018	4-6/2017	Change, %	1-6/2018	1-6/2017	Change, %	2017
Rents, leases and premises	-11.9	-11.6	2.5	-23.0	-20.2	14.1	-44.1
Other operating expenses	-12.7	-15.8	-19.4	-25.5	-29.8	-14.6	-65.5
Total	**-24.6**	**-27.4**	**-10.1**	**-48.5**	**-50.0**	**-3.0**	**-109.6**

8. Income taxes

Income taxes in the statement of income

In millions of euro	4-6/2018	4-6/2017	Change, %	1-6/2018	1-6/2017	Change, %	2017
Current tax for the reporting year	-0,0	0.1	-172.6	-0.1	-0.4	-70.4	-0.6
Income taxes for prior periods	-0,0	-0,0	-84.5	-0,0	-0,0	-85.1	0.0
Deferred taxes	-4.0	0.9	>-200,0	5.6	1.6	> 200,0	3.9
Total income taxes	**-4.0**	**1.0**	>-200,0	**5.5**	**1.2**	**> 200,0**	**3.3**

Deferred taxes have been calculated using the enacted tax rate of 20 %.

Profit for the period Q1/2018 includes retrospective adjustment (EUR 4.1 million) relating to using of fully recognized tax losses based on the estimated taxable income for the reporting period.

9. Share-based payments

The Board of Directors of Terveystalo Plc has resolved to establish a new share-based incentive plan directed to the Group key employees. The aim of the plan is to align the objectives of the shareholders and the key employees in order to increase the value of the Company in the long-term, to retain the key employees at the Company, and to offer them a competitive reward plan that is based on earning and accumulating shares of the Company.

The Performance Share Plan includes three performance periods, calendar years 2018, 2019 and 2020. The Board of Directors will resolve on the performance criteria and on the required performance levels for each criterion at the beginning of each performance period.

During the performance period 2018 performance criteria are based on Total Shareholder Return (TSR) levels and profitability of the Company.

The potential rewards from the performance share plan will be paid partly in Terveystalo Plc shares and partly in cash approximately two years after the performance periods. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the plan participants. As a rule, no reward will be paid if a plan participant terminates his or her employment or service before the reward payment.

The rewards to be paid on the basis of the performance period 2018 correspond to an approximate maximum total of 943,000 Terveystalo Plc shares, including currently allocated and unallocated shares as well as the proportion to be paid in cash. The plan is directed approximately to 80 key employees, including the members of the Management Group during the performance period 2018.

Program	2018
Grant date	30.1.2018
Maximum number of shares, pcs	943,000
Fair value at grant date	9.95
Validity	31.12.2018
Estimated vesting period	3 years
Vesting conditions	Total Shareholder Return (TSR) and profitability
Exercised	In shares and cash

10. Intangible assets

1-6/2018 In millions of euro	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
Acquisition cost 1.1.2018	**651.3**	**83.8**	**82.9**	**30.0**	**848.0**
Business Combination	0.7	0.3	-	0.0	1.0
Additions	-	-	-	4.1	4.1
Reclassifications	-	-	-	-0,0	-0,0
Acquisition cost 30.6.2018	**652.0**	**84.1**	**82.9**	**34.1**	**853.1**
Accumulated amortizations and impairment losses 1.1.2018	**-68.0**	**-51.3**	**-16.9**	**-19.3**	**-155.5**
Amortization for the reporting period	-	-5.4	-2.1	-2.6	-10.0
Accumulated amortizations and impairment losses 30.6.2018	**-68.0**	**-56.7**	**-18.9**	**-21.9**	**-165.5**
Carrying amount 1.1.2018	**583.3**	**32.5**	**66.0**	**10.7**	**692.5**
Carrying amount 30.6.2018	**584.0**	**27.5**	**63.9**	**12.2**	**687.7**

1-6/2017 In millions of euro	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
Acquisition cost 1.1.2017	**517.1**	**74.5**	**83.0**	**23.7**	**698.4**
Business Combination	133.8	9.3	-	1.5	144.5
Additions	-	-	-	2.1	2.1
Acquisition cost 30.6.2017	**650.9**	**83.8**	**83.0**	**27.3**	**845.1**
Accumulated amortizations and impairment losses 1.1.2017	**-68.0**	**-40.9**	**-12.7**	**-13.8**	**-135.3**
Amortization for the reporting period	-	-5.1	-2.1	-2.4	-9.6
Impairment losses	-	-	-	-0.3	-0.3
Accumulated amortizations and impairment losses 30.6.2017	**-68.0**	**-45.9**	**-14.8**	**-16.5**	**-145.2**
Carrying amount 1.1.2017	**449.1**	**33.6**	**70.3**	**10.0**	**563.0**
Carrying amount 30.6.2017	**582.9**	**37.9**	**68.2**	**10.8**	**699.8**

2017 In millions of euro	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
Acquisition cost 1.1.2017	**517.1**	**74.5**	**83.0**	**23.7**	**698.4**
Business Combination	134.1	9.3	-	1.5	145.0
Additions	-	-	-	5.1	5.1
Disposals	-	-	-0.1	-0.3	-0.5
Acquisition cost 31.12.2017	**651.3**	**83.8**	**82.9**	**30.0**	**848.0**
Accumulated amortizations and impairment losses 1.1.2016	**-68.0**	**-40.9**	**-12.7**	**-13.8**	**-135.3**
Amortization for the reporting period	-	-10.4	-4.2	-5.1	-19.8
Impairment losses	-	-	-	-0.4	-0.4
Accumulated amortizations and impairment losses 31.12.2017	**-68.0**	**-51.3**	**-16.9**	**-19.3**	**-155.5**
Carrying amount 1.1.2017	**449.1**	**33.6**	**70.3**	**10.0**	**563.0**
Carrying amount 31.12.2017	**583.3**	**32.5**	**66.0**	**10.7**	**692.5**

11. Property, plant and equipment

1-6/2018 In millions of euro	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1.1.2018	**1.9**	**39.8**	**83.5**	**33.4**	**4.4**	**163.0**
Business Combination	-	-	0.1	-	-	0.1
Additions	-	1.1	7.6	1.8	0.2	10.8
Disposals	-1.9	-7.8	-0.5	-0.1	-	-10.3
Reclassifications	-	-	-0,2	0.2	-0.3	-0.2
Acquisition cost 30.6.2018	**0.1**	**33.1**	**90.5**	**35.3**	**4.4**	**163.5**
Accumulated depreciation and impairment losses 1.1.2018	**-**	**-12.6**	**-48.0**	**-9.2**	**-1.1**	**-70.9**
Depreciation for the reporting period	-	-1.3	-6.5	-2.4	-0.3	-10.5
Accumulated depreciation and impairment losses 30.6.2018	**-**	**-13.9**	**-54.5**	**-11.6**	**-1.3**	**-81.4**
Carrying amount 1.1.2018	**1.9**	**27.1**	**35.5**	**24.2**	**3.3**	**92.1**
Carrying amount 30.6.2018	**0.1**	**19.1**	**36.0**	**23.7**	**3.1**	**82.1**

1-6/2017 In millions of euro	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1.1.2017	**0.1**	**35.2**	**62.8**	**15.7**	**3.0**	**116.8**
Business Combination	1.9	9.8	5.7	6.4	-	23.7
Additions	-	0.5	6.6	2.9	0.8	10.8
Disposals	-	-	-0,0	-0,0	-	-0,0
Acquisition cost 30.6.2017	**2.0**	**45.5**	**75.1**	**25.0**	**3.8**	**151.3**
Accumulated depreciation and impairment losses 1.1.2017	**-**	**-8.9**	**-35.9**	**-5.8**	**-0.7**	**-51.3**
Depreciation for the reporting period	-	-1.8	-5.8	-1.5	-0.1	-9.2
Accumulated depreciation and impairment losses 30.6.2017	**-**	**-10.6**	**-41.7**	**-7.3**	**-0.8**	**-60.5**
Carrying amount 1.1.2017	**0.1**	**26.4**	**26.9**	**9.8**	**2.3**	**65.5**
Carrying amount 30.6.2017	**2.0**	**34.9**	**33.4**	**17.7**	**3.0**	**90.8**

2017 In millions of euro	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1.1.2017	**0.1**	**35.2**	**62.8**	**15.7**	**3.0**	**116.8**
Business Combination	1.9	9.8	5.7	6.4	-	23.7
Additions	-	0.8	16.3	5.7	1.4	24.2
Disposals	-0,0	-0,0	-1.3	-0.6	-0,0	-2.0
Reclassifications	-	-6.0	-	6.3	-	0.3
Acquisition cost 31.12.2017	**1.9**	**39.8**	**83.5**	**33.4**	**4.4**	**163.0**
Accumulated depreciation and impairment losses 1.1.2017	**-**	**-8.9**	**-35.9**	**-5.8**	**-0.7**	**-51.3**
Depreciation for the reporting period	-	-3.6	-12.0	-3.4	-0.4	-19.4
Impairment losses	-	-0.2	-0,0	-	-0,0	-0.2
Accumulated depreciation and impairment losses 31.12.2017	**-**	**-12.6**	**-48.0**	**-9.2**	**-1.1**	**-70.9**
Carrying amount 1.1.2017	**0.1**	**26.4**	**26.9**	**9.8**	**2.3**	**65.5**
Carrying amount 31.12.2017	**1.9**	**27.1**	**35.5**	**24.2**	**3.3**	**92.1**

12. Business combination

During the six months ended 30 June 2018, the Group has made two business acquisitions and acquired the business from Hammasjaarli Oy as an asset deal.

31.1.2018 Terveystalo acquired the business from Hammasjaarli Oy as an asset deal. The acquisition includes a possible contingent consideration that is under consideration.

28.2.2018 Terveystalo Healthcare Oy acquired 100 % of the shares of Naantalin Yksityislääkärit Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards.

29.3.2018 Terveystalo Healthcare Oy acquired 100 % of the shares of Juha Uusimäki Oy (Lääkärikeskus Ilo). The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 0.1 million. The contingent consideration is tied to the sales during the next 36 months period, starting from the acquisition date.

The following table summarizes the acquisition date fair values of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition. The statement of financial position of acquired companies has been prepared in accordance with IFRS and Terveystalo Group´s accounting principles in all material respect. The net assets relating to an asset deal have been adjusted to correspond Terveystalo Group's accounting principles in all material respect.

Consideration transferred

In millions of euro	
Cash	1.2
Contingent consideration	0.1
Total consideration transferred	**1.3**

Identifiable assets acquired and liabilities assumed

In millions of euro	
Cash and cash equivalents	0.3
Intangible assets	0.3
Property, plant and equipment	0.1
Trade and other receivables	0.2
Trade and other payables	-0.2
Deferred tax liabilities	-0.1
Total identifiable net assets acquired	**0.6**

Goodwill	**0.7**

The tangible assets acquired in the business combinations described above were measured at fair value based on the market prices of the corresponding assets. The acquisition resulted in a preliminary goodwill amounting to EUR 0.7 million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is tax deductible as far as it is related to asset deals.

In these business combinations, the Group has acquired customer relationships. The fair value of customer contracts and related customer relationships included in other intangible assets has been determined on the basis of the estimated duration of customer relationships and the discounted net cash flows from existing customer contracts. The fair values of customer relationships are preliminary.

The fair value of the acquired trade and other receivables amounts to EUR 0.2 million, for which the risk of impairment has been deemed non-significant.

The Group has incurred acquisition-related expenses of EUR 0.1 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

From these other business combinations, revenue of EUR 1.0 million and profit of EUR 0.1 million is recognized in year 2018 to the Group's consolidated results. If these acquisitions had occurred on 1 January 2018, management estimates that the Group's consolidated revenue in 2018 would have been EUR 386.9 million and consolidated profit would have been EUR 42.7 million.

Business combinations on period 1.1.-30.6.2017

During the six months ended 30 June 2017 the Group made several business acquisitions. The two biggest acquisitions are presented separately, whereas the other smaller acquisitions are disclosed in aggregate.

Acquisition of Diacor terveyspalvelut Oy Group

On 24 March 2017, Terveystalo Healthcare Oy acquired 100% of the shares of Diacor terveyspalvelut Oy ("Diacor"). As a part of the acquisition the Group gained also control of Eloni Oy, a subsidiary of Diacor terveyspalvelut Oy. The acquisition strengthens Terveystalo's position as one of the leading healthcare service provider especially in Helsinki metropolitan area and Turku. The financial statements of acquired companies have been included in the consolidated financial statements of Terveystalo from the end of March, 2017.

The following table summarizes the acquisition date fair values of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition. The statement of financial position has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect.

Consideration transferred

In millions of euro	
Cash	19.8
Shares	93.9
Total consideration transferred	**113.7**

Identifiable assets acquired and liabilities assumed

In millions of euro	
Cash and cash equivalents	5.7
Intangible assets	7.6
Property, plant and equipment	12.7
Deferred tax assets	0.4
Inventories	0.7
Trade and other receivables	15.9
Trade and other payables	-16.0
Provisions	-0.0
Deferred tax liabilities	-1.7
Interest bearing liabilities	-13.5
Total identifiable net assets acquired	**12.0**

Goodwill	**101.7**

The tangible assets acquired in the business combination described above were measured at fair value based on the market prices of corresponding assets. In the business combination, the Group has acquired customer relationships. The fair value of customer contracts and related customer relationships included in other intangible assets has been determined on the basis of the estimated duration of customer relationships and the discounted net cash flows from existing customer contracts. The acquisition resulted in a goodwill amounting to EUR 101.7 million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved from integrating acquired businesses into Terveystalo’s existing operations. The recognized goodwill is not deductible for tax purposes.

The fair value of the acquired trade and other receivables amounts to EUR 15.9 million for which the risk of impairment has been deemed non-significant.

The Group incurred acquisition-related expenses of EUR 2.5 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses. From the acquisition, revenue of EUR 30.7 million and loss of EUR -0.9 million were recognized in year 2017 to the Group's consolidated results.

If the acquisition had occurred on 1 January 2017, management estimates that the Group’s consolidated revenue for the six months ended on 30 June 2017 would have been EUR 378.8 million and the consolidated profit would have been EUR 9.1 million.

As a part of the acquisition, Terveystalo made certain commitments that are comparable to contingent consideration. Management estimates that the realization of these commitments is unlikely.

Acquisition of Porin Lääkäritalo Group

On 2 January 2017, Terveystalo Healthcare Oy acquired 100 % of the shares of Porin Lääkäritalo Oy (" Pori"). As a part of the acquisition, the Group also gained control of the subsidiaries Koy Porin Linnankulma, Curia Oy and Porin Lääkärikeskus Oy. Porin Lääkärikeskus owns 7.79 % of the shares of Porin Lääkäritalo. The acquisition strengthens

Terveystalo's position as one of the leading healthcare service provider in Pori region. The financial statements of the acquired companies have been included in the consolidated financial statements of Terveystalo from the date of acquisition.

The following table summarizes the acquisition date fair values of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition. The statement of financial position has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect.

Consideration transferred

In millions of euro	
Cash	43.4
Total consideration transferred	**43.4**

Identifiable assets acquired and liabilities assumed

In millions of euro	
Cash and cash equivalents	2.3
Intangible assets	2.0
Property, plant and equipment	11.4
Inventories	0.1
Trade and other receivables	1.6
Trade and other payables	-2.4
Provisions	-0.0
Deferred tax liabilities	-0.4
Interest bearing liabilities	-2.1
Total identifiable net assets acquired	**12.5**

Goodwill	**30.9**

The tangible assets acquired in the business combination described above were measured at fair value based on the market prices of corresponding assets. In the business combination, the Group has acquired customer relationships. The fair value of customer contracts and related customer relationships included in other intangible assets has been determined on the basis of the estimated duration of customer relationships and the discounted net cash flows from existing customer contracts. The acquisition resulted in a goodwill amounting to EUR 30.9 million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is not deductible for tax purposes.

The fair value of the acquired trade and other receivables amounts to EUR 1.6 million for which the risk of impairment has been deemed non-significant.

The Group incurred acquisition-related expenses of EUR 0.8 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

From the acquisition, revenue of EUR 12.0 million and profit of EUR 0.8 million were recognized in year 2017 to the Group's consolidated results.

Other business combinations

On 31 March 2017, Terveystalo Healthcare Oy acquired 100 % of the shares of Ky Läkkitorin Hammaslääkäriasema. The acquired subsidiary has been consolidated to the Group's financial statements from the acquisition month onwards.

On 19 April 2017, Suomen Terveystalo Oy acquired the dental business from Data Plaza Oy as an asset deal.

On 2 May 2017, Suomen Terveystalo Oy acquired the dental business from Crossdental Oy as an asset deal. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of the acquisition with a fair value of EUR 0.3 million. The contingent consideration is tied to the 2018–2020 sales.

The following table summarizes the acquisition date fair values of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition. The statement of financial position of acquired company has been prepared in accordance with IFRS and Terveystalo Group´s accounting principles in all material respect. The net assets relating to asset deals have been adjusted to correspond Terveystalo Group's accounting principles in all material respect.

Consideration transferred

In millions of euro	
Cash	1.4
Total consideration transferred	**1.4**

Identifiable assets acquired and liabilities assumed

In millions of euro	
Cash and cash equivalents	0.2
Property, plant and equipment	0.7
Inventories	0.1
Trade and other receivables	0.0
Trade and other payables	-0.4
Interest bearing liabilities	-0.5
Total identifiable net assets acquired	**0.1**

Goodwill	**1.4**

The tangible assets acquired in the business combinations described above were measured at fair value based on the market prices of corresponding assets. The acquisition resulted in a goodwill amounting to EUR 1.4 million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is not deductible for tax purposes.

The fair value of the acquired trade and other receivables amounts to EUR 0.0 million, for which the risk of impairment has been deemed non-significant. The Group has incurred acquisition-related expenses of EUR 0.0 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

From these other business combinations, revenue of EUR 0.8 million and profit of EUR 0.1 million were recognized in year 2017 to the Group's consolidated results.

If these other acquisitions had occurred on 1 January 2017, management estimates that the Group's consolidated revenue for the six months ended 30 June 2017 would have been EUR 345.3 million and consolidated profit would have been EUR 8.1 million.

13. Non-current assets held for sale

On 31 July 2018, Terveystalo Group has entered into an agreement with Eugin Group, Europe's second largest group fully dedicated to human reproduction, whereby Terveystalo sells to Eugin Group the entire operation of Ava Clinic in Riga.

Ava Clinic provides gynecological services, obstetrician services, as well as infertility treatment. In 2017, the company employed an average of 13 employees and the unit's revenue in 2017 was approximately EUR 3 million.

In millions of euro	30.6.2018
Intangible assets	0.0
Property, plant and equipment	0.2
Other receivables	0.0
Inventories	0.1
Trade and other receivables	0.0
Cash and cash equivalents	1.1
Total assets	**1.5**
Trade and other payables	0.1
Total liabilities	**0.1**

14. Group's key financial ratios

Terveystalo Group, in millions of euro	4-6/2018	4-6/2017	Change, %	1-6/2018	1-6/2017	Change, %	2017
Revenue	189.0	183.6	2.9	386.5	344.2	12.3	689.5
Adjusted EBITDA *) **)	25.5	22.0	15.8	56.3	45.8	22.7	92.4
Adjusted EBITDA, % *) **)	13.5	12.0	-	14.6	13.3	-	13.4
EBITDA *)	32.3	16.7	93.9	62.5	35.8	74.5	68.2
EBITDA, % *)	17.1	9.1	-	16.2	10.4	-	9.9
Adjusted EBITA *) **)	20.2	16.9	19.6	45.8	36.7	25.0	73.0
Adjusted EBITA, % *) **)	10.7	9.2	-	11.9	10.6	-	10.6
EBITA *)	27.0	11.6	134.0	52.0	26.6	95.5	48.8
EBITA, % *)	14.3	6.3	-	13.5	7.7	-	7.1
Operating profit (EBIT) *)	22.1	6.2	>200.0	42.0	16.7	151.5	28.2
Operating profit (EBIT), % *)	11.7	3.4	-	10.9	4.9	-	4.1
Return on equity (ROE), %*) ****)	-	-	-	8.8	5.8	-	2.1
Equity ratio, % *)	-	-	-	52.9	37.2	-	50.7
Earnings per share (€) ***) ****)	0.12	0.02	-	0.33	0.07	-	0.06
Gearing, % *)	-	-	-	44.2	109.1	-	56.1
Net debt/ Adjusted EBITDA (LTM) *) **)	-	-	-	2.1	4.5	-	2.8
Total assets	-	-	-	933.6	899.5	3.8	902.3
Average personnel FTE	-	-	-	3,465	3,209	8.0	3,180
Personnel (end of period)	-	-	-	4,531	4,445	1.9	4,265
Private practitioners (end of period)	-	-	-	4,629	4,400	5.2	4,431

*) Alternative performance measure. Terveystalo presents alternative performance measures as additional information to financial measures defined in IFRS. Those are performance measures that the company monitors internally and they provide management, investors, securities analysts and other parties with significant additional information related to the company's results of operations, financial position and cash flows. These should not be considered in isolation or as substitute to the measures under IFRS.

**) Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses, restructuring related expenses, gain on sale of assets, strategic projects including the IPO, new operations and other items affecting comparability.

***) The effects of share conversion and share split have been taken into account in the weighted average number of shares. Comparative figures have been adjusted accordingly.

****) Profit for the period 1-6/2018 and ROE's profit for the period (LTM) includes retrospective adjustment to Q1/2018 income taxes relating to using of fully recognized tax losses based on the estimated taxable income for the reporting period.

15. Calculation of financial ratios and alternative performance measures

Financial ratios

$$\text{Earnings per share, (€)} = \frac{\text{Profit for the period attributable to owners of the parent company}}{\text{Average number of shares during the period}}$$

Terveystalo presents alternative performance measures as additional information to financial measures defined in IFRS. Those are performance measures that the company monitors internally and they provide management, investors, securities analysts and other parties with significant additional information related to the company's results of operations, financial position and cash flows. These should not be considered in isolation or as substitute to the measures under IFRS.

Alternative performance measures to the statement of financial position

The company presents the following alternative performance measures to the statement of financial position as they are, in the company's view, useful indicators of the company's ability to obtain financing and service its debt.

$$\text{Return on equity, \%} = \frac{\text{Profit / loss for the period (LTM)}}{\text{Equity (including non-controlling interest) (average)}} \text{ x 100 \%}$$

$$\text{Equity ratio, \%} = \frac{\text{Equity (including non-controlling interest)}}{\text{Total assets - advances received}} \text{ x 100 \%}$$

$$\text{Gearing, \%} = \frac{\text{Interest-bearing liabilities - interest-bearing receivables and cash and cash equivalent}}{\text{Equity}} \text{ x 100 \%}$$

$$\text{Net debt / Adjusted EBITDA (LTM *)} = \frac{\text{Interest-bearing liabilities - interest-bearing receivables and cash and cash equivalent}}{\text{Adjusted EBITDA (LTM)}}$$

Alternative performance measures to the statement of income

The company presents the following alternative performance measures to the statement of income as in the company's view, they increase understanding of the company's results of operations. In addition, the adjusted alternative performance measures are widely used by analysts, investors and other parties and facilitates comparability between periods.

$$\text{Adjusted EBITDA *)} = \text{Earnings Before Interest, Taxes, Depreciation, Amortization, impairment losses and adjustments}$$

$$\text{Adjusted EBITDA, \% *)} = \frac{\text{Earnings Before Interest, Taxes, Depreciation, Amortization, impairment losses and adjustments}}{\text{Revenue}} \text{ x 100 \%}$$

$$\text{Adjusted EBITA *)} = \text{Earnings Before Interest, Taxes, Amortization, impairment losses and adjustments}$$

$$\text{Adjusted EBITA, \% *)} = \frac{\text{Earnings Before Interest, Taxes, Amortization, impairment losses and adjustments}}{\text{Revenue}} \text{ x 100 \%}$$

$$\text{EBITDA} = \text{Earnings Before Interest, Taxes, Depreciation and Amortization and impairment losses}$$

EBITDA, %	=	$\dfrac{\text{Earnings Before Interest, Taxes, Depreciation and Amortization and impairment losses}}{\text{Revenue}}$	x 100 %
EBITA	=	Earnings Before Interest, Taxes, Amortization and impairment losses	
EBITA, %	=	$\dfrac{\text{Earnings Before Interest, Taxes, Amortization and impairment losses}}{\text{Revenue}}$	x 100 %
Operating profit (EBIT)	=	Earnings Before Interest, Taxes and Share of profits in associated companies	
Operating profit (EBIT), %	=	$\dfrac{\text{Earnings Before Interest, Taxes and Share of profits in associated companies}}{\text{Revenue}}$	x 100 %

*) Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses, restructuring related expenses, gain on sale of assets, strategic projects, new operations and other items affecting comparability.

16. Reconciliation of alternative performance measures

Equity ratio, %	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Equity (including non-controlling interest)	-	-	493.1	333.8	457.3
Total assets	-	-	933.6	899.5	902.3
Advances received	-	-	1.4	1.2	1.2
Equity ratio, %	-	-	52.9	37.2	50.7

Gearing, %	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Interest-bearing liabilities	-	-	289.6	384.5	289.4
Interest-bearing receivables and cash and cash equivalents	-	-	71.5	20.4	33.0
Equity	-	-	493.1	333.8	457.3
Gearing, %	-	-	44.2	109.1	56.1

Net debt / Adjusted EBITDA (LTM), In millions of euro	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Interest-bearing liabilities	-	-	289.6	384.5	289.4
Interest-bearing receivables and cash and cash equivalents	-	-	71.5	20.4	33.0
Adjusted EBITDA (LTM)	-	-	102.8	81.2	92.4
Net debt / Adjusted EBITDA (LTM)	-	-	2.1	4.5	2.8

Adjusted EBITDA, In millions of euro	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Profit (loss) for the period	15.4	2.2	42.6	8.0	7.2
Income tax expense	4.0	-1.0	-5.5	-1.2	-3.3
Share of profits in associated companies	-0.2	-	-0.2	-	0.2
Net finance expenses	2.8	5.0	5.1	9.9	24.1
Depreciation, amortization and impairment losses	10.3	10.5	20.4	19.1	40.0
Adjustments *)	-6.8	5.3	-6.2	10.0	24.1
Adjusted EBITDA	25.5	22.0	56.3	45.8	92.4

Adjusted EBITDA, %	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Adjusted EBITDA	25.5	22.0	56.3	45.8	92.4
Revenue	189.0	183.6	386.5	344.2	689.5
Adjusted EBITDA, %	13.5	12.0	14.6	13.3	13.4

Adjusted EBITA, In millions of euro	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Profit (loss) for the period	15.4	2.2	42.6	8.0	7.2
Income tax expense	4.0	-1.0	-5.5	-1.2	-3.3
Share of profits in associated companies	-0.2	-	-0.2	-	0.2
Net finance expenses	2.8	5.0	5.1	9.9	24.1
Amortization and impairment losses	5.0	5.4	10.0	9.9	20.6
Adjustments *)	-6.8	5.3	-6.2	10.0	24.1
Adjusted EBITA	20.2	16.9	45.8	36.7	73.0

Adjusted EBITA, %	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Adjusted EBITA	20.2	16.8	45.8	36.7	73.0
Revenue	189.0	183.6	386.5	344.2	689.5
Adjusted EBITA, %	10.7	9.2	11.9	10.6	10.6

EBITDA, In millions of euro	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Profit (loss) for the period	15.4	2.2	42.6	8.0	7.2
Income tax expense	4.0	-1.0	-5.5	-1.2	-3.3
Share of profits in associated companies	-0.2	-	-0.2	-	0.2
Net finance expenses	2.8	5.0	5.1	9.9	24.1
Depreciation, amortization and impairment losses	10.3	10.5	20.4	19.1	40.0
EBITDA	32.3	16.7	62.5	35.8	68.2

EBITDA, %	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
EBITDA	32.3	16.7	62.5	35.8	68.2
Revenue	189.0	183.6	386.5	344.2	689.5
EBITDA, %	17.1	9.1	16.2	10.4	9.9

EBITA, In millions of euro	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Profit (loss) for the period	15.4	2.2	42.6	8.0	7.2
Income tax expense	4.0	-1.0	-5.5	-1.2	-3.3
Share of profits in associated companies	-0.2	-	-0.2	-	0.2
Net finance expenses	2.8	5.0	5.1	9.9	24.1
Amortization and impairment losses	5.0	5.4	10.0	9.9	20.6
EBITA	27.0	11.6	52.0	26.6	48.8

EBITA, %	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
EBITA	27.0	11.6	52.0	26.6	48.8
Revenue	189.0	183.6	386.5	344.2	689.5
EBITA, %	14.3	6.3	13.5	7.7	7.1

Operating profit (EBIT), In millions of euro	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Profit (loss) for the period	15.4	2.2	42.6	8.0	7.2
Income tax expense	4.0	-1.0	-5.5	-1.2	-3.3
Share of profits in associated companies	-0.2	-	-0.2	-	0.2
Net finance expenses	2.8	5.0	5.1	9.9	24.1
EBIT	22.1	6.2	42.0	16.7	28.2

Operating profit, (EBIT), %	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
EBIT	22.1	6.2	42.0	16.7	28.2
Revenue	189.0	183.6	386.5	344.2	689.5
EBIT, %	11.7	3.4	10.9	4.9	4.1

*) Adjustments, In millions of euro	4-6/2018	4-6/2017	1-6/2018	1-6/2017	2017
Acquisition related expenses(1	0.6	3.2	0.7	6.6	17.7
Restructuring related expenses(2	0.3	2.0	0.7	3.2	5.8
Gain on sale of asset	-7.8	-	-7.8	-	-0.2
Strategic projects, new operations and other items affecting to comparability	0.1	0.1	0.2	0.3	0.8
Adjustments	-6.8	5.3	-6.2	10.0	24.1

*) Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses, restructuring related expenses, gain on sale of assets, strategic projects including the IPO, new operations and other items affecting comparability.

1) Including transaction costs and expenses from integration of acquired businesses as well as IPO related expenses.

2) Including restructuring of network and business operations, start up losses, provisions for onerous contracts (lease agreements and other contracts).

17. Collateral and other contingent liabilities

In millions of euro	30.6.2018	30.6.2017	31.12.2017
Liabilities secured by mortgages and pledged shares			
Loans from financial institutions [1])	-	357.2	0.7
Unused overdraft facilities	-	54.4	-
Total	**-**	**411.6**	**0.7**
Business mortgages	0.5	992.0	0.7
Real estate mortgages	-	11.9	11.9
Carrying amount of the pledged shares	-	402.2	-
Total	**0.5**	**1,406.1**	**12.6**
Securities for own debts			
Deposits	0.1	14.2	0.0
Rental deposit	-	1.6	-
Guarantees	0.5	0.6	0.6
Total	**0.6**	**16.3**	**0.6**
Other operating lease liabilities [2])			
Less than one year	31.2	30.1	31.0
Between one year and five years	100.6	97.9	95.2
Later	67.1	77.8	66.9
Total	**198.9**	**205.7**	**193.1**

The Group is obligated to audit value added tax depreciations it has made on a property investment if the taxable use of the property decreases during the audit period. There was no responsibility remaining on 30.6.2018 (EUR 0.1 million on 30.6.2017 and EUR 0.1 million on 31.12.2017).

[1]) The nominal value of loans, which differs from the carrying value.

[2]) The minimum lease payments relate to rented medical and office facilities. The minimum lease payments for fixed term contracts are determined by multiplying the remaining term of lease and the lease amount. Until further notice contracts are determined using the minimum rents for notice.