PROSPECTUS **September 27, 2017**

Terveystalo

Listing on the Official List of Nasdaq Helsinki Ltd

Share Sale of preliminarily a maximum of 62,689,110 Sale Shares

Share Issue of a minimum of 10,245,902 and a maximum of 10,305,533 New Shares

Subscription Price EUR 9.76 per Offer Share in the Public Offering and the Institutional Offering as well as EUR 8.79 per Offer Share in the Personnel Offering

This prospectus (the "**Prospectus**") has been prepared in connection with the contemplated initial public offering (the "**Offering**") of Terveystalo Plc, a public limited liability company incorporated in Finland ("**Terveystalo**" or the "**Company**"). The Company aims to raise gross proceeds of approximately EUR 100 million by offering a minimum of 10,245,902 and a maximum of 10,305,533 new shares in the Company (the "**New Shares**") for subscription (the "**Share Issue**"). In addition, Lotta Holding I S.à r.l. ("**EQT**") (a company ultimately owned by the fund EQT VI (as defined herein), together with associated co-investors) and other existing shareholders in the Company listed in Annex A (together with EQT, the "**Selling Shareholders**", and each individually, a "**Selling Shareholder**") are offering preliminarily a maximum of 62,689,110 existing shares in the Company (the "**Sale Shares**") for sale (the "**Share Sale**"). The subscription price of the shares offered ("**Subscription Price**") is EUR 9.76 per share in the Public Offering and the Institutional Offering as well as EUR 8.79 per share in the Personnel Offering. In addition to the preliminary maximum number of Sale Shares, EQT may, in its sole discretion, decide to increase the number of Sale Shares by a maximum of 5,122,433 Sale Shares, in which case the total number of Sale Shares would be 67,811,543.

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**"), (ii) private placements to institutional investors in Finland and internationally, including in the United States of America (the "**United States**", "**U.S.**" or "**US**") to qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the U.S. Securities Act of 1933 (as amended, the "**U.S. Securities Act**"), pursuant to exemptions from the registration requirements of the U.S. Securities Act (the "**Institutional Offering**") and (iii) an offering to the employees of the Company (the "**Personnel Offering**"). All offers and sales outside the United States will be made in offshore transactions in compliance with Regulation S under the U.S. Securities Act ("**Regulation S"**). The Company and the Selling Shareholders have appointed Carnegie Investment Bank AB ("**Carnegie**"), Morgan Stanley & Co. International plc ("**Morgan Stanley**") and Skandinaviska Enskilda Banken AB (publ) Helsinki Branch ("**SEB**") to act as the joint global coordinators and joint bookrunners (the "**Joint Global Coordinators**"), and Jefferies International Limited ("**Jefferies**") and OP Corporate Bank plc ("**OP**") as the joint bookrunners (the "**Joint Bookrunners**") for the Offering (the Joint Global Coordinators and the Joint Bookrunners together, the "**Managers**", and each individually, a "**Manager**"). EQT will grant the Managers an over-allotment option exercisable within 30 days from the commencement of trading of the Company's shares (the "**Shares**") on Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**"), to purchase or to procure purchasers for up to 10,949,196 additional Shares (assuming that EQT would not decide to increase the number of Sale Shares) or a maximum of 11,717,560 additional Shares (assuming that EQT would decide to increase the number of Sale Shares by 5,122,433 Sale Shares) (the "**Additional Shares**") solely to cover over-allotments in the Offering, if any (the "**Over-Allotment Option**"). Unless the context indicates otherwise, the New Shares, the Sale Shares and the Additional Shares are referred to together herein as the "**Offer Shares**".

Varma Mutual Pension Insurance Company, Hartwall Capital Ltd, Rettig Group Ltd and Elo Mutual Pension Insurance Company have each individually given subscription undertakings on subscribing for Offer Shares subject to certain conditions being fulfilled. The aggregate subscription undertakings amount to approximately EUR 444 million or approximately 36 percent of the outstanding Shares at EUR 1,250 million valuation of all of the Company's outstanding Shares (after any proceeds from the Share Issue and excluding treasury shares). Please see *"Terms and Conditions of the Offering—Special Terms and Conditions of the Institutional Offering—Subscription Undertakings"*.

The subscription period for the Offering will commence on September 28, 2017 at 10:00 a.m. (Finnish time) and end on October 6, 2017 at 4:00 p.m. (Finnish time) for the Public Offering, on October 10, 2017 at 12:00 p.m. (Finnish time) for the Institutional Offering and on October 6, 2017 at 4:00 p.m. (Finnish time) for the Personnel Offering. The subscription period may, at the Company's and EQT's sole discretion, while acting on behalf of the Selling Shareholders, be discontinued or extended, provided that the subscription period will in no event expire prior to October 5, 2017 or extend beyond October 12, 2017. Instructions for making the subscriptions and purchases as well as detailed terms and conditions of the Offering are presented in this Prospectus under "*Terms and Conditions of the Offering*".

The Shares have not been subject to trading on a regulated market prior to the execution of the Offering. The Company will submit a listing application to the Helsinki Stock Exchange to list the Shares on the Official List of the Helsinki Stock Exchange (the "**Official List**") under the share trading code "TTALO". Trading of the Shares is expected to commence on the prelist of the Helsinki Stock Exchange on or about October 11, 2017 and on the Official List of the Helsinki Stock Exchange on or about October 13, 2017 (the "**Listing**"). The Offer Shares offered in the Public Offering and in the Personnel Offering will be registered with investors' securities accounts with Euroclear Finland Ltd ("**Euroclear Finland**"), the Finnish central securities depository, on or about October 11, 2017. In the Institutional Offering, the Offer Shares will be ready to be delivered against payment on or about October 13, 2017 through Euroclear Finland. The Shares will be eligible for clearing through the facilities of Euroclear Finland.

An investment in the Offer Shares involves risks. Prospective investors should read this entire Prospectus and, in particular, "Risk Factors" when considering an investment in the Company.

The Offer Shares have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state of the United States, and are being offered and sold (i) in the United States only to QIBs in reliance on and in compliance with Rule 144A or other applicable exemptions from the registration requirements under the U.S. Securities Act and (ii) outside the United States in offshore transactions in reliance on, and in compliance, with Regulation S. Prospective investors are hereby notified that any seller of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The distribution of this Prospectus and the offer and sale of the Offer Shares may be restricted by law in certain jurisdictions. Accordingly, neither this Prospectus nor any advertisement or any other Offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons in possession of this Prospectus are required by the Company, the Selling Shareholders and the Managers to inform themselves about and to observe any such restrictions. Any failure to comply with these regulations may constitute a violation of the securities laws of any such jurisdiction. See "*Important Information*".

Joint Global Coordinators and Joint Bookrunners

Carnegie **Morgan Stanley** **SEB**

Joint Bookrunners

Jefferies **OP**

IMPORTANT INFORMATION

In connection with the Offering, the Company has prepared a Finnish language Prospectus (the "**Finnish Prospectus**") in accordance with the Finnish Securities Markets Act (746/2012, as amended, the "**Securities Markets Act**"), Commission Regulation (EC) No. 809/2004 of April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (as amended, Annexes I, II, III and XXII), the Decree of the Ministry of Finance on the prospectuses referred to in Chapter 3-5 of the Securities Markets Act (1019/2012) and the regulations and guidelines issued by the Finnish Financial Supervisory Authority. The Finnish Financial Supervisory Authority has approved the Finnish Prospectus, but is not responsible for the accuracy of the information presented therein or herein. The record number of the Finnish Financial Supervisory Authority's approval decision concerning the Finnish Prospectus is FIVA 61/02.05.04/2017. This Prospectus is available in the Finnish and English languages (the "**English Prospectus**"). This Prospectus is a translation of the approved Finnish Prospectus made under the sole responsibility of the persons responsible for the approved Finnish Prospectus.

In this Prospectus, any reference to "**Terveystalo**", the "**Company**", or the "**Group**" means Terveystalo Plc and its subsidiaries collectively, except where it is clear from the context that the term means Terveystalo Plc as the parent company or a specific subsidiary or particular business unit only. References and matters relating to the Shares and share capital of the Company or matters of administration of the Company shall refer to the Shares, share capital and matters of administration of Terveystalo Plc. The Company and the Selling Shareholders have appointed Carnegie, Morgan Stanley and SEB to act as the Joint Global Coordinators and joint bookrunners and Jefferies and OP as the Joint Bookrunners for the Offering.

No person has been authorized to give any information or to make any representation other than as contained in this Prospectus in connection with the Offering. If such information or representations are given or made, it must be noted that they have not been authorized by the Company, the Managers or Lazard & Co. Limited ("**Lazard**"). No representation or warranty, express or implied, is made by the Managers or Lazard as to the accuracy or completeness of the information contained in this Prospectus, and no information contained in this Prospectus should be relied upon as a promise or representation by the Managers or Lazard in this respect, regardless of whether it concerns the past or the future. Neither the Managers nor Lazard assume any responsibility for the accuracy, completeness or verification of the information and, accordingly, disclaims to the fullest extent permitted by applicable law any and all liability, whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this Prospectus or any such representation. Any information given or representations made in connection with this Offering that are inconsistent with those contained in this Prospectus are invalid.

The Managers and Lazard are acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Prospectus) as their respective client in relation to the Offering. Neither the Managers nor Lazard will be responsible to anyone other than the Company and the Selling Shareholders for providing protections nor for giving advice in relation to the Offering or any transaction or arrangement referred to in this Prospectus.

In connection with the Offering, each of the Managers and Lazard and any of their respective affiliates, acting as an investor for its own account, may take up a portion of Offer Shares in the Offering as principal and in that capacity may retain, purchase or sell for its own account any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Shares being offered should be read as including any offering or placement of the Offer Shares to any of the Managers any of their respective affiliates acting in such capacity. None of the Managers or Lazard intend to disclose the extent of such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, certain of the Managers or their affiliates may conclude financing arrangements with investors in connection with which such Managers, or their affiliates, may from time to time acquire, hold or dispose of Shares.

Prospective investors should rely only on the information contained in this Prospectus. Prospective investors should not rely on the Managers nor Lazard or their respective affiliates in connection with any investigation in respect of the accuracy of any information contained in this Prospectus or in making an investment decision. No person has been authorized to give any other information or to make any representation concerning the Offer Shares or Shares and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company, Lazard or the Managers. Prospective investors should, prior to making an investment decision, carefully acquaint themselves with the entire Prospectus. In making an investment decision, prospective investors must rely on their own examinations of the Company and the terms and conditions of the Offering, including the benefits and risks involved in them. None of the Company, the Selling Shareholders, the Managers, Lazard, or their respective affiliates or respective representatives, are making any representation to any recipient of the offer, subscriber or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares under the laws applicable to them. Investors should consult their own advisers, as they consider it necessary, before subscribing for or purchasing the Offer Shares. Investors are required to make their own independent assessments of the legal, tax, business, financial and other consequences and risks of a subscription or purchase concerning the Offer Shares.

Neither the submission of this Prospectus nor any offering, sale or delivery based thereon shall, under any circumstances, mean that the information contained in this Prospectus would be correct in the future or that no changes would have taken place in respect of the Company's business which may result in or have resulted in a material adverse effect on the Company's business operations, operating result or financial standing as at the date of this Prospectus. The Company shall, however, correct and supplement the Prospectus as required by the Securities Markets Act Chapter 4, Section 14. Nothing contained in this Prospectus constitutes, or shall be relied upon as, a promise or representation by the Company, the Managers or Lazard as to the future.

In a number of countries, in particular in Australia, Canada, the Hong Kong Special Administrative Region of the People's Republic of China, Japan, South Africa and, subject to certain exceptions, the United States, the distribution of this Prospectus as well as the sale of the Offer Shares, is subject to restrictions imposed by law (such as registration, admission, qualification and other regulations). The offer to subscribe for or purchase the Offer Shares does not include people resident in Australia, Canada, the Hong Kong Special Administrative Region of the People's Republic of China, Japan, South Africa and, subject to certain exceptions, the United States, or any other jurisdiction where such an offer would be illegal. No action has been or will be taken by the Company, the Managers or Lazard to permit a public offering or the possession or distribution of this Prospectus (or any other offering or publicity materials or application forms relating to the Offering) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement.

Neither this Prospectus nor any advertisement or any other material related to the Offering may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. It is not the responsibility of the Company, the Managers or Lazard to acquire appropriate information regarding the above restrictions or to comply with the above restrictions. None of the Company, the Managers or Lazard accepts any legal responsibility for persons who have obtained this Prospectus in violation of these restrictions, irrespective of whether these persons are prospective subscribers or purchasers of the Offer Shares. This Prospectus does not constitute an offer to sell the Offer Shares to any person in any jurisdiction in which it is unlawful to make such offer to such person, or a solicitation of an offer to buy the Offer Shares from a person in a jurisdiction in which it is unlawful to make such solicitation. As a condition to subscribing for or purchasing the Offer Shares, each subscriber and purchaser is considered to have made, or in some cases, has been required to make, certain representations and warranties regarding their domicile that will be relied upon by the Company, the Managers, Lazard, the Selling Shareholders and their respective affiliates. The Company reserves the right, in its sole and absolute discretion, to reject any subscription or purchase of the Offer Shares that the Company or its representatives believe may give rise to a breach or violation of any law, rule or regulation. The Offering will be governed by the laws of Finland and any disputes arising in connection with the Offering, the Finnish Prospectus or this Prospectus will be settled by a court of competent jurisdiction in Finland.

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SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. The Elements are presented in Sections A–E (A.1–E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be included, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be included in the summary due to the type of securities or issuer, it is possible that no relevant information exists regarding the Element. In this case, the summary includes a brief description of the Element along with a notion of the Element being 'not applicable'.

	Element	Section A — Introductions and warnings
A.1	Warning	This summary should be considered as an introduction to this Prospectus (the "**Prospectus**"). Any decision by the investor to invest in the shares ("**Offer Shares**") of Terveystalo Plc ("**Terveystalo**" or the "**Company**") should be based on consideration of the Prospectus as a whole. If a claim relating to information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are commenced. Civil liability attaches to those persons who are responsible for this summary, including its translation, only if the summary is misleading, inaccurate or inconsistent in relation to the other parts of the Prospectus or if the summary does not provide, when read together with the other parts of the Prospectus, the key information required by the investors when considering whether to invest in the Offer Shares.
A.2	Financial intermediary	Not applicable.

	Element	Section B — Issuer and guarantor
B.1	The legal and commercial name of the issuer	The issuer's legal name is Terveystalo Plc.
B.2	Domicile and legal form, law applicable to the issuer and the issuer's country of incorporation	The domicile of the Company is Helsinki. The Company is a public limited liability company incorporated in Finland. The Company is governed by Finnish law.
B.3	Nature of the issuer's current operations and principal activities	**Overview of the Business** Terveystalo is a leading private healthcare service provider in Finland offering primary and outpatient secondary healthcare services to corporate, private and public sector customers. The Company's healthcare service offering includes general practice and specialist medical care, diagnostic services, outpatient surgery, dental services and other adjacent services, which together comprise its integrated healthcare care chain. The Company also offers a suite of digital healthcare services. Terveystalo is able to provide nationwide reach through its approximately 180 clinics, covering all 20 of Finland's largest cities, together with its digital platforms. Terveystalo's operations are driven by its scale and supported by centralized functions and standardized operating practices. At the core of Terveystalo's strategy is a focus on providing medical quality and positive customer experiences, maintaining a competent and satisfied base of healthcare professionals and developing a variety of customized digital tools. In 2016, the Company had approximately 1.0 million individual customers as well as approximately 2.7 million doctor visits, accounting for twelve percent of the total doctor visits in Finland. The Company's customers are divided into three groups: corporate customers, who the Company partners with to provide, for example, occupational healthcare services to their employees, private customers and public customers, who the Company partners with to provide public healthcare services and occupational healthcare services to municipal employees. Terveystalo had approximately 4,445[1] employees and approximately 4,400 private practitioners as at June 30, 2017.

1 Includes part-time employees.

Element	Section B — Issuer and guarantor
	The Company's revenue amounted to EUR 344.2 million for the six months ended June 30, 2017 and EUR 547.0 million for the year ended December 31, 2016. The Company acquired Diacor terveyspalvelut Oy ("**Diacor**") on March 24, 2017, Porin Lääkäritalo Oy ("**Porin Lääkäritalo**") on January 2, 2017 and made several acquisitions in the dental healthcare sector during 2016 and 2017, due to which the Company has prepared pro forma financial information for the Prospectus. The Company's pro forma revenue amounted to EUR 379.9 million for the six months ended June 30, 2017 and EUR 708.7 million for the year ended December 31, 2016. **Key Strengths** • A leading Finnish private healthcare service provider with a nationwide network • Innovative suite of proprietary digital tools that facilitate medical quality, operational efficiency and customer satisfaction • Diverse and innovative management team with strong performance orientation • Diversified customer groups that provide a solid platform for growth • Demonstrated platform for revenue growth • Focus on operational efficiency • Extensive experience and process-oriented approach for expanding services and network through acquisitions and new establishments • Strong culture provides an attractive platform for healthcare professionals **Service Offering** Terveystalo's service offering consists of services in nearly all medical specialities and extensive and integrated care chains based on the service offering. The Company's principal offering of medical and health improving services is described in brief below: • *Appointments:* The Company offers general practitioner appointments and specialist physician appointments for people of all ages. The Company offers appointments for internal disease care and gynecology, among others. • *Diagnostics:* The Company's imaging and diagnostics service offering covers a variety of services in a number of medical specialties. The Company's imaging and diagnostics services are operated on a standalone basis, provided directly to customers and support the diagnostics needs of the Company's operations. The Company's imaging and diagnostics service offering includes laboratory services as well as X-ray, computed tomography and MRI imaging services, among others. • *Surgeries:* The Company's 18 clinic-hospital units provide outpatient surgeries and short-term post-surgery care and recovery services. The Company's surgery offering includes general surgeries, orthopedics and eye surgeries, among others. • *Other services:* The Company offers a variety of adjacent services closely related to healthcare that support and have synergies with the Company's core healthcare service offering. Other services offered by the Company include physiotherapy, psychology, vaccination services, well-being services and dental services. For example, the Company's 18 dental units around the country offer general and specialist dentistry as well as dental hygienist services.

	Element	Section B — Issuer and guarantor
B.4a	Main recent trends affecting the issuer and its industry	The following factors have had an impact on the Company's results of operations during the periods under review and they are expected to continue to have an impact on its results of operations in the future: • *Fast ageing population:* Finland has had the world's second fastest ageing population according to statistics by the United Nations between 2000 and 2015 (excluding countries with less than 500,000 inhabitants)[2] and ageing is expected to continue in the coming decades. • *Lifestyle diseases:* The increasing prevalence of lifestyle diseases increases the demand for healthcare services and emphazises the relevance of preventive healthcare. Compared to other countries, Finland has a high prevalence of type 1 diabetes as well as high blood pressure, which is a common symptom linked to various lifestyle diseases. • *Medical progress:* The healthcare market is steadily growing through the addition of new services made possible by developments in technology and diagnostics. • *Increased awareness of health and well-being:* Despite the economic uncertainty of the past years, Finnish consumers have demonstrated a willingness to spend money on their health. • *Increasing demand for preventive care*: Many of the risks, protective factors for diseases and conditions that are important public health issues can be effectively managed. Medical professionals and the central government in Finland are increasingly focused on preventing the onset of chronic diseases through promotion of protective actions and controlling risk factors. • *Digitalization of healthcare*: Digitalization is an increasingly important driver for the healthcare service industry. Its benefits in healthcare are emphasized by the Finnish Government, in connection with the health, social services and regional government reform (the "**Social and Healthcare Reform**" or the "**Reform**"), by supporting initiatives facilitating digitalization of healthcare.
B.5	Group structure	Terveystalo Plc is the parent company of the Group. On August 31, 2017, the Company had a total of 21 subsidiaries. The following table presents the subsidiaries of the Company along with respective ownership shares of the Company as at August 31, 2017:

Subsidiaries of Terveystalo	**Consolidated shareholding (percent)**	**Country of incorporation**
Terveystalo Healthcare Holding Oy	100.0	Finland
Star Healthcare Oy	100.0	Finland
Terveystalo Healthcare Oy	100.0	Finland
Eloni Oy	100.0	Finland
Kiinteistö Oy Seinäjoen Lakeudentie	100.0	Finland
Suomen Terveystalo Oy	100.0	Finland
Turun Teknohammas Oy	100.0	Finland
Curia Oy	100.0	Finland
Kiinteistö Oy Porin Linnankulma	100.0	Finland
Porin Hammaslääkäripalvelu Oy	100.0	Finland
Densens Oy	100.0	Finland
Liikekeskuksen Hammaslääkärit Oy	100.0	Finland
Examinatio Magnetica Fennica Oy	60.0	Finland
Bitewell Oy	100.0	Finland
Tampereen Hammaslääkäriasema Oy	100.0	Finland
Vimadent Oy	100.0	Finland
Forssan Erikoishammaslääkärit Oy	100.0	Finland
Hammaslääkäriasema Kymppihammas Oy	100.0	Finland
Ky Läkkitorin Hammaslääkäriasema	100.0	Finland
Fertility Clinic Holding Oy	100.0	Finland
AVA Clinic SIA	95.0(1)	Latvia

(1) AVA Clinic SIA holds 5.0 percent of its shares in treasury.

[2] Source: United Nations World Population Ageing Report, available at http://www.un.org/en/development/desa/population/publications/pdf/ageing /WPA2015_Report.pdf.

Element	Section B — Issuer and guarantor
B.6 Major shareholders	As at the date of this Prospectus, the Company has six share classes, which under the Company's Articles of Association carry differing voting rights[3], and in total 356,146,246 Shares. The Company's Extraordinary General Meeting of Shareholders held on September 26, 2017 (the "**EGM**") resolved that the Company's six share classes will be combined into one single class of shares subject to the completion of the Listing (as defined below). Following the combination of the share classes, each Share in the Company (the "**Shares**") will carry one vote at the Company's General Meeting of Shareholders. The following table sets forth the largest shareholders of the Company that appeared on the shareholders' register maintained by Euroclear Finland on September 26, 2017 by number of votes and the share of ownership of the Company's shares prior to the completion of the combination of the Company's share classes:

Shareholder	Number of Shares	% of Shares	% of votes
Lotta Holding I S.à r.l.(1)	283,734,524	79.67	80.63
Helsinki Deaconess Institute Foundation sr(2)	48,146,246	13.52	14.54
Varma Mutual Pension Insurance Company(3)	15,000,000	4.21	4.53
Fredrik Cappelen(4)	277,477	0.08	0.08
Ralf Michels(5)	184,985	0.05	0.06
Matti Rihko(6)	184,985	0.05	0.05
Åse Aulie Michelet(7)	53,220	0.01	0.02
Yrjö Närhinen(8)	656,574	0.18	0.01
Olli Jurvainen(9)	422,899	0.12	0.01
Kari Kangasniemi(10)	422,899	0.12	0.01
Juha-Pekka Lyytikkä(11)	422,899	0.12	0.01
Ilkka Läikkö(12)	422,899	0.12	0.01
Pekka Samooja(13)	422,899	0.12	0.01
Juha Tuominen(14)	277,477	0.08	0.00
Ilkka Laurila(15)	244,744	0.07	0.00
Above in total	350,874,727	98.52	99.97
Other shareholders	5,271,519	1.48	0.03
Shares of the Company	356,146,246	100.00	100.00

(1) The ownership of Lotta Holding I S.à r.l consists of 20,391,763 class A Shares, 5,378,447 class B Shares, 526,282 class C Shares, 245,953,430 class D Shares, 6,228,999 class E Shares and 5,255,603 class F Shares.
(2) The ownership of Helsinki Deaconess Institute Foundation sr consists of 4,382,146 class A Shares and 43,764,100 class D Shares.
(3) The ownership of Varma Mutual Pension Insurance Company consists of 1,365,261 class A Shares and 13,634,739 class D Shares.
(4) Fredrik Cappelen's ownership consists of 122,090 class A Shares and 155,387 class D Shares owned by Baskina AB, which he controls.
(5) Ralf Michels's ownership consists of 49,946 class A Shares and 135,039 class D Shares.
(6) Matti Rihko's ownership consists of 49,946 class A Shares and 135,039 class D Shares held by Mandatum Life Insurance Company Limited, Mr. Rihko being the ultimate beneficiary.
(7) Åse Aulie Michelet's ownership consists of 7,972 class A Shares and 45,248 class D Shares owned by Michelet Consult AS, which she controls. The Shares are nominee-registered.
(8) Yrjö Närhinen's ownership consists of 277,477 class B Shares owned by Närhen pesä Oy, which he controls, and 379,097 class B Shares held by Mandatum Life Insurance Company Limited, Mr. Närhinen being the ultimate beneficiary.
(9) Olli Jurvainen's ownership consists of 38,649 class B Shares and 384,250 class E Shares.
(10) Kari Kangasniemi's ownership consists of 38,649 class B Shares and 384,250 class E Shares.
(11) Juha Pekka Lyytikkä's ownership consists of 38,649 class B Shares and 384,250 class E Shares.
(12) Ilkka Läikkö's ownership consists of 38,649 class B Shares and 384,250 class E Shares.
(13) Pekka Samooja's ownership consists of 38,649 class B Shares and 384,250 class E Shares.
(14) Juha Tuominen's ownership consists of 277,477 class B Shares held by Mandatum Life Insurance Company Limited, Mr. Tuominen being the ultimate beneficiary.
(15) Ilkka Laurila's ownership consists of 146,846 class B Shares and 97,898 class E Shares.

3 As at the date of this Prospectus, the Company has six share classes: A, B, C, D, E and F Shares, as set out in the Articles of Association. Each class A Share carries 20 votes, each class B Share carries one vote, each class D Share carries 20 votes and each class E Share carries one vote at the Company's General Meeting of Shareholders. Class C and F Shares do not carry any votes at the General Meeting of Shareholders.

Element	Section B — Issuer and guarantor
	The following table sets forth for illustrative purposes the largest shareholders of the Company after the completion of the Company's share class combination and a issuance of new Shares without payment in proportion to shareholdings (share split) (but before the issue of any New Shares (as defined below)), assuming that two new Shares would be issued for each Share belonging to the sole share class and taking into account the effect of the allocation agreed by the Company's shareholders on September 25, 2017.

Shareholder	Number of Shares following combination of share classes and share split	% of Shares and votes following combination of share classes and share split
Lotta Holding I S.à r.l.	90,832,836	77.1
Helsinki Deaconess Institute Foundation sr	14,967,450	12.7
Varma Mutual Pension Insurance Company	4,755,687	4.0
Yrjö Närhinen(1)	1,316,459	1.1
Juha Tuominen(2)	556,353	0.5
Ilkka Laurila	308,923	0.3
Fredrik Cappelen(3)	267,795	0.2
Olli Jurvainen	134,370	0.1
Kari Kangasniemi	134,370	0.1
Juha-Pekka Lyytikkä	134,370	0.1
Ilkka Läikkö	134,370	0.1
Pekka Samooja	134,370	0.1
Ralf Michels	120,132	0.1
Matti Rihko(4)	120,132	0.1
Åse Aulie Michelet(5)	22,681	0.0
Above in total	113,940,298	96.8
Other shareholders	3,814,984	3.2
Shares of the Company	117,755,282	100.00

(1) Yrjö Närhinen's ownership consists of 556,353 Shares owned by Närhen pesä Oy, which he controls, and 760,106 Shares held by Mandatum Life Insurance Company Limited, Mr. Närhinen being the ultimate beneficiary.

(2) Juha Tuominen's ownership consists of 556,353 Shares held by Mandatum Life Insurance Company Limited, Mr. Tuominen being the ultimate beneficiary.

(3) Fredrik Cappelen's ownership consists of 267,795 Shares owned by Baskina AB, which he controls.

(4) Matti Rihko's ownership consists of 120,132 Shares held by Mandatum Life Insurance Company Limited, Mr. Rihko being the ultimate beneficiary.

(5) Åse Aulie Michelet's ownership consists of 22,681 Shares owned by Michelet Consult AS, which she controls. The Shares are nominee-registered.

The Company is controlled by Lotta Holding I S.à r.l., a private limited liability company incorporated under the laws of Luxembourg, with registered address at 23, Rue Aldringen, L-1118 Luxembourg, which owns 79.7 percent of the Shares and 80.6 percent of the votes prior to the completion of the combination of the Company's share classes. Lotta Holding I S.à r.l. is ultimately owned by the fund EQT VI managed by EQT VI (General Partner) LP, together with associated co-investment vehicles. The Company is not consolidated into financial statements of EQT VI (General Partner) LP or any other legal entity. If the share class combination and the issuance of new Shares without payment in proportion to shareholdings are carried out as described in this Prospectus (taking into account the effect of the allocation agreed by the Company's shareholders on September 25, 2017 on Lotta Holding I S.à r.l.'s ownership), the largest shareholder of the Company, Lotta Holding I S.à r.l. will hold approximately 77.1 percent of all Shares and votes of the Company.

Element	Section B — Issuer and guarantor
	Other than as set out above, the Company has no knowledge of any shareholder exercising control over the Company or of any other arrangement, the operation of which may have an impact on the exercise of control over the Company after the Listing.

B.7	Selected historical key financial information	The following tables present selected consolidated financial information for the Company as at and for the six months ended June 30, 2017 and 2016 and as at and for the years ended December 31, 2016, 2015 and 2014. The selected consolidated financial information presented below has been derived from the Company's unaudited consolidated financial information as at and for the six months ended June 30, 2017 prepared in accordance with "IAS 34—Interim Financial Reporting", including the unaudited comparative consolidated financial information as at and for the six months ended June 30, 2016, and the Company's audited consolidated financial statements as at and for the years ended December 31, 2016 and 2015, including comparative audited consolidated financial information as at and for the year ended December 31, 2014, prepared in accordance with IFRS as adopted by the EU. Certain of the historical financial information as at and for the years ended December 31, 2016, 2015 and 2014 presented herein differs from the historical financial information in the Company's audited statutory consolidated financial statements adopted by the annual general meeting due to the adoption of IFRS 15 *Revenue from Contracts with Customers* in 2017. The restated audited consolidated financial statements have been prepared for inclusion in this Prospectus and they have not been considered or adopted at the Company's annual general meeting.

Consolidated Statement of Income Data

In EUR million	January 1 to June 30		January 1 to December 31		
	2017	**2016**	**2016**	**2015**	**2014**
	(unaudited)		(audited)		
Revenue	**344.2**	**281.3**	**547.0**	**505.6**	**474.1**
Other operating income	0.9	0.9	7.1	2.9	2.6
Materials and services	(160.7)	(133.6)	(259.3)	(234.0)	(212.1)
Employee benefit expenses	(98.6)	(81.9)	(155.5)	(145.6)	(140.4)
Depreciation, amortization and impairment losses	(19.1)	(19.0)	(39.3)	(39.7)	(108.0)
Other operating expenses	(50.0)	(34.6)	(70.4)	(70.0)	(75.4)
Operating profit/loss	**16.7**	**13.1**	**29.6**	**19.3**	**(59.1)**
Financial income	0.1	0.8	1.9	0.7	0.1
Financial expenses	(10.0)	(11.2)	(22.0)	(22.1)	(24.6)
Net finance expenses	**(9.9)**	**(10.4)**	**(20.1)**	**(21.4)**	**(24.5)**
Profit/loss before taxes	6.8	2.7	**9.5**	**(2.1)**	**(83.6)**
Income taxes	1.2	1.6	3.2	3.2	0.7
Profit/loss for the period	**8.0**	**4.3**	**12.7**	**1.1**	**(82.9)**
Profit/Loss attributable to					
Owners of the parent company	8.0	4.3	12.6	1.1	(82.9)
Non-controlling interest	0.0	0.1	0.1	0.0	0.0
Earnings per share for profit attributable to the shareholders of the parent company (EUR/share)					
Basic earnings per share	0.02	0.01	0.04	0.00	(0.27)
Diluted earnings per share	0.02	0.01	0.04	0.00	(0.27)

Consolidated Statement of Comprehensive Income Data

In EUR million	January 1 to June 30, 2017	January 1 to June 30, 2016	January 1 to December 31, 2016	January 1 to December 31, 2015	January 1 to December 31, 2014
	(unaudited)		(audited)		
Profit for the period	8.0	4.3	12.7	1.1	(82.9)
Total comprehensive income for the period	8.0	4.3	**12.7**	**1.1**	(82.9)
Total comprehensive income attributable to:					
Owners of the parent company	8.0	4.3	12.6	1.1	(82.9)
Non-controlling interest	0.0	0.1	0.1	0.0	0.0
Earnings per share for profit attributable to the shareholders of the parent company (EUR/share)					
Basic earnings per share	0.02	0.01	0.04	0.00	(0.27)
Diluted earnings per share	0.02	0.01	0.04	0.00	(0.27)

Consolidated Statement of Financial Position Data

In EUR million	January 1 to June 30, 2017	January 1 to June 30, 2016	January 1 to December 31, 2016	January 1 to December 31, 2015	January 1 to December 31, 2014
	(unaudited)		(audited)		
ASSETS					
Non-current assets					
Property, plant and equipment	90.8	69.0	65.5	70.6	57.4
Goodwill	582.9	447.7	449.1	444.3	409.9
Other intangible assets	116.9	123.2	113.9	132.2	149.0
Investment properties	0.6	0.6	0.6	0.6	0.6
Investments in associates	0.0	0.0	0.0	0.0	0.0
Other receivables	0.0	0.0	0.0	0.1	0.0
Deferred tax assets	6.6	6.3	6.0	5.6	5.7
Total non-current assets	**797.8**	**646.8**	**635.1**	**653.5**	**622.6**
Current assets					
Inventories	5.6	4.7	4.4	4.6	4.5
Trade and other receivables	73.7	51.5	53.7	47.6	43.8
Cash and cash equivalents	20.4	4.0	39.1	16.6	19.9
Total current assets	99.7	60.2	97.3	68.8	68.2
Assets held for sale	2.0	1.1	1.7	1.3	1.6
Total assets	**899.5**	**708.1**	**734.1**	**723.6**	**692.4**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	0.0	0.0	0.0	0.0	0.0
Invested non-restricted equity reserve	401.9	308.0	308.0	308.0	308.0
Retained deficit	(68.2)	(84.5)	(76.2)	(88.7)	(89.9)
Non-controlling interest	0.1	1.2	0.4	1.1	0.4
Total equity	**333.8**	**224.7**	**232.3**	**220.4**	**218.5**
Non-current liabilities					
Non-current financial liabilities	353.5	320.9	315.7	328.9	307.8
Deferred tax liabilities	25.6	27.0	25.0	28.1	31.4
Provisions	5.2	3.8	4.5	2.3	0.4
Other liabilities	29.8	29.1	29.5	29.1	27.2
Total non-current liabilities	**414.1**	**380.8**	**374.7**	**388.3**	**366.6**
Current liabilities					
Provisions	2.3	1.1	0.7	0.2	1.1
Trade and other payables	118.1	79.3	94.9	92.7	88.3
Current tax liabilities	0.2	0.4	0.0	0.4	0.0
Current financial liabilities	31.0	21.8	31.5	21.6	17.9
Total current liabilities	**151.7**	**102.6**	**127.1**	**114.8**	**107.3**
Total liabilities	**565.7**	**483.4**	**501.8**	**503.2**	**473.9**
Total equity and liabilities	**899.5**	**708.1**	**734.1**	**723.6**	**692.4**

Consolidated Statement of Cash Flows Data

In EUR million	January 1 to June 30, 2017	January 1 to June 30, 2016	January 1 to December 31, 2016	January 1 to December 31, 2015	January 1 to December 31, 2014
	(unaudited)		(audited)		
Cash flows from operating activities					
Profit/ Loss before income taxes	6.8	2.7	9.5	(2.1)	(83.6)
Adjustments for					
Non-cash transactions					
Depreciation, amortization and impairment losses	19.1	19.0	39.3	39.7	108.0
Change in provisions	(1.3)	2.5	2.8	1.0	0.2
Other non-cash transactions	0.4	(0.1)	(0.3)	(0.6)	0.8
Gain and losses on sale of property, plant, equipment and other changes	0.0	(0.1)	(4.7)	(0.0)	0.1
Net finance expenses	9.9	10.4	20.1	21.4	22.7
Change in					
Trade and other receivables	(2.5)	(3.3)	(5.4)	0.3	0.7
Inventories	(0.2)	0.0	0.3	0.5	0.4
Trade and other payables	3.1	(11.9)	3.6	(0.5)	9.1
Interest received	0.1	0.0	0.1	0.1	0.1
Income taxes	(0.4)	(0.2)	(0.6)	0.1	(0.1)
Net cash from operating activities	**34.9**	**19.0**	**64.7**	**59.9**	**58.3**
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	(56.6)	(3.7)	(4.7)	(40.3)	0.0
Acquisition of property, plant and equipment	(6.1)	(3.9)	(7.9)	(9.6)	(5.7)
Acquisition of intangible assets	(2.1)	(2.0)	(3.8)	(3.2)	(2.3)
Proceeds from the disposal of subsidiaries, net of cash disposed of	0.0	0.0	4.8	0.0	0.0
Proceeds from sale of available-for-sale financial assets	0.1	0.2	1.8	0.2	0.1
Proceeds from sales of business operations	0.0	0.0	0.0	0.7	0.0
Acquisition of business operations, net of cash acquired	(0.6)	(1.0)	(1.0)	0.0	0.0
Repayment of borrowings	(5.1)	(0.3)	(0.3)	0.0	0.0
Proceeds from sale of property, plant and equipment	0.0	0.8	2.2	0.0	1.1
Dividends received	0.0	0.0	0.0	0.0	0.0
Net cash from investing activities	**(70.4)**	**(10.0)**	**(9.0)**	**(52.1)**	**(6.8)**
Cash flows from financing activities					
Proceeds from non-current borrowings	40.8	0.0	0.0	29.0	0.0
Repayment of non-current borrowings	0.0	(7.0)	(14.1)	(12.9)	(7.9)
Proceeds from current borrowings	11.6	8.5	25.4	18.2	8.0
Repayment of current borrowings	(22.6)	(8.0)	(14.9)	(18.2)	(13.0)
Payment of finance lease liabilities	(3.1)	(2.8)	(6.0)	(6.7)	(7.0)
Payment of hire purchase liabilities	(1.8)	(0.9)	(2.1)	(0.8)	(0.4)
Interests and other financial expenses paid	(7.7)	(11.5)	(21.3)	(19.7)	(19.4)
Proceeds from sale of financial assets and other financial income	0.0	0.0	0.0	0.0	0.0
Acquisition of non-controlling interests	(0.3)	0.0	(0.2)	(0.0)	0.0
Net cash from financing activities	**16.8**	**(21.6)**	**(33.2)**	**(11.1)**	**(39.7)**
Net change in cash and cash equivalents	**(18.7)**	**(12.6)**	**22.5**	**(3.3)**	**11.8**
Cash and cash equivalents at the beginning of the period	39.1	16.6	16.6	19.9	8.1
Cash and cash equivalents at the end of period	**20.4**	**4.0**	**39.1**	**16.6**	**19.9**

Element	Section B — Issuer and guarantor

Key Figures

In EUR million, except for percentages and personnel numbers	January 1 to June 30, 2017	2016	January 1 to December 31, 2016	2015	2014
	(unaudited)		(unaudited, unless otherwise indicated)		
Revenue	344.2	281.3	547.0[1]	505.6[1]	474.1[1]
Like-for-like in revenue of clinics from 2016 to 2017[2]	263.1	249.1	-	-	-
Like-for-like in revenue of clinics from 2015 to 2016[2]	-	-	478.4	463.7	-
Like-for-like in revenue of clinics from 2014 to 2015[2]	-	-	-	473.9	448.3
Like-for-like growth in revenue of clinics, %[2]	5.6%	-	3.2%	5.7%	(0.2)%
Modified EBITDA[2][3]	35.8	32.1	68.9[1]	59.0[1]	48.9[1]
Modified EBITDA, % of revenue[2][3]	10.4%	11.4%	12.6%[1]	11.7%[1]	10.3%[1]
Total adjustments[4]	10.0	5.4	4.0	8.2	9.2
Adjusted EBITDA[2][3][4]	45.8	37.5	72.9	67.2	58.1
Adjusted EBITDA, % of revenue[2][3][4]	13.3%	13.3%	13.3%	13.3%	12.2%
Modified EBITA[2][3]	26.6	24.4	52.7[1]	42.5[1]	32.3[1]
Modified EBITA, % of revenue[2][3]	7.7%	8.7%	9.6%[1]	8.4%[1]	6.8%[1]
Adjusted EBITA[2][3][4]	36.7	29.7	56.8	50.7	41.5
Adjusted EBITA, % of revenue[2][3][4]	10.6%	10.6%	10.4%	10.0%	8.8%
Operating profit (EBIT)[2]	16.7	13.1	29.6[1]	19.3[1]	(59.1)[1]
Operating profit (EBIT), % of revenue[2]	4.9%	4.7%	5.4%[1]	3.8%[1]	negative[1]
Adjusted Net Income[2][4]	21.8	15.8	30.3	21.9	(61.4)[1]
Return on Equity (ROE), %[2]	5.7%	3.9%	5.6%[1]	0,5%[1]	negative[1]
Return on Capital Employed (ROCE), %[2]	2.6%	2.4%	5.5%	3.6%	(10.0)%
Equity Ratio, %[2]	37.2%	31.8%	31.7%[1]	30.5%[1]	31.6%[1]
Earnings per share, €	0.02	0.01	0.04[1]	0.00[1]	(0.27)[1]
Net Debt[2]	364.1	338.7	308.1	333.9	305.8
Gearing, %[2]	109.1%	150.7%	132.6%[1]	151.5%[1]	140.0%[1]
Net Debt / Adjusted EBITDA (LTM)[2]	4.5	4.7	4.2	5.0	5.3
Net Working Capital[2]	(39.0)	(23.5)	(36.8)	(40.9)	(40.0)
Total Cash Capex[2]	65.3	9.7	8.6	52.1	6.8
Total Capex[2]	163.9	11.8	18.1	67.4	15.3
Total Capex excluding M&A[2]	12.8	7.0	17.2	27.8	15.3
Total assets, EUR million	899.5	708.1	734.1[1]	723.6[1]	692.4[1]
Average personnel FTE[5]	3,209	2,618	2,605[1]	2,480[1]	2,401[1]
Personnel at the end of the financial period[6]	4,445	3,518	3,463[1]	3,416[1]	3,115[1]

(1) Derived from the Company's audited consolidated financial information.

(2) Alternative performance measures. The Company presents alternative performance measures as additional information to financial measures presented in the consolidated statement of income, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In the Company's view, the alternative performance measures 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.

(3) Modified EBITDA and Modified EBITA performance measures have been modified with impairment losses (excluding impairment losses, 2016 EUR 0.6 million, 2015 EUR 0.9 million and 2014 EUR 69.3 million).

(4) Adjustments are material items outside the ordinary course of business, such as expenses related to acquisitions and restructurings, gain on sale of assets, strategic projects, new operations and other items affecting comparability.

(5) The number of the Company's employees translated to full time employees.

(6) Includes part-time employees.

Element	Section B — Issuer and guarantor	

Calculation of Key Figures

Earnings per share, EUR = $\dfrac{\text{Profit for the period attributable to owners of the parent company}}{\text{Average number of shares during the period}} \times 100$

Calculation of alternative performance measures

Like-for-like in revenue of clinics = Revenue − revenue of clinics for which the effect of business acquisitions have had an effect

Like-for-like growth in revenue of clinics = $\dfrac{\text{Like-for-like in revenue of clinics} - \text{like-for-like in revenue of clinics from previous year}}{\text{Like-for-like in revenue of clinics from previous year}} \times 100$

Modified EBITDA = Earnings Before Interest, Taxes, Depreciation, Amortization and impairment losses

Modified EBITDA, % = $\dfrac{\text{Earnings Before Interest, Taxes, Depreciation, Amortization and impairment losses}}{\text{Revenue}} \times 100$

Adjusted EBITDA(*) = Earnings Before Interest, Taxes, Depreciation, Amortization, impairment losses and adjustments

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

Modified EBITA = Earnings Before Interest, Taxes, Amortization and impairment losses

Modified EBITA, % = $\dfrac{\text{Earnings Before Interest, Taxes, Amortization and impairment losses}}{\text{Revenue}} \times 100$

Adjusted EBITA(*) = Earnings Before Interest, Taxes, Amortization, impairment losses and adjustments

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

Operating profit (EBIT) = Earnings Before Interest and Taxes

Operating profit (EBIT), % = $\dfrac{\text{Earnings Before Interest and Taxes}}{\text{Revenue}} \times 100$

Adjusted Net Income(*) = Profit (loss) for the period + amortization of intangible assets identified in business combinations (purchase price amortization) (net of tax) + adjustments (net of tax)

Return on Equity (ROE), % = $\dfrac{\text{Profit for the period (annualized)}}{\text{Equity (including non-controlling interest) (average)}} \times 100$

Return on Capital Employed (ROCE), % = $\dfrac{\text{Profit/loss before taxes + financial expenses}}{\text{Equity (including non-controlling interest) (average) + current and non-current financial liabilities (average)}} \times 100$

Equity Ratio, % = $\dfrac{\text{Equity (including non-controlling interest)}}{\text{Total assets} - \text{advances received}} \times 100$

Net Debt = Interest-bearing liabilities − interest-bearing receivables and cash and cash equivalents

Gearing, % = $\dfrac{\text{Interest-bearing liabilities} - \text{interest-bearing receivables and cash and cash equivalents}}{\text{Equity}} \times 100$

Element	Section B — Issuer and guarantor		
Net Debt / Adjusted EBITDA (LTM)	=	Interest-bearing liabilities − interest-bearing receivables and cash and cash equivalents / Adjusted EBITDA (LTM)	
Net Working Capital	=	Inventories, trade and other receivables − trade and other payables and current tax liabilities	
Total Cash Capex	=	Acquisition and sale of property, plant and equipment, intangible assets and available-for-sale financial assets + acquisition and sale of subsidiaries and business operations, net of cash acquired, as presented in consolidated statement of cash flows	
Total Capex	=	Total Cash Capex + non-cash capex, including hire purchase and financial leases and M&A	
Total Capex excluding M&A	=	Total Capex − acquisition and sale of subsidiaries and business operations, net cash acquired − non-cash M&A	

(*) Adjustments are material items outside the ordinary course of business, such as expenses related to acquisitions and restructurings, gain on sale of assets, strategic projects, new operations and other items affecting comparability.

Events after the financial year ended December 31, 2016

In January 2017, Terveystalo expanded its healthcare services by acquiring Porin Lääkäritalo in Pori and Rauma. In November 2016, Terveystalo and the Helsinki Deaconess Institute Foundation sr ("**Helsinki Deaconess Institute Foundation**") entered into an agreement for the sale of Diacor to Terveystalo. The transaction was completed on March 24, 2017. For more information on the acquisitions, see section B.8 "*Pro forma financial information*".

The Company has on September 15, 2017 as guarantor and Terveystalo Healthcare Holding Oy as borrower and guarantor entered into a five-year EUR 320 million senior facilities agreement with Skandinaviska Enskilda Banken AB (publ) and OP Corporate Bank plc (the "**Senior Facilities Agreement**") that will be available for draw downs after the Listing, subject to customary conditions precedent. The EGM made certain decisions in relation to the Listing. Certain decisions, such as increasing the Company's share capital to EUR 80,000, came into effect immediately as of the EGM's decision. Except for the above-mentioned Senior Facilities Agreement, there has been no significant change in the Company's financial or trading position between June 30, 2017 and the date of this Prospectus.

B.8 Pro forma financial information

The unaudited pro forma financial information below has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore, does not represent the Company's actual results of operations. The following tables present unaudited pro forma financial information giving effect to the acquisitions, described below, as if they had been completed on January 1, 2016. The following tables present:

- the unaudited pro forma statement of income for the year ended December 31, 2016; and
- the unaudited pro forma interim statement of income for the six months ended June 30, 2017.

The acquisitions are included in the Company's unaudited interim statement of financial position for the six months ended June 30, 2017, due to which no pro forma statement of financial position is presented.

The Company acquired Diacor on March 24, 2017 for a consideration of EUR 113.7 million from Helsinki Deaconess Institute Foundation, LocalTapiola Mutual Life Insurance Company and LocalTapiola General Mutual Insurance Company. Of the purchase price EUR 19.8 million was paid in cash and the remaining EUR 93.9 million was equivalent to the value of new Shares in Terveystalo Plc by which Helsinki Deaconess Institute Foundation became a substantial shareholder of Terveystalo Plc. The Company acquired Porin Lääkäritalo on January 2, 2017 for a consideration of EUR 43.4 million paid in cash. The Company has also made several acquisitions in the dental healthcare sector during 2016 and 2017.

Element	Section B — Issuer and guarantor
	The unaudited pro forma financial information below has been prepared in accordance with Annex II to the Commission Regulation (EC No. 809/2004), as amended. The unaudited pro forma financial information below has also been prepared in a manner consistent with the accounting principles applied in the Company's audited consolidated financial statements as at and for the year ended December 31, 2016 included in this Prospectus. This unaudited pro forma financial information does not purport to represent what the Company's results would have been had the acquisitions of Diacor, Porin Lääkäritalo and the dental entities been completed on the dates indicated nor do they purport to represent the Group's results of operations for any future period. The unaudited pro forma financial information does not reflect the effect of estimated synergies and cost savings associated with the acquired entities. The unaudited pro forma financial information presented below should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016 of the Company, Diacor and Porin Lääkäritalo, as well as the Company's unaudited consolidated interim report for the six months ended June 30, 2017 and the notes of the unaudited pro forma financial information. Diacor's audited consolidated financial statements for the year ended December 31, 2016 have been incorportated by reference to this Prospectus. These financial statements have been prepared on a basis consistent with the Finnish Accounting Standards ("**FAS**") and are not comparable with financial information prepared in accordance with IFRS, as adopted by the EU.

Unaudited Pro Forma Statement of Income for the year ended December 31, 2016

In EUR thousand	Group for the year ended December 31, 2016 (IFRS)	Diacor Group for the year ended December 31, 2016 (FAS)	Porin Lääkäritalo Group for the year ended December 31, 2016 (FAS)	Dental acquisitions in total	Differences in accounting policies FAS to IFRS	Other differences in accounting policies	PPA adjustments	Impact of financing	Other adjustments	Pro forma Group (IFRS)
Revenue	**546,964**	**79,711**	**14,183**	**5,764**	62,123	-	-	-	-	**708,745**
Other operating income	7,142	51	9	154	-		-	-	-	7,355
Materials and services	(259,343)	(15,508)	(1,467)	(1,289)	(62,123)	-	-	-	-	(339,730)
Employee benefit expenses	(155,519)	(34,446)	(7,397)	(2,661)	-	-	-	-	-	(200,022)
Depreciation, amortization and impairment losses	(39,257)	(2,230)	(802)	(278)	(1,927)	(234)	(1,343)	0	0	(46,071)
Other operating expenses	(70,390)	(25,958)	(2,604)	(1,503)	2,495	556	-	-	(3,226)	(100,630)
Share of profits in associated companies	-	(347)	-	-	-	-	-	-	-	(347)
Operating profit	**29,597**	**1,273**	**1,922**	**187**	**568**	**322**	**(1,343)**	**0**	**(3,226)**	**29,301**
Financial income	1,918	736	12	6	-	-	-	-	-	2,672
Financial expenses	(22,029)	(169)	(22)	(17)	(228)	-	-	(1,146)	-	(23,612)
Profit before taxes	**9,486**	**1,840**	**1,911**	**176**	**340**	**322**	**(1,343)**	**(1,146)**	**(3,226)**	**8,361**
Income taxes	3,237	(558)	(400)	(54)	36	(64)	269	229	-	2,695
Profit for the period	**12,723**	**1,282**	**1,512**	**122**	**377**	**258**	**(1,074)**	**(917)**	**(3,226)**	**11,055**

Unaudited Pro Forma Interim Statement of Income for the six months ended June 30, 2017

In EUR thousand	Group for the six months ended June 30, 2017 (IFRS)	Diacor Group for the three months ended March 31, 2017 (FAS)	Dental acquisitions not included in Group figures	Differences in accounting policies FAS to IFRS	Other differences in accounting policies	PPA adjustments	Impact of financing	Other adjustments	Pro forma Group (IFRS)
Revenue	344,176	21,036	1,080	13,612	-	-	-	-	**379,904**
Other operating income	880	7	-	-	-	-	-	-	887
Materials and services	(160,666)	(3,798)	(536)	(13,612)		-	-	-	(178,613)
Employee benefit expenses	(98,573)	(9,066)	(295)	-	-	-	-	-	(107,934)
Depreciation, amortization and impairment losses	(19,075)	(2,845)	(31)	(369)	(24)	2,086	-	-	(20,259)
Other operating expenses	(50,031)	(6,380)	(115)	844	118	-	-	3,226	(52,338)
Share of profits in associated companies	-	-	-	-	-	-	-	-	0
Operating profit	**16,711**	**-1,046**	**102**	**475**	**94**	**2,086**	**-**	**3,226**	**21,648**
Financial income	81	7	-	-	-	-	-	-	88
Financial expenses	(9,951)	(38)	(0.3)	(46)	-	-	(190)	-	(10,225)
Profit before taxes	**6,841**	**(1,077)**	**102**	**429**	**94**	**2,086**	**(190)**	**3,226**	**11,511**
Income taxes	1,191	-	-	(57)	(19)	(417)	38	-	737
Profit for the period	**8,032**	**(1,077)**	**102**	**372**	**75**	**1,669**	**(152)**	**3,226**	**12,247**

	Element	Section B — Issuer and guarantor
B.9	Profit forecast or estimate	This Prospectus does not contain a profit forecast or estimate.
B.10	Description of the nature of qualifications in the auditor's report on the historical financial information	The Company's auditor's reports for the years ended December 31, 2016, December 31, 2015 and December 31, 2014 are unqualified.
B.11	Working capital of the issuer	Not applicable. The Company estimates its current working capital is sufficient to meet the requirements of the Company for at least the twelve months following the date of this Prospectus.

	Element	Section C — Securities
C.1	Type and class of securities offered and/or admitted to trading	As at the date of this Prospectus, the Company has six share classes, which under the Company's Articles of Association carry differing voting rights[4]. The EGM resolved that the Company's six share classes will be combined into one single class of shares subject to the completion of the Listing. Following the combination of the share classes, each Share in the Company will carry one vote at the Company's General Meeting of Shareholders. The Shares have been entered in the Euroclear Finland book-entry securities system and the ISIN codes of the Shares are FI4000252127 (A Shares), FI4000252135 (B Shares), FI4000252143 (C Shares), FI4000252150 (D Shares), FI4000252168 (E Shares) and FI4000252176 (F Shares).
C.2	Currency of issue	The Shares are nominated in euros.
C.3	Number of shares issued and fully paid and of shares issued but not fully paid	As at the date of this Prospectus, the Company has six share classes and in total 356,146,246 Shares, of which 26,369,124 are A Shares, 8,027,523 B Shares, 785,499 C Shares, 303,822,982 D Shares, 9,296,952 E Shares and 7,844,166 F Shares and none of which are held by the Company itself. All the Shares have been fully paid. As at the date of this Prospectus, the Company's registered share capital is EUR 80,000. The number of Shares and share classes of the Company will change prior to the Listing. The Shares do not have nominal value. As the Company's share class combination has been registered with the Trade Register, the Company will have 58,877,641 Shares and, in case the Board of Directors of the Company (the "**Board of Directors**") also resolves to effect an issuance of new shares without payment in proportion to shareholdings after the combination of share classes (share split), 117,755,282 Shares (assuming that two new Shares would be issued for each one single class Share).
C.4	Description of rights attached to the securities	The rights attached to the Shares are determined by the Finnish Companies Act (624/2006, as amended, the "**Companies Act**") and other applicable Finnish regulations. **Shareholders' Pre-emptive Subscription Right** Pursuant to the Companies Act, the shareholders have a pre-emptive right to subscribe for the shares being offered in a share issue in proportion to the number of shares in a company they already hold unless otherwise provided in the resolution of the General Meeting of Shareholders or the Board of Directors resolving on such issue. **General Meetings of Shareholders** Under the Companies Act, the shareholders exercise their decision-making power concerning the Company's matters at the General Meetings of Shareholders. A shareholder may attend and vote at a General Meeting of Shareholders personally or by way of proxy representation. Under the Articles of Association of the Company as of the Listing, each share entitles its holder to cast one (1) vote at a General Meeting of Shareholders.[5]

4 As at the date of this Prospectus, the Company has six share classes: A, B, C, D, E and F Shares, as set out in the Articles of Association. Each class A Share carries 20 votes, each class B Share carries one vote, each class D Share carries 20 votes and each class E Share carries one vote at the Company's General Meeting of Shareholders. Class C and F Shares do not carry any votes at the General Meeting of Shareholders.

5 The EGM resolved to combine the currently existing share classes of the Company subject to the completion of the Listing.

	Element	Section C — Securities
		At a General Meeting of Shareholders, resolutions generally require the approval of the majority of the votes cast. However, certain resolutions, such as amending the Articles of Association, a directed share issue and, in certain cases, a resolution regarding the merger or dissolution of the Company, require a majority of two thirds of the votes cast and of the shares represented at the General Meeting of Shareholders. **Dividends and Other Distribution of Profits** Under the Companies Act, dividends on shares of a Finnish company may only be paid after the General Meeting of Shareholders has adopted the company's financial statements and resolved on the distribution of dividend. The payment of dividends requires the approval of the majority of the votes cast at a General Meeting of Shareholders. As of the Listing, all shares of the Company entitle their holders equal rights to dividend and other distributions of the Company (including in an event of dissolution of the Company).[6] The amount of any dividend or other distribution of assets is limited to the amount of distributable funds. However, no funds may be distributed if at the time of resolving on the distribution it is known or it should be known that the company is insolvent or that the distribution will result in insolvency. Distributable funds include the profit for the financial year, retained earnings from previous years and other unrestricted equity, less reported losses and the amount required by the company's Articles of Association to be left undistributed.
C.5	Restrictions on the free transferability of the shares	As at the date of this Prospectus, the Articles of Association of the Company include redemption and consent clauses, which the EGM resolved to remove from the Articles of Association subject to the completion of the Listing. At the completion of the Listing, the Shares will therefore be freely transferrable subject to the transfer restrictions described in E.5.[7] In a number of countries, the distribution of this Prospectus as well as the sale of the Offer Shares, is subject to restrictions imposed by law. The Company has not taken any measures to register the Shares or the Offering or any public offering of Shares outside of Finland and Sweden. The selling restriction undertakings concerning the Shares are described in Element E.5.
C.6	Application for admission to trading on a regulated market	The Company will submit a listing application to Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") to list the Shares on the Official List of the Helsinki Stock Exchange (the "**Official List**"). Trading of the Shares is expected to commence on the Prelist of the Helsinki Stock Exchange on or about October 11, 2017 and on the Official List of the Helsinki Stock Exchange on or about October 13, 2017. The share trading code of the Shares is "TTALO" and the ISIN code of the single class shares of the Company to be subject to trading is "FI4000252127".
C.7	Dividend policy	The Board of Directors has confirmed a dividend policy for the Company in its meeting on August 15, 2017. According to its dividend policy, the Company aims to distribute at least 30 percent of its net profit as dividends on an annual basis. The proposed dividends shall take the Company's long-term development needs and financial position into account. Any dividends to be paid in future years, their amount and the time of payment will depend on the Company's future earnings, financial condition, cash flows, investment needs, solvency and other factors. The dividends paid by the Company for any financial year will not be indicative of the dividends to be paid after such financial year. If dividends are distributed, all of the Shares are entitled to the same dividend. There can be no assurance regarding any financial period as to the amount of dividends to be distributed or as to whether the Company will distribute dividends at all.

6 The EGM resolved to combine the currently existing share classes of the Company subject to the completion of the Listing.

7 Under the redemption clause, the shareholders of class A and D Shares have the right to redeem Shares of all share classes that are acquired by parties other than the current shareholders of the Company. Under the consent clause, a consent is required by the Board of Directors, if Shares are acquired by parties other than the current shareholders of the Company.

	Element	Section D — Risks

D.1	Key information on major risks applicable to the issuer or its industry	The risks related to the Company's operating environment include but are not limited to the following factors:
		
		• The Company operates in a heavily regulated industry and is impacted by changes in laws, regulations and regulatory practice, which may adversely affect the Company's business.
		• Weak general economic performance in Finland and its effects on the financial circumstances of private individuals, employers and public entities may adversely affect the Company's business and results of operations by decreasing the demand for the Company's services.
		• The Company is exposed to changes in demand for occupational healthcare services due to demographic trends.
		• Changes in the competitive landscape and increasing price competition may have an adverse effect on the Company's profitability and growth potential.
		• The proposed Social and Healthcare Reform in Finland, possible delays in the implementation of the Reform and its legal interpretations could have a material adverse effect on the Company's business and results of operations in the following ways, among others:
		  • The Finnish Parliament may not pass the Reform into law, and the contents of the Reform may be materially amended.
		  • Constitutional requirements may limit the implementation of the Reform.
		  • The timetable for implementation of the Reform may be delayed for different reasons.
		  • Significant uncertainties concerning the interpretation of legislation may relate to the Reform.
		  • The shift of duties to the counties may affect outsourcing processes, among other things.
		  • Possible shortfalls in the funding of counties may lead to uncertainty or disruptions in the procurement of healthcare services.
		  • The Reform may cause in various ways shifts in demand from other customer groups to services paid for on a capitation fee basis, which may decrease the profitability of offered services, and there is no certainty that capitation fees would be set to a sufficient level.
		  • In the Company's public customers group, the transfer to the counties of the responsibility for arranging healthcare may negatively affect the Company's position in the public sector outsourcing market, and possible requirements regarding the operation of Sote Centers could necessitate the expansion of the Company's operations for example in social care services.
		• Changes in compensation systems for public healthcare outsourcing services may adversely affect the Company's business, financial condition and results of operations.
		• The Company may not be successful in providing preferred digital healthcare services and applications.
		
		The risks related to the Company's business and operations include but are not limited to the following factors:
		
		• The Company may have difficulties in implementing its strategy, and the Company may be unsuccessful in adjusting its strategy to respond to changes in market conditions, for example.
		• The Company's business is dependent on its ability to identify, attract and retain highly qualified and skilled healthcare professionals, employees and management.
		• The Company may not be able to find suitable opportunities for acquisitions, expansion or divestments with attractive terms.
		• The Company may not be able to successfully integrate businesses that it has acquired or may acquire in the future, and the Company may not be able to realize anticipated cost savings, revenue enhancements or other synergies from such acquisitions.

Element	Section D — Risks
	• The Company's reputation could be damaged, which could have an unfavorable effect on the Company's customer base and the Company's ability to retain the services of key personnel. • The Company may not be successful in its tenders for new customer contracts and it might lose its existing customer contracts. • Public procurement related cooperation may involve a risk of prohibited cooperation, and the Finnish Competition and Consumer Authority has initiated an investigation in relation to certain calls for tenders. • The Company's customer contracts may prove unprofitable. • The Company's customer contracts include various requirements that the Company must fulfil. • The Company's business requires the obtaining and maintenance of necessary regulatory permits to provide healthcare services. • The Company is dependent on its key technology, data systems and equipment and a breakdown in the Company's information technology system could result in a significant disruption of its business. • The Company processes sensitive patient data and other personal data in the ordinary course of its business, and any failure to maintain the confidentiality of that data could result in legal liability for the Company and reputational harm to its business. • The Company's insurance cover may prove insufficient. • The Company's cooperation with insurance companies may be subject to adverse developments. • The Company is subject to and may become involved in legal and administrative proceedings brought by authorities, patients or third parties. • The Company may be unable to protect or effectively enforce its intellectual property rights. • The Company's operations could be subject to labor disruptions or disputes. • Failures or deficiencies in operational risk management and internal control processes may lead to lapses in quality control or otherwise have an adverse effect on the Company's results and reputation. • Non-compliance with environmental, health and safety regulations could lead to fines, penalties and increased operating costs. • The Company's facilities are exposed to outbreaks of communicable diseases and infections. • The Company's long-term leases may become onerous, and expiring leases may not be renewed upon expiration. • The Company's actual results of operations may differ materially from the financial targets included in this Prospectus and investors should not place undue reliance on the financial targets. • The Company's pro forma information may not accurately reflect the Group's historical business and results of operations. • It is possible that the Company will be forced to record write-downs on its goodwill. • The Company's tax burden could increase as a result of changes to tax laws or their application or as a result of the ongoing tax audit or future tax audits, and the Company may not be able to utilize its tax loss carry-forwards. The risks related to the Company's financing include but are not limited to the following factors: • Difficulties in accessing additional financing or complying with financial covenants included in the Company's credit facilities as well as increases in costs of financing could have an adverse effect on the Company's financial condition. • A rise in interest rates will increase the Company's financial expenses. • The Company is exposed to credit risks through its trade receivables.

	Element	**Section D — Risks**
D.3	Key information on major risks applicable to the securities	The risks related to the Shares and the Offering include but are not limited to the following factors: • The amount of any dividends paid by the Company in any given financial year is uncertain and the Company may not necessarily pay any dividend. • The Company's Shares may not be listed in a timely manner or at all. • The Company will incur additional costs and new obligations as a consequence of the Listing. • The Shares have not been previously subject to public trading, and thus the share price may be volatile and an orderly and liquid trading market may not develop. • Share ownership is concentrated, and the largest shareholder will continue to have significant decision power. • Future share issues and sales of significant number of Shares may reduce the price of the Shares and the future share issues may dilute the share of ownership of the current shareholders. • Subscription commitments cannot be cancelled. • The ownership of a shareholder not participating in the Offering will be diluted. • Breach of the terms and conditions of the Placing Agreement may lead to termination of the Offering. • Investors with a reference currency other than the euro will become subject to certain foreign exchange risks when investing in the Shares. • Certain foreign shareholders may not necessarily be able to exercise their subscription rights.
	Element	**Section E — Offering**
E.1	Total net proceeds and estimated total costs of issue/offering	The Selling Shareholders (as defined below) will receive gross proceeds of approximately EUR 719 million from the Share Sale (as defined below) assuming that all Sale Shares are sold (excluding 5,122,433 Sale Shares, which may be sold in addition to the preliminary maximum number of Sale Shares by a decision of EQT) and that the Over-Allotment Option is used for up to 10,949,196 Additional Shares. The Company aims to raise gross proceeds of approximately EUR 100 million from the Share Issue (as defined below). Management estimates that the Company will incur total fees, commissions and expenses related to the Offering of approximately a maximum of EUR 11.3 million, assuming that the discretionary fee will be paid in full. The Company and the Selling Shareholders expect to pay approximately EUR 33 million in fees and expenses in connection with the Offering.
E.2a	Reasons for offer, use of proceeds and estimated total net proceeds	The objective of the Offering and the contemplated Listing is to improve the Company's ability to successfully pursue its strategy and invest in its business in order to remain at the forefront of developing the standards of the quality and impact of treatment and publishing of results of medical quality in Finland, which the Company expects to drive long-term growth for the Company. The Offering and the contemplated Listing would serve to increase the general interest towards the Company and awareness of the Company with investors, business partners and customers, enhance the Company's ability to attract and retain key management and employees, provide the Company an access to capital markets and broaden the ownership base in the Company. The Offering and the contemplated Listing also enable the Selling Shareholders to partially monetize their holding, and allow for a liquid market for the Shares going forward.

	Element	Section E — Offering
		Management estimates that the Company will incur total fees, commissions and expenses related to the Offering of approximately a maximum of EUR 11.3 million, assuming that the discretionary fee will be paid in full. As a result, the net proceeds for the Company from the Share Issue are estimated to amount to approximately EUR 88.7 million. The funds from the Share Issue are expected to be used for repayment of the Company's loans under the existing EUR 400 million senior facilities agreement, originally entered into on September 23, 2013 with Nordea Bank AB (publ) as agent and security agent, and certain other lenders (the "**Existing Senior Facilities Agreement**") excluding the hire purchase debts and finance lease liabilities under the agreement that will remain in place in accordance with their terms and conditions. In addition to the net proceeds from the Share Issue, the funds drawn under the Senior Facilities Agreement will be used for repayment of the Existing Senior Facilities Agreement. The Company estimates that the funds raised through the Share Issue will enable increasing financial flexibility for the Company to pursue growth opportunities in accordance with its strategy, including acquisitions, organic expansion and reorganization of its units and equipment, as well as other capital expenditures.
E.3	Terms and conditions of the offer	***Offering*** Terveystalo Plc, a public limited liability company incorporated in Finland (the "**Company**"), aims to raise gross proceeds of approximately EUR 100 million by offering a minimum of 10,245,902 and a maximum of 10,305,533 new shares in the Company (the "**New Shares**") for subscription (the "**Share Issue**"). In addition, preliminarily up to 62,689,110 existing shares (the "**Sale Shares**", and together with the New Shares and the Additional Shares (as described below), the "**Offer Shares**") in the Company are being offered for sale by Lotta Holding I S.à r.l. ("**EQT**") and other existing shareholders in the Company listed in Annex A of this Prospectus (the "**Selling Shareholders**") (the "**Share Sale**", and together with the Share Issue, the "**Offering**"). In addition to the preliminary maximum number of Sale Shares, EQT may, in its sole discretion, decide to increase the number of Sale Shares by a maximum of 5,122,433 Sale Shares. The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**"), (ii) private placements to institutional investors in Finland and internationally, including in the United States to qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the U.S. Securities Act of 1933 (as amended, the "**U.S. Securities Act**"), pursuant to exemptions from the registration requirements of the U.S. Securities Act (the "**Institutional Offering**") and (iii) an offering to all permanent employees of the Company or its wholly owned subsidiaries in Finland during the subscription period in Finland, the members of the Board of Directors and the CEO of Terveystalo (the "**Personnel Offering**"). All offers and sales outside the United States will be made in offshore transactions in reliance on, and in compliance with, Regulation S under the U.S. Securities Act ("**Regulation S"**). The offering and sale in Sweden will be made in accordance with the terms and conditions of the Institutional Offering as a part of the Institutional Offering. The Offer Shares (excluding 5,122,433 Sale Shares which may be sold in addition to the preliminary maximum number of Sale Shares by a decision of EQT) represent approximately 57.0 percent of the Company's shares (the "**Shares**") and votes after the Share Issue (excluding any Additional Shares based on the Over-Allotment Option as defined below) assuming that a maximum number of New Shares are offered and subscribed for in the Offering. The Offer Shares (including 5,122,433 Sale Shares which may be sold in addition to the preliminary maximum number of Sale Shares by a decision of EQT) represent approximately 61.0 percent of the Shares and votes after the Share Issue, assuming that a maximum number of New Shares are offered and subscribed for in the Offering, and approximately 70.1 percent of the Shares and votes after the Share Issue if also the Over-Allotment Option (as defined below) is fully exercised.

Element	Section E — Offering
	The terms and conditions of the Offering comprise the general terms and conditions of the Offering as well as the special terms and conditions of the Institutional Offering, the Public Offering and the Personnel Offering. ***Share Issue*** The Company's Extraordinary General Meeting of Shareholders held on September 26, 2017 (the "**EGM**") resolved to authorize the board of directors of the Company (the "**Board of Directors**") to decide on an issue of a maximum of 200,000,000 New Shares of the Company. The Board of Directors is expected to resolve on or about October 10, 2017 to offer a maximum of 10,305,533 New Shares for subscription in the Share Issue on the basis of the authorization granted by the EGM. As a result of the Share Issue, the number of the Company's Shares may increase to a maximum of 128,060,815 Shares. The New Shares issued in the Share Issue would represent approximately up to 8.0 percent of the Shares and votes after the Share Issue assuming that a maximum number of New Shares are offered and subscribed for in the Offering. The maximum number of New Shares offered represent approximately 8.8 percent of the Shares before the Share Issue. The New Shares are offered in deviation from the shareholders' pre-emptive subscription right in order to enable the listing of the Company's shares on the Official List of Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") ("**Listing**"). The payment made to the Company for the approved New Share subscriptions will be booked in its entirety in the invested unrestricted equity fund. Thus, the Company's share capital will not increase in connection with the Share Issue. ***Share Sale*** The Selling Shareholders are offering for purchase preliminarily a maximum of 62,689,110 Sale Shares in the Share Sale. In addition, EQT may, in its sole discretion, decide to increase the number of Sale Shares by a maximum of 5,122,433 Sale Shares, whereupon the total number of Sale Shares would amount to 67,811,543 Sale Shares. The Sale Shares offered in the Share Sale (excluding 5,122,433 Sale Shares which may be sold in addition to the preliminary maximum number of Sale Shares by a decision of EQT) represent without Over-Allotment Option approximately 49.0 percent (with the Over-Allotment Option of 10,949,196 Additional Shares approximately 57.5 percent) of the Shares and votes after the Share Issue assuming that a maximum number of New Shares are offered and subscribed for in the Offering. The Sale Shares offered in the Share Sale (including 5,122,433 Sale Shares, which may be sold in addition to the preliminary maximum number of Sale Shares by a decision of EQT) represent approximately 53.0 percent (with the Over-Allotment Option of 11,717,560 Additional Shares approximately 62.1 percent) of the Shares and votes after the Share Issue assuming that a maximum number of New Shares are offered and subscribed for in the Offering. If the Offering was not subscribed for in full and the Offering was nevertheless implemented, the subscriptions would be allocated first to New Shares and thereafter the number of Sale Shares would be decreased to correspond to the subscriptions, so that the subscriptions are allocated first to the Sale Shares offered by the Selling Shareholders other than EQT on a pro rata basis and after that to the Sale Shares offered by EQT.

Element	Section E — Offering
	Subscription Undertakings Varma Mutual Pension Insurance Company, Hartwall Capital Ltd, Rettig Group Ltd and Elo Mutual Pension Insurance Company (the "**Cornerstone Investors**"), have each individually in September 2017 given subscription undertakings in relation to the contemplated Offering, under which the Cornerstone Investors have, each individually, committed to subscribe for Offer Shares at the Subscription Price, subject to certain conditions being fulfilled, including a condition that the maximum valuation of all of the Company's outstanding Shares (after any proceeds from the Share Issue and excluding treasury shares), based on the Subscription Price, does not exceed EUR 1,250 million. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertaking. The Cornerstone Investors have given subscription undertakings as follows: • The amounts of the subscription commitments of Varma Mutual Pension Insurance Company, Hartwall Capital Ltd and Rettig Group Ltd are proportions of the Company's outstanding Shares after the completion of the Offering as follows: Varma Mutual Pension Insurance Company up to approximately 11.3 percent, for a total shareholding of 15 percent, including shareholding as at the date of the Prospectus; Hartwall Capital Ltd 10.1 percent and Rettig Group Ltd 10.1 percent of the outstanding Shares in the Company following the completion of the possible Offering. • Elo Mutual Pension Insurance Company amounts to EUR 50 million. The aggregate subscription undertakings of the Cornerstone Investors would amount to approximately EUR 444 million or approximately 36 percent of the outstanding Shares at EUR 1,250 million valuation of all of the Company's outstanding Shares (after any proceeds from the Share Issue and excluding treasury shares). The Cornerstone Investors will not be compensated for their subscription undertakings. ***Joint Global Coordinators, Joint Bookrunners and Managers*** The Company and the Selling Shareholders have appointed Carnegie Investment Bank AB ("**Carnegie**"), Morgan Stanley & Co. International plc ("**Morgan Stanley**") and Skandinaviska Enskilda Banken AB (publ) Helsinki Branch ("**SEB**") to act as the joint global coordinators and joint bookrunners (the "**Joint Global Coordinators**"), and Jefferies International Limited ("**Jefferies**") and OP Corporate Bank plc ("**OP**") as the joint bookrunners (the "**Joint Bookrunners**") for the Offering (the Joint Global Coordinators and the Joint Bookrunners together, the "**Managers**", and each individually, a "**Manager**").

Element	Section E — Offering

Over-Allotment Option

EQT and SEB (the "**Stabilizing Manager**") may agree that EQT shall give the Stabilizing Manager an over-allotment option exercisable within 30 days from the commencement of trading of the Shares on the Helsinki Stock Exchange (which period is estimated to occur between October 11, 2017 and November 9, 2017 (the "**Stabilization Period"**)), to purchase or to procure purchasers for a maximum of 10,949,196 additional Shares (assuming that EQT would not decide to increase the number of Sale Shares) or a maximum of 11,717,560 additional Shares (assuming that EQT would decide to increase the number of Sale Shares by 5,122,433 Sale Shares) (the "**Additional Shares**") solely to cover over-allotments (the "**Over-Allotment Option"**). The Additional Shares represent approximately 10.0 percent of the Shares and votes before the Offering and approximately 9.1 percent after the Offering assuming that a maximum number of New Shares are offered and subscribed for in the Offering. However, the Additional Shares will in no case represent more than 15 percent of the total number of New Shares and Sale Shares.

Stabilization

After the Offering, the Stabilizing Manager may, but is not obligated to, within the Stabilization Period, engage in measures which stabilize, maintain or otherwise affect the price of the Shares.

Placing Agreement

The Company expects that it will, on or about October 10, 2017, together with EQT, enter into a placing agreement (the "**Placing Agreement**") with the Managers, and the other Selling Shareholders that have each given a sales undertaking (the "**Sales Undertaking**") with respect to the Offering. According to the Placing Agreement and the Sales Undertakings, the Company agrees to issue and the Selling Shareholders agree to sell Offer Shares to purchasers procured by the Managers or, failing which, to the Managers themselves, and each of the Managers, severally will agree to procure purchasers for, or failing such procurement, to subscribe for or purchase, the Offer Shares, provided that certain conditions are fulfilled.

Offer Period

The subscription period for the Public Offering will commence on September 28, 2017 at 10 a.m. (Finnish time) and end on October 6, 2017 at 4 p.m. (Finnish time). The subscription period for the Institutional Offering will commence on September 28, 2017 at 10 a.m. (Finnish time) and end on October 10, 2017 at 12 p.m. (Finnish time). The subscription period for the Personnel Offering will commence on September 28, 2017 at 10 a.m. (Finnish time) and end on October 6, 2017 at 4 p.m. (Finnish time).

The Board of Directors and the Selling Shareholders have jointly, in the event of an oversubscription, the right to discontinue the Institutional Offering and the Public Offering by joint decision no earlier than October 5, 2017 at 4 p.m. (Finnish time). The Board of Directors may discontinue the Personnel Offering in its sole consideration no earlier than October 5, 2017 at 4 p.m. (Finnish time). The Institutional Offering, the Public Offering and the Personnel Offering may or may not be discontinued independently of each other. A stock exchange release regarding the possible discontinuation will be published without delay.

Element	Section E — Offering
	The Board of Directors and the Selling Shareholders have the right to extend the subscription period of the Institutional Offering and the Public Offering. The Board of Directors has the right to extend the subscription period of the Personnel Offering. A possible extension of the subscription period will be communicated through a stock exchange release, which will indicate the new end date of the subscription period. The subscription period for the Institutional Offering, the Public Offering and the Personnel Offering will in any case end no later than October 12, 2017 at 4 p.m. (Finnish time). The Company and the Selling Shareholders may or may not extend the subscription period of the Institutional Offering, the Public Offering or the Personnel Offering independently of each other. The stock exchange release concerning the extension of the subscription period must be released no later than the above-mentioned estimated end dates of the Institutional Offering, the Public Offering and the Personnel Offering. ***Offer Price*** The subscription price for the Offer Shares in the Institutional Offering and the Public Offering is EUR 9.76 per Offer Share (the "**Subscription Price**"). The subscription price per share in the Personnel Offering is ten percent lower than the Final Subscription Price in the Public Offering. Thus, the Subscription Price per Offer Share in the Personnel Offering is EUR 8.79. In determining the Subscription Price, prevailing market conditions, the valuation multiples of companies operating in the same field of operation, as well as the expectations on the Company's results have been, among other factors, taken into account. ***The Conditionality, Execution and Publishing of the Offering*** The Board of Directors will decide on execution of the Share Issue and the Selling Shareholders will decide on the execution of the Share Sale, and the Board of Directors and the Selling Shareholders will jointly decide on the final number of the Offer Shares and the allocation of Offer Shares (the "**Completion Decision**") on or about October 10, 2017. The above will be published through a stock exchange release and will be available on the Company's website at www.terveystalo.com/IPO immediately after the Completion Decision and in the subscription places of the Public Offering and the Personnel Offering no later than the business day following the Completion Decision (i.e. on or about October 11, 2017). In case the Offering does not result in a sufficient number of subscriptions for Offer Shares, the Offering is not completed. The Offering is also conditional and requires the Placing Agreement to be signed between the Company, EQT and the Managers. ***Cancellation of the Commitments*** A commitment to subscribe for or purchase Offer Shares in the Public Offering or subscribe for New Shares in the Personnel Offering (the "**Commitment**") cannot be amended. A Commitment may only be cancelled in the situations provided for in the Finnish Securities Markets Act (746/2012, as amended, the "**Securities Markets Act**").

Element	Section E — Offering
	Cancellation in accordance with the Securities Markets Act due to the supplement or correction of the Finnish Prospectus (as defined below) If the Finnish language prospectus published by the Company in connection with the Offering (the "**Finnish Prospectus**") is supplemented or corrected due to a material error or omission or due to material new information that has become known after the Finnish Financial Supervisory Authority has approved the Finnish Prospectus and before trading in the Offer Shares begins on the Prelist of Helsinki Stock Exchange, investors who have given their Commitments before the supplement or correction of the Finnish Prospectus have, in accordance with the Securities Markets Act, the right to cancel their Commitments within at least two (2) banking days after the supplement or correction has been published. The use of the cancellation right requires that the error, omission or material new information that led to the supplement or correction has become known prior to the delivery of the Offer Shares to the investors. If the Finnish Prospectus is supplemented, the supplement will be published through a stock exchange release. The stock exchange release will also include information on the right of the investors to cancel their Commitments. *Procedure to cancel a Commitment* The cancellation of a Commitment must be notified in writing to the subscription place where the initial Commitment was made and within the time limit set for such cancellation. However, a Commitment made by telephone to the Managers may be cancelled by telephone. Cancelling a Commitment in the Public Offering or Personnel Offering cannot be made in OP Financial Group's online services, instead it must be made in any of the branch offices of OP Financial Group's cooperative bank. The possible cancellation of a Commitment concerns the entire Commitment. After the time limit set for cancellation has expired, the cancellation right is no longer valid. If a Commitment made in the Public Offering is cancelled, the place of subscription will return the amount paid for the Offer Shares to the bank account stated in the Commitment. The money is refunded as soon as possible after the cancellation of the Commitment, approximately within five (5) banking days of the cancellation notice being given to the subscription place. If an investor's bank account is in a different bank than the subscription place, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. No interest will be paid on the refunded amount. ***Title and Shareholder Rights*** The title to the Offer Shares is transferred when the Offer Shares are paid for, the New Shares are registered in the Trade Register and the Offer Shares are recorded in the investor's book-entry account. The Offer Shares carry rights equal to all other Shares in the Company and will entitle their holders to dividend and other distributions of funds as well as other rights related to the Shares as at the date title has been transferred. ***Transfer Tax and Other Expenses*** No transfer tax is payable in connection with the issue or subscription of the New Shares. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for safekeeping of the Shares. The Sale Shares are sold in connection with the commencement of trading in the Shares of the Company on the Prelist of the Helsinki Stock Exchange, and no transfer tax is expected to be payable for these transfers. If transfer tax is due, the Selling Shareholders will pay any transfer tax payable on transfers of Sale Shares.

Element		Section E — Offering
		Right to Cancel the Offering The Selling Shareholders may cancel the Share Sale and the Board of Directors may cancel the Share Issue at any time before the decision to complete them is made on the grounds of, for example, the market conditions, the Company's financial position or a material change in the Company's business. If the Selling Shareholders decide to cancel the Share Sale and/or the Board of Directors decides to cancel the Share Issue, the sales and subscription prices paid by the investors will be refunded in approximately five (5) banking days from the cancellation decision. If an investor's bank account is in a different bank than the subscription place, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. No interest will be paid on the refunded amount. ***Other Issues*** Other issues and practical matters relating to the Share Issue will be resolved by the Board of Directors. Other issues and practical matters relating to the Share Sale will be resolved by the Selling Shareholders. ***Documents on Display*** The Company's latest financial statements, report of the Board of Directors and the auditor's report as well as other documents pursuant to Chapter 5, Section 21 of the Companies Act (624/2006, as amended) (the "**Companies Act**"), are available during the subscription period at the registered office of the Company at Jaakonkatu 3, FI-00100, Helsinki, Finland. ***Governing Law*** The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by a court of competent jurisdiction in Finland.
E.4	Description of all essential interests regarding the offering, including conflicts of interest	The Company and the Selling Shareholders have undertaken to pay the Managers a commission for the services provided in the Placing Agreement, which is based on the gross proceeds from the Offer Shares, including possible sale of Additional Shares pursuant to the Over-Allotment Option. The Managers and their affiliates have engaged in transactions with and performed various investment banking, commercial banking and other services for the Company, the Selling Shareholders and their respective subsidiaries and affiliates in the past and may do so from time to time in the future and may be paid fees in connection with such services from time to time. However, all services provided by the Managers, including in connection with the Offering, have been provided as an independent contractor and not as a fiduciary to the Company or the Selling Shareholders. EQT and certain shareholders listed in Annex A are the Selling Shareholders in the Share Sale.

	Element	Section E — Offering
E.5	Name of persons selling the security and lock-up agreements	EQT and certain shareholders listed in Annex A are the Selling Shareholders in the Share Sale and Terveystalo Plc is the issuer in the Offering. The parties mentioned below shall agree with the Managers that, during a period ending 180 days from the Listing (i.e. until on or about April 8, 2018) as regards the Company, the Selling Shareholders and other existing shareholders of the Company and 360 days from the Listing, i.e. until on or about October 5, 2018 as regards the members of the Board of Directors, executive officers and certain key employees of the Company, neither any of these persons nor any party acting on their behalf, save for the Offering and certain other exceptions, will, without the prior written consent of the Joint Global Coordinators, issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities exchangeable for or convertible into or exercisable for, or substantially similar to, Shares, or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise. The lock-up does not apply to certain situations, including, as regards the Selling Shareholders and other parties named above, a takeover bid concerning the Company or a Share buyback directed to all shareholders, amongst others, and does not concern Shares other than those owned by the Selling Shareholders and other existing shareholders and the members of the Board of Directors or the executive officers and certain key employees of the Company at the date of admission of the Shares to trading on the Helsinki Stock Exchange. By submitting a Commitment to participate in the Personnel Offering the respective party giving the Commitment agrees to be bound by a lock-up in respect of the Shares. In accordance with these lock-up restrictions, parties participating in the Personnel Offering may not, without the prior written consent of the Joint Global Coordinators during a period ending 180 days after the Listing (i.e. until on or about April 8, 2018), sell, sell short or otherwise directly or indirectly transfer Shares subscribed for in the Personnel Offering, or option rights or warrants entitling to buy Shares subscribed for in the Personnel Offering or other securities convertible into or exercisable for Shares subscribed for in the Personnel Offering that they hold or purchase in the Personnel Offering or are authorized to dispose. Those participating in the Personnel Offering agree that the lock-up described herein can be recorded to their book-entry accounts. The lock-ups concern in total approximately 39.5 percent of the Shares and votes after the Share Issue without the Over-Allotment Option (approximately 30.3 percent including the Over-Allotment Option) assuming that the Selling Shareholders sell the maximum number of Sale Shares and that a maximum number of New Shares are offered and subscribed for in the Offering.
E.6	Degree and percentage of immediate dilution resulting from the offering	As a result of the issuance of New Shares in the Offering, the number of Shares could increase to 128,060,815 Shares assuming that the maximum number of New Shares are offered and subscribed for in the Offering, which corresponds to a dilution for the existing shareholders of approximately 8.8 percent, as compared to the number of Shares in the Company following the completion of the combination of the Company's share classes and a Share issuance without payment in proportion to shareholdings (share split), assuming that two new Shares would be issued for each Share belonging to the sole share class.
E.7	Estimated costs charged to investor by the issuer	Not applicable. The Company does not charge costs related to the Offering to the investors.

RISK FACTORS

An investment in the Shares involves risks, the materialization of which could have an adverse effect on the value of the investment. Prospective investors should carefully consider the following risk factors, in addition to the other information contained in this Prospectus, before deciding whether or not to invest in the Shares. Should one or more of these risks materialize and result in a decline in the market price of the Shares, investors could lose all or part of their investment. The risks and uncertainties described here are not the only risks potentially affecting the Company's business operations. Additional risks and uncertainties presently unknown to the Company or currently deemed immaterial may also have an adverse effect on the Company's business, financial condition, results of operations or future prospects. The order in which the risks are presented is not intended to be an indication of the probability of their materialization or order of significance.

This Prospectus includes forward-looking statements that involve risks and uncertainties. The Company's actual results may differ in a material way from those anticipated in the forward-looking statements due to the risks described below and other factors described in this Prospectus.

Risks Related to the Company's Operating Environment

The Company operates in a heavily regulated industry and is impacted by changes in laws, regulations and regulatory practice, which may adversely affect the Company's business.

The healthcare industry in Finland is heavily regulated, and the Company's business operations are subject to an extensive oversight and regulatory system imposed by Finland and the EU. Future political decisions, such as the passage of legislation restricting the provision of private medical care could adversely impact the Company's business or operational flexibility and affect the prerequisites for profitably providing various healthcare services. Political decisions that could affect the private provision of public healthcare may include, for example, new legislative restrictions on the outsourcing of public services, or decisions by relevant public entities not to renew healthcare outsourcing contracts. Private sector demand for the Company's services could be affected by, for example, a possible narrowing of the legal requirement to provide occupational healthcare to employees, reductions in the related employer cost compensation or other limitations or eliminations of reimbursements for the use of private healthcare. Furthermore, future regulations that would restrict the ability of healthcare professionals to concurrently work in the public and the private sectors, or the extension of graduate doctors' compulsory working period in the public sector, could negatively impact the availability of key personnel for the Company's operations or increase the Company's personnel expenses. Possible changes in tax legislation or its interpretation could also negatively impact the willingness of private practitioners to work for the Company or increase costs. Similarly, regulatory changes concerning stricter requirements for the standard of equipment or the types of premises where healthcare services may be carried out could increase the Company's costs.

The materialization of any of these risks could have a material adverse effect on the Company's business, financial condition and results of operations.

Weak general economic performance in Finland and its effects on the financial circumstances of private individuals, employers and public entities may adversely affect the Company's business and results of operations by decreasing the demand for the Company's services.

The Company is dependent on the demand for healthcare services in Finland, which is affected, among other things, by general economic conditions. The performance of the Finnish economy has generally been weak during the past decade, and the conditions of Finland's public finances have developed adversely. Finland is a relatively small open economy that relies significantly on export-based growth, and its economic growth trajectory is thus affected by global economic conditions. Uncertainty remains in the global markets, and it cannot be ruled out that the global economy or the Finnish economy could fall back into a recession, or even a depression. A decrease in the demand for the Company's healthcare services could adversely affect the Company's service volumes and revenues even if the Company does not lose market share due to the Company's cost structure. As the Company's cost structure contains a substantial component of fixed or semi-fixed costs, such a revenue decrease could adversely affect the Company's profitability in the short- to medium-term in particular.

The Company is the largest occupational healthcare provider in Finland, as measured by sales and the number of occupational healthcare end-users. The demand for the Company's services in the occupational healthcare market is subject to fluctuations and is likely to be adversely affected in an economic downturn, in particular if the national employment rate significantly decreases, for example, as a result of increasing unemployment or rate of retirement, or if employers reduce the scope of the non-mandatory healthcare services that they offer to their employees.

The demand for the Company's healthcare services for private persons is dependent on the purchasing power of households and the growth in private consumption of healthcare services. Should wages decline or unemployment increase, the resulting reduction in purchasing power of private individuals may decrease the demand for those private healthcare services whose costs are borne by the consumers. Furthermore, a weakening of public finances in Finland may result in a decrease in funding for private healthcare by the public sector, and thus indirectly reduce demand for the Company's healthcare services used by private persons.

Adverse economic developments can also affect demand by the public sector for the Company's services. As a result of weakening public finances, the public sector may strive to decrease costs arising from the provision of healthcare services by predominantly focusing on pricing instead of quality considerations when granting procurement contracts and other healthcare outsourcing contracts with the private sector once such contracts come up for renewal. It is also possible that due to economic difficulties faced by public entities, they may not be able to renew existing outsourcing contracts with terms that are economically reasonable for the Company after the initial contract period has expired.

The above-mentioned factors may, individually or collectively, have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is exposed to changes in demand for occupational healthcare services due to demographic trends.

The demographic trend in Finland towards an ageing and shrinking working-age population, together with increases in life expectancy, increases the number of retired individuals and their need for healthcare services. In the long term, such demographic developments as well as other possible factors, including persistent structural unemployment, low immigration rates or high rates of early employee retirement, could lead to decreases in the number of employed persons in Finland. Any of these trends could cause a decrease in the market size for occupational healthcare services and adversely affect the demand for the Company's occupational healthcare services. The materialization of any of these risks could have a material adverse effect on the Company's business, financial condition and results of operations.

Changes in the competitive landscape and increasing price competition may have an adverse effect on the Company's profitability and growth potential.

The Company's ability to successfully compete with other healthcare service providers in Finland is driven by a variety of factors, including the size of the occupational healthcare market, the privatization of the publicly financed healthcare market, the number of competitors in the market and the Company's competitive position in a relevant geographic location, the quality of the Company's services, the diversity of the Company's service offering, the price of the Company's services relative to the market standard as well as the Company's brand and reputation. Some of the Company's competitors may have a more established position in the market for private provision of public sector healthcare or a strong local presence in certain regions due to, among other factors, established customer relationships, strong reputation or greater accessibility. As a consequence, it could be more difficult for the Company to successfully attract new customers and to continue expanding its operations in the future.

The competitive landscape may change due to the entry of new competitors in the markets in which the Company operates. Such competitors may include international operators entering the Finnish market, the Company's existing competitors seeking to expand their operations and geographic reach or existing partners of the Company, such as its outsourcing consortiums. The entry of new players into the markets the Company serves may make it difficult for the Company to increase its market share or retain existing competitive positions.

Moreover, companies that primarily engage in business activities other than healthcare, such as employee staffing companies, insurance companies, pharmacies and general retail operators may increasingly engage in operations that compete with the Company in some services. For example, one of the largest financial services groups in Finland has recently expanded its service offering to hospital care through several hospital units as well as to occupational healthcare. Should hospitals established by insurance companies, financial institutions or other market actors provide their services to a wider customer group, this could affect the competitive situation in relevant markets. Patients covered by private health insurance are currently free to choose their service provider, however, the integration of insurance and healthcare services could enable the insurers to direct patients towards their in-house services.

Furthermore, price competition from both established competitors and new entrants may significantly affect the competitive landscape or the profitability of the Company's operations. Given that several other companies and the public sector offer healthcare services similar to those provided by the Company, the Company must be able to maintain competitive pricing arrangements. Many healthcare services typically have a high fixed cost basis and relatively low variable costs. Competitors may seek to move towards optimal scale for their operations with, for example, aggressive short-term pricing in order to gain market share. Pricing dynamics may also be affected by low-cost services introduced by the Company's competitors based on, for example, a flexible cost structure, maximal utilization rate or the outsourcing of digitally provided services to countries with lower labor costs. Examples of market segments where price competition has intensified include diagnostic support, such as MRI imaging services, where certain narrowly focused competitors have introduced aggressive pricing models. There are also companies in the Finnish occupational healthcare market that compete primarily on price instead of differentiating themselves based on quality or the scope of service offered. Customers purchasing occupational healthcare services from external providers may utilize brokers in their tendering processes, which may emphasize the importance of price as the determining factor in the tender processes as qualitative factors can be more difficult to compare and verify. This can make it more difficult for the Company to differentiate its service offering and result in pricing pressures that pose a threat to the Company's profitability and challenge the Company's business model.

Planned or future regulatory changes, including the proposed Social and Healthcare Reform (as defined below), may also significantly affect the competitive landscape. For example, the proposed freedom of choice framework may lead to increased competition in the provision of primary care, including from publicly operated social and healthcare centers. See "— *The proposed Social and Healthcare Reform in Finland, possible delays in the implementation of the Reform and its legal interpretations could have a material adverse effect on the Company's business and results of operations.*"

The materialization of any of these risks could have a material adverse effect on the Company's business, financial condition and results of operations.

The proposed Social and Healthcare Reform in Finland, possible delays in the implementation of the Reform and its legal interpretations could have a material adverse effect on the Company's business and results of operations.

Summary of the proposed Reform

The health, social services and regional government reform (the "**Social and Healthcare Reform**" or the "**Reform**", in Finnish: *sosiaali- ja terveyspalvelujen uudistus ja maakuntauudistus, Sote*) is a public sector reform that would significantly alter the way social and healthcare services are provided and funded in Finland. Under the Social and Healthcare Reform, 18 new counties would be established, to which, as a general rule, the responsibility for organizing all publicly funded social and healthcare services would be shifted from municipalities on as of January 1, 2020. According to the new guidance given by the Government, the new counties are intended to be established as of June 1, 2018. Each county would plan and manage social and healthcare services in its region. Each county would primarily determine the need for services as well as their quantity and quality and the manner in which they are provided. The customer's freedom of choice included in the Social and Healthcare Reform would consist of direct choice services, the right to choose the unit of the county's public enterprise and services provided on a customer voucher and with a personal budget. Following the proposed Reform, units called social and healthcare centers ("**Sote Centers**") would provide the direct choice services, such as public primary social and healthcare guidance and advice. Direct choice services would include dental care services primarily for adult populations through dental health units. A county would be responsible for determining the annual fixed fees called capitation fees, which the county would pay to a Sote Center based on the number of customers that have registered that Sote Center as their direct choice service provider.

The legislative proposals for implementing the Reform are currently under revision by the Government. The Government has stated that it expects to present the revised Reform proposals to the Finnish Parliament in March 2018. The description of the Reform presented in this Prospectus is based on proposals presented by the Government, and such proposals could be amended or withdrawn. For more information on the Reform, see "*Key Legislation Governing the Provision of Healthcare — Certain Legislative Proposals — The Social and Healthcare Reform*".

Risks and uncertainties related to the Reform

Various types of risks and uncertainties, as described below, relate to the Reform proposal and its expected impact on the private provision of healthcare services in Finland.

The Finnish Parliament may not pass the Reform into law, and the contents of the Reform may be materially amended.

The passing into law of the Reform proposal would require a majority vote by the Finnish Parliament. The Government has stated that it expects to present the revised Government proposal on the Reform legislation in March 2018. However, there can be no assurance that the Reform legislation would be put forward for a vote in Parliament by the current Government or any subsequent Government in the contemplated timetable or at all. Furthermore, there can be no assurance that Parliament would subsequently vote to approve the proposal presented by the Government. It is also possible that the current Government or a subsequent Government would amend the Reform and Parliament would pass into law a reform proposal that would differ materially from the current Reform in a manner that would have a material adverse effect on the Company's business, financial condition and results of operations.

Constitutional requirements may limit the implementation of the Reform.

The Parliament's Constitutional Law Committee is chiefly responsible for reviewing the constitutionality of legislative proposals in Finland. In June 2017, the Constitutional Law Committee issued a statement that certain aspects of the Government's original freedom of choice proposal presented in May 2017 were in violation of the Finnish Constitution. The Committee also stated that it will conduct a comprehensive review of the proposed Reform legislation as a whole once the Government has provided a revised freedom of choice proposal and the other related revised proposals to Parliament.

It is possible that the Constitutional Law Committee would find aspects of the revised freedom of choice proposal to be unconstitutional. Furthermore, as the Committee has not conclusively reviewed the other Reform proposals presented by the Government in the spring of 2017, it is possible that other aspects of the Reform could also be found unconstitutional. Under prevailing constitutional law and parliamentary practice, any elements of legislative proposals that are found to be unconstitutional would have to be revised to remove such conflict, or passed in accordance with a special legislative procedure. Should the updated legislative package include elements that the Constitutional Law Committee would consider to be in violation of the Finnish Constitution, this could limit the possibilities for implementing the Reform, which could have a material adverse effect on the Company's business, financial condition and results of operations.

The timetable for implementation of the Reform may be delayed for different reasons.

The timetable for the implementation of the Reform may be postponed for various reasons, which could adversely affect the business plans the Company has set forth in preparation for the Reform coming into effect. The passing of the Reform could be delayed, for example, due to political reasons in order to secure the necessary support within any governing coalition to issue a proposal to the Parliament and for the Parliament to subsequently approve the Reform legislation.

The timetable for implementing the Reform has also raised constitutional concerns. In its statement in June 2017, the Constitutional Law Committee found that the original timetable for the freedom of choice legislation, whereby the reform would have entered into force during 2017 and 2018, did not in all respects sufficiently guarantee equal treatment of citizens as required under the constitution and uninterrupted access to social and healthcare services. Based on these constitutional considerations, the Committee stated that the implementation of the revised freedom of choice legislation must be divided into separate phases to avoid jeopardizing constitutional rights in the implementation of the Reform.

Delays in the implementation of the Reform could affect the Company's ability to prepare for and take advantage of the Reform, and could increase uncertainty in the market for healthcare services. This could have a material adverse effect on the Company's business, financial condition and results of operations.

Significant uncertainties concerning the interpretation of legislation may relate to the Reform.

The Reform represents the most significant change in decades with respect to how publicly funded social care and healthcare services are organized and provided in Finland. Due to the novelty of the proposed legislative framework, significant uncertainty exists concerning the interpretation of the various pieces of legislation in relation to each other, other relevant legislation and the Constitution. Such uncertainty may relate to, for example, the scope of the authority of the counties to independently decide on the manner in which healthcare services are organized within the county.

Uncertainty regarding legal interpretation could affect the Company's ability to take advantage of the Reform, and could result in uncertainty in the market for healthcare services. This could have a material adverse effect on the Company's business, financial condition and results of operations.

The shift of duties to the counties may affect outsourcing processes, among other things.

The counties would constitute an entirely new level of politically-directed regional government in Finland. The highest executive organization of a county would be a county council, whose members would be directly elected. It is difficult to predict how individual counties would exercise their decision-making authority regarding the arranging of healthcare services in general, and the authority to decide on the allocation of a county's social and healthcare budget among various services in particular.

The proposed Reform imposes significant responsibilities on counties concerning the organization of publicly funded healthcare. As counties would constitute a new level of regional government, their organization for healthcare service procurement would be established only in connection with the implementation of the Reform. Because of this, the counties may not initially have the organizations and structures in place for efficiently organizing the provision of social and healthcare services, which may, among other things, cause disruptions in public outsourcing contracting in particular in the short term following the implementation of the Reform. This could have a material adverse effect on the Company's business, financial condition and results of operations.

Possible shortfalls in the funding of counties may lead to uncertainty or disruptions in the procurement of healthcare services.

Each county would be responsible for the budgeting and organizing of statutorily required social and healthcare services within its area. The funding for these services would come mainly from the central government, as only a non-material portion of the overall funding would come from customer fees collected by the county for services used.

Funding shortfalls in the county level could occur for several reasons. The state-provided funding could be insufficient for covering the realized costs of providing and procuring the statutorily required healthcare services. Although the proposed Reform legislation contains provisions on additional central government funding to counties that face financial difficulties, there can be no certainty that counties would timely receive a sufficient amount of such additional funding to cover any structural budget deficits on the county level. In addition, if the counties are unsuccessful in their budgeting and allocation decisions due to, for example, erroneous assumptions or calculations, the funds allocated for the provision of particular healthcare services could run out prematurely during the fiscal year. Any funding shortfalls on the county level could lead to uncertainty or disruptions in the procurement of healthcare services by the counties. This could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks concerning the effect of the Reform on Terveystalo's operating environment and business operations

Due to the above-mentioned and certain other risks and uncertainties related to the Reform, the overall impact of the Reform and the related changes to the structure, services and funding of social and healthcare services, as well as the manner in which the related new legislation would be implemented and interpreted, are each difficult to predict. Consequently, it may be difficult for the Company to prepare for and take advantage of the Reform, or an amended reform proposal, in a timely manner, or at all, if it decided not to expand its service offering to cover services provided by Sote Centers. The effects of the Reform on the Company's operations may also vary significantly between the short term, the medium term and the long term. It is possible that the Company's operating environment for the provision of private healthcare services would as a result of the Reform, if passed, become more difficult in the future or the prices of these services could settle at a level that reduces the profitability of the Company, either of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The following description is based on management estimates at the date of this Prospectus of certain ways in which the Reform, if implemented, could impact the Company's business and results of operations. The following description should not be construed as a statement or estimate regarding the likelihood of the passing of the Reform in its currently proposed form or otherwise.

Corporate customers and private customers

The implementation of the freedom of choice framework could result in a shift in customer demand from non-mandatory occupational healthcare services to the use of direct choice services, which are paid for on a fixed capitation fee basis, as described above. The Company estimates that corporate customers acquire additional non-mandatory healthcare services, for example, due to the benefits that their employees derive from on-demand access to private healthcare through such additional services. If employees of the Company's corporate customers were able to receive a care experience corresponding to these additional services through either publically or privately operated Sote Centers under the freedom of choice framework, this could lead employers to reduce their spending for additional occupational healthcare services.

In addition, management estimates that long waiting times in the public healthcare system have been, among other inconveniences, a driver that has increased the use of the Company's on-demand services by private individuals. If the proposed freedom of choice framework were to reduce waiting times among other inconveniences, this could lead to some of the demand for private healthcare services to shift to Sote Centers and dental health units, because the cost to private individuals for using the publicly funded services provided by the Sote Center would be limited only to customer fees.

A possible shift in demand resulting from the Reform from the Company's current services offered for corporate customers and private customers to the use of services compensated on a capitation fee basis could have a material adverse effect on the Company's business, financial condition and results of operations.

Public customers

The Reform would significantly alter the framework for publicly funded healthcare services in Finland. The Company's public customers currently comprise primarily of municipalities and hospital districts, with which the Company has concluded complete outsourcing contracts and specialty care outsourcing contracts. As a consequence of the Reform, these contracts would in practice transfer to counties to the extent they are not in conflict with the Reform and to the extent the conditions for terminating such outsourcing contracts are not met. As a consequence of the Reform, the outsourcing contracts and contracts relating to the freedom of choice would in practice be negotiated with counties. There can be no assurance that the Company would be able to retain a market position equal to its current position in the public outsourcing market following the transfer of all healthcare outsourcing activities except municipal occupation healthcare to the county level.

Due to the proposed limitations concerning the proportion of services provided by Sote Centers that could be subcontracted, the Company might have to expand its internally provided service offering to service categories in which it has not previously operated, including at least some social care services. Furthermore, there can be no certainty that the Company would be able to successfully compete with more established operators in such service categories. Moreover, the Company could generally face challenges in establishing Sote Centers, depending in particular on the organizational and other requirements that would be required for establishing such units.

The demand could shift from the Company's corporate and private customer groups to the freedom of choice services provided through Sote Centers and dental health units. The compensation for providing freedom of choice services would mainly be based on a fixed capitation fee determined by a county. When determining the level of the capitation fee, the county may take into account factors such as the age of the customer. However, the capitation fee would by definition not be linked to the realized use of services provided by the Sote Centers but rather only to the number of customers registered with a particular Sote Center. Increases in demand for services covered by a capitation fee could therefore negatively affect the profitability for providing such services in particular in the short term, before the capitation fee levels could be adjusted to take into account the increased service use. In addition, a customer could also choose to procure certain secondary care services based on a customer voucher from his or her Sote Center, provided that the Sote Center has been approved as a provider of customer voucher services. All service providers delivering services under the customer voucher would receive the same compensation for the same service. There can be no certainty that the counties would initially set the capitation fee levels or fees for the specific services so that they would provide incentives to private healthcare providers to provide such services, and neither is there any certainty that adequate fee levels would be maintained in the future.

The materialization of any of the above-mentioned risks could have a material adverse effect on the Company's business, financial condition and results of operations.

Changes in compensation systems for public healthcare outsourcing services may adversely affect the Company's business, financial condition and results of operations.

Under the current cost compensation framework, Finnish residents are insured against expenses incurred in treating an illness covered by the statutory national health insurance, which is a part of social security and is managed by Kansaneläkelaitos, the Finnish Social Insurance Institution ("**Kela**") that provides, among other things, health insurance benefits to the Finnish population. The statutory national health insurance provides Finnish residents with an option to obtain healthcare services from the private sector at a reasonable cost and guarantees partial reimbursement of medical and travel expenses provided at outpatient care units, doctor's and dentist's fees charged by private healthcare and occupational healthcare providers and examinations and treatments prescribed by a doctor.

Kela's national health insurance compensation has been proposed to be discontinued in connection with the Reform. The implementation of this proposal or other amendments that would limit the national health insurance contributions received by the Company's private customers from Kela may have a material adverse impact on demand for, and the price level of, healthcare services offered by the Company to private and corporate customers and, as a consequence, have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may not be successful in providing preferred digital healthcare services and applications.

Management believes that the portfolio of the Company's digital offering, including mobile applications for end-users and digital solutions for corporate customers and internal use, is one of its competitive advantages. For example, through Oma Terveys, an end-user facing platform, the Company recorded approximately 568,000 registered users and approximately 272,000 mobile application downloads as at June 30, 2017. However, the Company's competitors could develop more useful and preferred digital solutions. Furthermore, it is possible that technology companies with a large customer base and capabilities in advanced technologies could enter the digital healthcare market, either alone or in conjunction with the Company's competitors. If the Company's competitors are able to respond more rapidly to new technologies and changes in customers' needs or if the Company's customers are not satisfied with the Company's services and switch to other providers, this could lead to a reduced share for the Company in the markets where it operates. Any such change in the healthcare market could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Related to the Company's Business and Operations

The Company may have difficulties in implementing its strategy, and the Company may be unsuccessful in adjusting its strategy to respond to changes in market conditions, for example.

The main areas of the Company's strategy are maintaining high medical quality, capitalizing Finnish market growth through focusing on diversified customer groups, providing customer-centric proactive care through the aid of digital tools and new channels for interaction, continuing to grow in existing and complementary services through organic initiatives and value-accretive acquisitions and capitalizing on and further improving operational excellence to increase profitability and cash generation. The Company's strategy is described in more detail under "*Business of the Company — Strategy*". The successful implementation of the Company's strategy depends upon a number of factors, some of which are completely or partially outside of the Company's control. The Company may not be able to successfully execute its strategy in its key markets due to market conditions or failures in management, service development or the implementation of the strategy in the Company's operations, or the Company's operational unit level planning may not necessarily reflect the Company's key strategic targets. In addition, even if the Company succeeds in implementing its strategy, there can be no certainty that the chosen strategy is or will be successful, especially if market conditions change. The Company may also decide to amend its business strategy and/or adapt its strategy in response to changes in its operating environment.

The execution of the Company's strategy may also be affected by the Social and Healthcare Reform, as it would significantly alter the framework for the provision of publically funded healthcare services (see "*Key Legislation Governing the Provision of Healthcare*" and "*— The proposed Social and Healthcare Reform in Finland, possible delays in the implementation of the Reform and its legal interpretations could have a material adverse effect on the Company's business and results of operations*"). For example, Terveystalo's strategy is primarily focused on healthcare services and medical quality. The proposed legislation related to social and healthcare centers could impose limitations on the subcontracting of services for which the Company might deem necessary to expand its internally provided service offering also to certain social care services. Furthermore, under the proposed freedom of choice model, an annual fee would be paid for each patient listed in a particular social and healthcare center, and the basis for calculation of such fee would be set individually by each county. In addition, a customer could choose to procure certain secondary care services based on a customer voucher also from his or her Sote Center, given that the Sote Center has been approved as a provider of customer voucher services, or from other service providers. All service providers delivering services under the customer voucher would receive the same compensation for the same service. The grounds for determining the fees in this so-called capitation-based model or the fees for the specific services may not sufficiently take into account quality-related factors that the Company believes are important for measuring the added value that its services can provide.

Costs related to pursuing a new or amended strategy or any failure in executing or amending the Company's strategy, or a failure of the strategy itself, could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's business is dependent on its ability to identify, attract and retain highly qualified and skilled healthcare professionals, employees and management.

The Company's ability to generate revenues and grow depends on its ability to grow a broad network of medical doctors, nurses, healthcare professionals and other experts. The Company's service offering and its success are dependent on, among other things, the competence of its employees and its management, as well as on the Company's ability to hire, develop, train, motivate and retain skilled personnel and other experts, such as private practitioners. There can be no certainty that the Company will be able to recruit professionally skilled management, employees and private practitioners and retain these relationships to the extent required for the Company's operations and needs in the future.

Competition for qualified and skilled employees and personnel in the healthcare sector is intense. The Company competes with various public and private healthcare providers to attract and retain qualified personnel and management. The Company may face challenges, for example, in finding a sufficient amount of qualified personnel for all its premises, especially with respect to those located in remote or smaller localities or those without nearby medical universities, where qualified medical, technical and scientific personnel is scarce. In addition, private practitioners working with the Company may have made similar arrangements with the Company's competitors and thus may have low switching costs for ceasing to work with the Company and moving to working only with its competitors.

It is also possible that changes in the regulatory framework of the healthcare sector could increase the required number of personnel in healthcare services. There can be no certainty that the Company will be able to adapt its workforce at a sufficiently rapid timetable if the requirements set out in legislation concerning, for example, the number of licensed practitioners needed in certain operations become materially more stringent. In addition, the Company may have to expand its service offering to the provision of certain social care and auxiliary services in connection with setting up social and healthcare centers pursuant to the proposed freedom of choice framework. See "*Key Legislation Governing the Provision of Healthcare — Certain Legislative Proposals — The Social and Healthcare Reform*". The Company may therefore need to significantly expand its workforce in such service areas.

If the Company fails to attract and retain a highly qualified management and other skilled employees and private practitioners on reasonable terms, for example in terms of work environment and compensation, this could lead to increases in the Company's personnel and recruiting costs, and the Company may not be able to maintain or develop its business. In addition, if the turnover of employees, private practitioners or management is high, this may have a negative impact on the quality of services provided by the Company due to, for example, interruptions in the distribution or communication of relevant information within the Company.

The materialization of any of these risks could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may not be able to find suitable opportunities for acquisitions, expansion or divestments with attractive terms.

As part of its strategy, the Company aims to continue to grow its leading position in existing and complementary services through value-accretive acquisitions, among other things. For example, since 2001 the Company has completed several greenfield investments and over 150 bolt-on acquisitions, contributing to its revenue growth. See "*Business of the Company — Key Strengths — Extensive experience and process-oriented approach for expanding services and network through acquisitions and new establishments*". The ability of the Company to grow through acquisitions is subject to several factors, such as the Company's ability to identify suitable targets, negotiate acceptable purchase terms, finance acquisitions and obtain required regulatory approvals. As the private healthcare and dental services markets in Finland have been going through consolidation in recent years, the Company may not be successful in finding suitable acquisition or expansion opportunities. In addition, there can be no certainty that the Company's future acquisitions will be made on favorable terms or at favorable locations, or that the Company will be able to successfully complete planned acquisitions or expansions.

In addition to acquisitions, the Company may in the future also pursue growth through other transactions, such as pursuing strategic investments, entering into alliances or joint ventures or other similar transactions. If the Company pursues any such transactions, it would be dependent upon its ability to find suitable alliance partners or joint venture candidates and to negotiate acceptable transaction terms and establish an appropriate governance model to govern the cooperation. Entering into alliances and joint ventures involves risks, including exposures and liabilities of the third parties with whom a transaction is undertaken that may arise from such third parties' activities prior to undertaking a transaction with the Company.

The Company may also seek to divest businesses and facilities that no longer complement its operational focus. The success of the Company's divestments is subject to several factors, such as the Company's ability to find a purchaser and negotiate acceptable sale terms, and there can be no certainty that the Company will be able to successfully divest businesses or assets or that such divestments will be made on favorable terms.

Failure to find suitable acquisition opportunities or to successfully complete acquisitions, divestments or other transactions on suitable terms could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may not be able to successfully integrate businesses that it has acquired or may acquire in the future, and the Company may not be able to realize anticipated cost savings, revenue enhancements or other synergies from such acquisitions.

The Company has completed 19 acquisitions since the start of 2014 and plans to continue to grow and develop its capabilities in particular through strategic bolt-on acquisitions. See "*Business of the Company — Strategy*". Examples of Company's recent acquisitions during the periods presented therein include the acquisition of all of the shares in Porin Lääkäritalo Oy ("**Porin Lääkäritalo**") in January 2017 and the acquisition of all of the shares in Diacor terveyspalvelut Oy ("**Diacor**") in late March 2017 from Helsinki Deaconess Institute Foundation sr ("**Helsinki Deaconess Institute Foundation**"). The estimated expected cost synergies from these acquisitions are EUR 14.6 million in total, of which EUR 12 million are expected from the Diacor acquisition. The synergies are expected to be realized by the end of 2018. See "*Operating and Financial Review — Factors Affecting Comparability of Financial Information — The Diacor acquisition and related synergies and operational improvement*". Although there are no material acquisitions currently pending or planned, acquisitions continue to be a part of the Company's future growth strategy.

The integration of assets and businesses that the Company has acquired or will acquire may carry risks that can affect the Company's assets and liabilities, financial condition and results of operations. Following an acquisition, the systems and infrastructure, including patient data systems, of the acquired company must be integrated into the Company's systems. Successful integration will depend on the Company's ability to effect any required changes in operations or personnel on time and in line with original estimates of revenue enhancements, costs and synergies. An acquisition may fail to achieve the Company's return or synergy targets, require unexpected renovation of premises or other capital expenditures or otherwise fail to meet the objectives set by the Company for the acquisition. Corporate acquisitions also involve risks relating to obligations and liabilities of acquired entities. The Company may not always be able to obtain compensation from a seller of a business if risks connected to the operation of the business prior to an acquisition were to materialize. In addition, the acquisition of less profitable businesses or resource intensive expansions could have an adverse impact on the Company's profitability and financial position.

There can be no certainty that the Company's assessments and assumptions about acquisitions will prove to be correct, that the Company will achieve any of the estimated benefits from the acquisitions, or that liabilities, contingencies or other risks previously unknown to the Company will not arise in connection with the acquired businesses. The Company may also lose customers or employees or private practitioners working for the Company as a result of unsuccessful integration of acquired companies and businesses.

Transactions exceeding certain turnover-based thresholds are subject to merger control by competition authorities. In connection with such merger control proceedings, competition authorities have power to impose remedies, if competition concerns are shown to arise, or to prohibit a transaction if no adequate remedies to the competition concerns have been proposed by the merging parties. Furthermore, in June 2017, the Finnish Government has published a proposal for a temporary amendment to the Finnish Competition Act (948/2011, as amended, the "**Competition Act**"), which would extend the Finnish Competition and Consumer Authority's ("**FCCA**") merger control jurisdiction to cover effectively all M&A transactions in the field of social and health services in Finland. The amendment would not alter the applicable substantive merger control test by which the FCCA examines whether a transaction would bring about a significant impediment to effective competition. The amendment proposal, which is currently pending in the Finnish Parliament, would come into effect as soon as possible, and it would remain valid until January 1, 2020. See "*Key Legislation Governing the Provision of Healthcare — Certain Legislative Proposals — Temporary Amendment to the Competition Act*". In addition, a working group established by the Ministry of Economic Affairs and Employment has in June 2017 proposed a permanent sector-specific merger control regime in the field of social and healthcare services. This amendment would not alter the applicable substantive merger control test either, but it would enact lower turnover-based thresholds for merger control filings. It would also empower the FCCA to review at its discretion mergers not meeting the new, lower thresholds. According to the proposal of the working group, the amendment and the Social and Healthcare Reform would come into effect simultaneously. For more information see "*Key Legislation Governing the Provision of Healthcare — Certain Legislative Proposals — Permanent Sector-Specific Merger Regime in the Field of Social and Healthcare Services".* The Company's acquisition planning could be influenced and restrained by merger control considerations due to which the Company may not be able to implement its strategy in full, or may encounter difficulties in finding suitable acquisition or expansion targets for which the relevant turnover-based thresholds would not be exceeded. The materialization of any of these risks could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's reputation could be damaged, which could have an unfavorable effect on the Company's customer base and the Company's ability to retain the services of key personnel.

The Company's services are marketed under the Terveystalo brand. The brand is essential to the Company's operations and implementation of its strategy as it competes for both customers and professionally skilled personnel. The Company's brand may become exposed to negative publicity concerning the Company's operations, the entire healthcare sector and the Company's competitors. Developments beyond the Company's control, such as unfavorable publicity, whether it is based on facts or not, may have an adverse effect on customer behavior. Actions of private practitioners may also negatively affect the reputation of the Company even though the ability of the Company to direct their professional activities is more limited than with employees performing similar tasks. Furthermore, if the Company fails to react effectively to unfavorable publicity, this may lead to additional negative impact on the Company's image.

The Company's ability to attract and retain customers and key personnel could be adversely affected by reputational damage. The Company's reputation could be damaged by several factors, including lack of professional skills of its personnel, cases of medical malpractice, perceived or actual insufficient compliance with legislation and official regulations, potential patient claims, general negative views considering ownership structures or tax footprints of private healthcare companies and public discussion in connection with legislative processes and public procurement processes. See "*— The Company is subject to and may become involved in legal and administrative proceedings brought by authorities, patients or third parties.*" and "*— The Company processes sensitive patient data and other personal data in the ordinary course of its business, and any failure to maintain the confidentiality of that data could result in legal liability for the Company and reputational harm to its business."*

Direct or indirect damage to the Company's brand or reputation may have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may not be successful in its tenders for new customer contracts and it might lose its existing customer contracts.

The public sector holds public tenders for healthcare outsourcing projects and the procured services it utilizes, and employers hold tenders to organize occupational healthcare for their employees. Public entities and employers will require from their contracting partners and the providers of procured services an increasing level of professional skill, flexibility, commitment to long-term cooperation and competitive pricing levels. Although the Company aims to meet the requirements set for private service providers by the public sector and employers, and to maintain competitive through its service offering, there can be no certainty that the Company will continue to be able to win competitive tenders in the future. In particular, intensified competition, including as new competitors enter the healthcare sector, may affect the Company's ability to submit successful tenders, which could have a material adverse effect on the Company's business, financial condition and results of operations.

In public tendering and cooperation projects with municipalities or counties relating to public procurements, the Company also needs to prepare projected calculations of the overall costs and profitability of projects for several years. However, there can be no certainty that the cost estimates for on-going or future outsourcing projects do not contain significant errors in estimates. See "— *The Company's customer contracts may prove unprofitable*". Any errors in calculations or estimates could have a material adverse effect on the Company's business, financial condition and results of operations.

Although the Company has a diversified customer base, the loss of one or several of its largest customers, or a significant reduction in sales to one or several such customers, for any reason, could have an adverse effect on the Company's business, financial condition and results of operations.

Public procurement related cooperation may involve a risk of prohibited cooperation, and the Finnish Competition and Consumer Authority has initiated an investigation in relation to certain calls for tenders.

Healthcare companies often offer complementary services, particularly in connection with full-scale municipal or regional care and healthcare outsourcing and regularly make use of each other's respective regional networks through subcontracting arrangements. As the Company does not currently provide a wide selection of social care services, it partners with other social care and healthcare providers when bidding for public complete outsourcing tenders. Cooperation that could prevent or reduce competition in the healthcare market is generally prohibited and companies suspected of being involved in prohibited cooperation could be subject to fines or damages. The companies involved in prohibited cooperation may also be excluded from future public procurements. Various forms of concerted practices could be potentially considered prohibited. If the Company would be subject to review by competition authorities for suspected infringements of competition law, increased legal costs may accrue for the Company. If the Company would be considered to have been involved in unlawful competition restrictions, the Company could become liable to pay fines or damages or be excluded from future public procurements. If, for example, the FCCA would in its interpretation find that the Company infringed the Competition Act, the FCCA would issue a draft proposal for a penalty payment, and the Company would be given an opportunity to give its response to the draft proposal. The FCCA would then decide, whether or not it would make a penalty payment proposal to the Finnish Market Court. If the Market Court would impose a fine based on the FCCA proposal, the maximum amount of a possible penalty payment for an infringement of the Competition Act (for example, prohibited cooperation between competitors) is ten percent of the turnover of the undertaking concerned during the year in which the undertaking was last involved in the infringement. The Finnish Market Court's decision may be appealed to the Supreme Administrative Court of Finland. If an infringement of the Competition Act is found to have occurred and there is a non-appealable judgment to this effect, private damages claims could be claimed by undertakings or public entities that have suffered damages as a result of such infringement. The materialization of any of these risks could have a material adverse effect on the Company's business, financial condition and results of operations.

The FCCA has in August 2017 initiated an investigation extending to the Company. The FCCA is investigating whether certain companies, including Terveystalo and/or its subsidiaries, have engaged in cooperation that is prohibited by the Competition Act in relation to calls for tenders concerning social and healthcare services organised by municipalities and federations of municipalities. The FCCA's investigation concerns bids made by the Company starting from at least 2014 onwards, including both joint bids and bids that have been submitted individually. If the Company were to be found to have infringed the Competition Act, this could according to the Competition Act ultimately result in a penalty payment of up to ten percent of the Company's turnover and a remote risk of private action being brought against the Company. See "*Business of the Company — Legal Proceedings*".

The Company's customer contracts may prove unprofitable.

The profitability of the Company's customer contracts depends on the pricing of the contracts, the rate at which the Company is capable of initiating measures that increase the efficiency of its operations and units and whether the Company has estimated correctly the effects of possible future measures increasing the efficiency of operations on the contract's profitability. When setting prices for fixed-price contracts and for particular services, the Company must make assumptions and estimates about, for example, future costs and resources required to provide a particular service, including the number of patient visits, especially in relation to fixed-price contracts. The Company may not be successful in its pricing models due to erroneous assumptions or factors that are outside of the Company's control. For example, if the number of patient visits involved in a comprehensively provided service under a fixed-price contract significantly exceeds the projected estimate, this may cause additional costs for the Company without any additional compensation to the Company. Fixed pricing in the provision of occupational healthcare services has become more common during recent years, and if fixed pricing expands to the provision of other healthcare services, this could have a material adverse effect on the Company's profitability.

In public procurement, the Company usually has limited room to affect the content of contracts that are subject to a tender process. As a consequence, the key provisions of such contracts may contain significant uncertainty regarding the scope of the obligations of the Company thereunder, which can make the pricing of such contracts difficult and increase litigation risk. See "— *The Company is subject to and may become involved in legal and administrative proceedings brought by authorities, patients or third parties*".

Furthermore, under the proposed freedom of choice framework as part of the Social and Healthcare Reform, the reimbursement payable to the Company for the provision of primary care would be principally based on fixed-fee pricing that the Company cannot affect. There can be no certainty that the Company would be successful in managing its comprehensive patient care chains efficiently under such pricing models. For example, following the reform, the Company may be unsuccessful in transferring its operating model in the dental market from the current system of invoicing fees per procedure and receiving partial reimbursement from Kela into a fixed-fee model.

There can be no certainty that the Company can make its customer contracts with private and public entities profitable through efficiency-increasing measures, especially if fixed-price contracts become more common in the healthcare sector, or has made accurate assumptions and profitability calculations with respect to the implementation and results of its efficiency measures. The above-mentioned factors may have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's customer contracts include various requirements that the Company must fulfil.

The Company's contracts with occupational healthcare customers and insurance companies as well as in the outsourcing contracts of public healthcare services, typically include obligations with respect to service quality, staffing and staff qualifications. These contracts could also include more detailed obligations, such as services to be conducted by specific healthcare professionals, specified time limits for scheduling appointments with healthcare professionals, or specific allocations of the Company's personnel with respect to certain customers.

Failure by the Company to comply with such obligations, for example, with respect to sufficient availability of doctors or timely provision of services in accordance with the agreed schedule, or service interruptions pertaining to a public procurement involving outsourcings, could expose the Company to contractual penalties or the risk of losing customer contracts. The potential liability of the Company for damage caused may also not necessarily be limited under customer contracts. Furthermore, customer contracts secured through public procurement processes may contain uncertainty as to the content of the requirements that the Company needs to meet. See "— *The Company's customer contracts may prove unprofitable*".

Contractual penalties, damages or loss of customer contracts due to the inability of the Company to meet its obligations under customer contracts could have an adverse effect on the Company's business, financial condition and results of operations.

The Company's business requires the obtaining and maintenance of necessary regulatory permits to provide healthcare services.

The Company must obtain, maintain and renew numerous regulatory permits from various local and regional authorities and comply with the applicable terms and conditions in order to avoid incurring sanctions, such as a written reprimand to the service provider or, in severe cases, withdrawal of operating permits. Regulatory permits should be obtained by the Company and its employees as well as by the independent healthcare practitioners who cooperate with the Company.

The procedure for obtaining permits related to providing healthcare services requires sound operational knowledge and familiarity with the terms and conditions of the permits, as well as active supervision of operations under the principle of self-supervision. Furthermore, once permits are obtained, the Company's operations are subjected to constant supervision by the authorities. Maintaining these permits often requires the Company to meet specific service and quality standards. The interpretation of permit terms and conditions may also change over time and with the appointment of new personnel by the authorities to supervise them.

There can be no certainty that required permits will be obtained, maintained or renewed at reasonable terms or cost, or at all. In addition, it is possible that permits that the Company applies for are not granted in a timely manner by the relevant authority due to factors that are beyond the Company's control, such as limited operating resources of the authority for processing permit applications. The Company may be prevented from conducting business as planned, temporarily or permanently, if permits are not obtained, if granting the permits is delayed due to the actions of the authorities or if the Company does not meet the requirements that apply to permits that the Company has obtained. If activities subject to permit requirements were to be started prematurely by mistake, this could lead to claims for recovery of the reimbursements received from Kela as well as sanctions and other negative consequences.

A delay in obtaining, or a failure to obtain, regulatory permits, or a failure to comply with the terms of any such permits that the Company has obtained, could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is dependent on its key technology, data systems and equipment and a breakdown in the Company's information technology system could result in a significant disruption of its business.

The healthcare sector is highly dependent on a number of technologies due to the sector's structural and operational characteristics. The technologies required by services provided by the Company include information technology and laboratory, X-ray and MRI equipment and surgical and medical procedure technology. A sector dependent on technology could be subject to various technical faults and disturbances, which may be caused by, for example, an extensive interruption in key data systems or a power outage. A technical fault or disturbance can occur at any technical level of a system or at any point in the patient treatment chain. Potential faults and other disturbances in the equipment and systems may negatively affect the quality of the services provided and patient safety. A disturbance or a significant slowdown in the Company's systems may cause delays, and particularly in emergency medicine and operational activities, such disturbances can pose a major risk. In addition, an interruption or malfunction of the Company's online booking system could cause significant financial loss for the Company.

Although backup systems exist for certain key IT systems, including the Company's patient data system, there can be no certainty that these backup systems would prevent a significant disruption to the Company's business should serious faults emerge in such systems. The Company's operations are also indirectly dependent on data networks and data transfer, as well as data systems used by external experts. Disturbances in the Company's data networks, accidental or deliberate interference with communications and disturbances in external parties' data systems may impede the Company's business or cause partial interruptions to business operations. In addition, problems may emerge in the integration of the Company's present and future data systems or the integration of the customer's data systems into the Company's data systems.

Risks associated with technology may also include insufficient training of personnel, especially when new equipment and methods are adapted, which may pose a risk to patient safety or lead to inefficient use of the Company's technological resources.

Furthermore, the prices or maintenance costs may rise for equipment or technology essential for the Company's operations, or their availability on reasonable terms may be constrained. For example, the Company primarily procures and licenses data systems from third parties. If the terms and conditions of the Company's license agreements are amended or changes occur in the availability of licensed data systems, it may be difficult for the Company to find suitable substitutes for such systems. Even if such substitutes would be available, costs relating to replacing the Company's current information management system or other data systems with new systems can be high.

In addition, investments in new technologies, equipment and data systems may prove to be misdirected or insufficient in the future, including if the Company were not to have enough financial resources at its disposal to make sufficient investments in systems or equipment utilized by its competitors.

The materialization of any of these risks could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company processes sensitive patient data and other personal data in the ordinary course of its business, and any failure to maintain the confidentiality of that data could result in legal liability for the Company and reputational harm to its business.

The Company processes sensitive patient data and other personal data as part of its business, and the Company aims to ensure that data are collected, handled and stored appropriately by employees, service providers and private practitioners. The Company uses a centralized patient data system, into which the patient data of the Company's operating units and private practitioners are integrated. The patient data system also serves as the primary source of information for the Company's invoicing. The patient data system is used for the administration and transfer of significant quantities of data within the Company.

Data protection is governed by legislation that sets out provisions on the requirements for processing personal data and the data security, and specifies the responsibilities of the controller and the processor of personal data. The directly applicable EU data protection regulation (Regulation (EU) 2016/679, "**GDPR**") becomes enforceable on May 25, 2018. GDPR will apply generally to the processing of personal data. Once it becomes enforceable, GDPR will apply to the collection, processing, storage and disposal of personal data and related activities by the Company and private practitioners cooperating with the Company.

As part of its data security obligations, the Company aims to constantly develop its organizational and technical data security so that patient data in its business could be protected in the manner required by data protection legislation. Effective implementation of data security requires that the data systems used by the Company are structurally and functionally reliable, and the risk of data being destroyed, for example, must be hedged against with backup copies. However, the risk of data breaches cannot be eliminated. Potential causes for data breaches concerning personal data may include, for example, coding errors in patient data systems, human error in handling personal data in physical or electronic form, errors in the mass transfer of patient data from one data system to another and unauthorized accessing, disclosure or use of personal data by employees, private practitioners, service providers or third parties. A significant portion of the Company's IT services has been outsourced to external service providers, which means that the Company controls the data protection aspects related to such services mainly through contractual arrangements agreed with the service providers. As the renegotiation of the IT services outsourcing agreements may be time-consuming, there is a risk that the Company will not be GDPR compliant in May 2018, which could expose the Company to sanctions for the breach of the GDPR.

Any infringement of data protection could adversely affect the Company's reputation among its customers and other stakeholders and thus weaken demand for the Company's services. Furthermore, under GDPR, a national data protection authority will be able to impose administrative fines for breach of GDPR up to the higher of EUR 20 million or four percent of the total worldwide annual turnover of a company. The materialization of any of the above-mentioned risks could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's insurance cover may prove insufficient.

The Company has taken out statutory patient insurance against potential medical malpractice committed by its own personnel, in addition to which the Company's properties are insured in accordance with what management considers general practices in the sector. The Company has also taken out business interruption insurance and other insurances, such as property insurance and directors' and officers' liability insurance. See "*Business of the Company — Insurance*". The Company's insurance policies may not cover all risks and occurrences of damage that may materialize in the future, and there can be no certainty that any particular claim of the Company would be paid by the insurance provider due to, for example, such claims being not covered under existing policies. See "*The Company is subject to and may become involved in legal and administrative proceedings brought by authorities, patients or third parties*." Further, sufficient insurance coverage may not be available for certain damages at all. In addition, there can be no certainty that the Company will be able to maintain its current insurance coverage on terms acceptable to it.

Any losses not covered by the Company's current or future insurance policies could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's cooperation with insurance companies may be subject to adverse developments.

The Company has cooperated with insurance companies with a long-term approach for a number of years and concluded framework agreements with several insurers. In a standard framework agreement with an insurer, the Company typically agrees on prices for procedures performed on an insured person, which the insurer pays directly to the Company. Insurance companies can have an important role in directing patient flows, as they may recommend to insured persons a preferred provider for obtaining the service covered by the insurance.

There can be no certainty that the Company's cooperation with insurance companies can be continued in present form or developed in the future. Arrangements with insurance companies may be terminated unexpectedly, for instance if an insurance company chooses to cooperate mainly with a competitor of the Company. Insurance companies may also broaden their internal service offering to healthcare services that compete directly with services offered by the Company. For example, one of the largest financial institutions in Finland has recently expanded its service offering to hospital care and occupational healthcare for its insurance customers. Adverse developments in relation to the Company's cooperation agreements with insurance companies could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is subject to and may become involved in legal and administrative proceedings brought by authorities, patients or third parties.

The Company may be adversely affected by judgments, settlements, unanticipated costs or other effects of pending and future legal and administrative proceedings or from investigations by regulatory bodies or administrative agencies. The Company does not consider any currently pending legal claims or proceedings to be material. However, the Company may become subject to claims and judicial and administrative proceedings in the course of its operations, including labor disputes, contract disputes, disputes related to corporate acquisitions, intellectual property disputes, administrative audits and proceedings, including possible appeals and lawsuits related to public procurement processes and other decisions by municipalities or counties, patient disputes and tort claims. The Company may also in some instances have contractual or statutorily established liability towards third parties if individual employees or private practitioners on their own accord breach legal requirements, contractual agreements or internal guidelines (compliance risk). See "*Business of the Company — Legal Proceedings*."

As a general rule, the Company is liable for any medical malpractice committed by employees working for it under an employment relationship. In contrast, the private practitioners working with the Company are responsible personally and through their personal insurance for any medical malpractice they commit. It is, however, possible, that damage to patients caused by healthcare professionals working as private practitioners in the Company also results in damage claims against the Company, for example, on the basis of liability in tort. Due to the inherent risk of complications in many medical procedures, there is a significant risk of litigation. Clinical staff employed by the Company may fail to prescribe the correct treatment or incorrectly or negligently administer treatment, which may lead to litigation claims against the Company. Moreover, treatment meeting the relevant standards of care may still lead to complications, which can also lead to litigation.

The Finnish Patient Injury Act (585/1986, as amended) regulates the compensation of bodily injuries caused in connection with healthcare and hospital care. The Patient Insurance Centre handles notifications of patient injury. After a decision by the Patient Insurance Centre, a recommendation regarding the decision may be sought from the Patient Injuries Board. If the patient is not satisfied with the decision in the matter, the patient may file a civil suit as a compensation dispute in a general district court. The patient may also appeal to the Finnish Consumer Protection Act (38/1978, as amended) or general principles of contract law applicable to purchase of services as a basis for a civil suit claim. See "*Key Legislation Governing the Provision of Healthcare*". Although certain statutory limitations apply to damages for malpractice claims in Finland, such as the indemnification of certain types of damage having been restricted and the compensation of damage considered minor having been excluded, future amendments or changes in the interpretation of these laws could result in a greater number of claims against the Company.

In some proceedings, the claimant may seek damages and other remedies, which, if granted, would require expenditures by the Company. The Company may ultimately incur costs relating to these proceedings that could exceed any future financial accruals or insurance coverage. In addition, should legal proceedings be decided in the patient's favor, the Company may incur fines or other remedies, which may be significant.

Even if the Company's directors, officers, employees or private practitioners (as the case may be) are ultimately not found to be liable, defending claims or lawsuits could be expensive and time consuming, divert management resources, damage the Company's reputation and attract regulatory inquiries. Any of these developments could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may be unable to protect or effectively enforce its intellectual property rights.

The Company uses trade secrets, the development of new service models, trademarks, copyrights and technological development in its business operations and relies on trademark and copyright protection, non-disclosure agreements and certain other agreements and laws to protect such intellectual property. However, there can be no assurance that the measures the Company takes would effectively deter competitors from the improper use of its intellectual property, in particular with regard to trade secrets and know-how, as their appropriation by a competitor may be difficult to prove. The Company cooperates with nearly 4,400 private practitioners, many of whom also operate under similar arrangements with the Company's main competitors, which increases the risk of know-how in particular being transferred outside of the Company. Any failure to protect and enforce the Company's intellectual property rights could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's operations could be subject to labor disruptions or disputes.

The Company may become subject to or the Company's business operations may be affected by strikes or other industrial action that may cause its business operations to be interrupted. The employer organizations representing the Company and other employers will not necessarily be able to negotiate satisfactory collective agreements after previous agreements have reached the end of their validity periods. In addition, current collective agreements pertaining to the Company will not necessarily prevent strikes or work stoppages. While the Company believes that it has good relations with unions and its employees generally, there can be no assurance that these relations will not deteriorate and that the Company will not experience labor disputes in the future. Strikes or industrial action may disrupt the Company's operations, resulting in a loss of reputation, increased personnel expenses through an increase in negotiated wages or benefits or a deterioration in labor relations or could otherwise have a material adverse effect on the Company's business, financial condition and results of operations.

Failures or deficiencies in operational risk management and internal control processes may lead to lapses in quality control or otherwise have an adverse effect on the Company's results and reputation.

The Company has adopted and regularly develops its risk management and internal control processes and systems. Risk management and internal control strives to ensure that the Company's standards of customer service are fulfilled, that patient safety as well as occupational safety and health is ensured, the provided services are of high quality, business is profitable and continuous, the corporate image is good and corporate social responsibility is realized. Risk management is implemented on all organizational levels in accordance with the Company's internal management system. The practices followed are described in the Company's risk management policy. However, the Company's risk management and internal control may not achieve its intended effects. The Company's risk management function may not be able to identify all material risks, monitor the relevant risks and determine efficient risk management procedures and responsible persons. The Company may also experience the realization of operational risks or mistakes, negligence or wrongdoing by its personnel or management. The materialization of any of these risks may have an adverse effect on the Company's business, financial condition and results of operations.

Non-compliance with environmental, health and safety regulations could lead to fines, penalties and increased operating costs.

The operations of the Company are subject to environmental and occupational health and safety regulations. For example, the Company is required to comply with certain regulatory requirements regarding the disposal of special waste generated in the Company's ongoing activities that may be harmful to the Company's patients, employees or the environment, such as pharmaceutical, biological and other medical waste, X-ray related materials and confidential information containing personal data.

Many items used in medical facilities may pose risks to patients, employees and the environment. These items include cleaning concentrates with corrosive effects, flammable alcoholic disinfectants, technical operations materials such as chemicals used in the sanitary facilities and inhalation anesthetics. Further, certain of the Company's facilities could have legacy issues associated with materials used in their construction or prior use. Despite adherence to applicable standards, employees or patients may be harmed, environmental damage may occur and fines may be incurred by the use or presence of such materials. The Company is currently not aware of any material non-compliance with environmental health and safety laws.

A failure to comply with the environmental and occupational health and safety regulations governing the Company's operations could result in the imposition of fines or penalties on the Company or harm to the environment, the Company's patients or the Company's employees. The Company may also face negative publicity and incur increased operating costs as a result of changes it makes to its operations in order to comply with these regulations. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's facilities are exposed to outbreaks of communicable diseases and infections.

Patients may be exposed to communicable diseases and viral, bacterial and other infections (including blood-borne infections) when they visit or receive treatment at the Company's facilities. Moreover, the likelihood of exposure to such ailments is greatest for those patients requiring longer stays in the Company's facilities or with poorer health. In addition, the Company must meet extensive requirements relating to workplace safety for personnel who could be exposed to such diseases and infections, which require work practice controls, protective clothing and equipment, training, medical follow-ups, vaccinations and other measures. Incidents relating to outbreaks of communicable diseases and infections could lead to suspension or termination of the Company's licenses to operate, business interruptions, claims for damages from patients, employees or other persons against the Company, negative press coverage or loss of reputation and thus to loss of patients and business. In addition, if a significant number of the Company's personnel fall ill as a result of exposure to diseases or infections, the Company's ability to provide healthcare services could be adversely affected.

The materialization of any of these risks could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's long-term leases may become onerous, and expiring leases may not be renewed upon expiration.

The Company usually leases the premises where it operates, and lease agreements are often long fixed-term agreements. Long-term lease commitments can present a risk for the Company's profitability if the volumes of operations at a location deteriorate significantly or if the Company would otherwise want to move, divest or close operations at the leased premises. It is also possible that, as a result of increased use of digital services, the need for physical premises could decrease in the future. If the use of digital services increases faster than predicted, the need for physical premises could decrease. Leases become onerous if the leased premises become vacant, or if they are subleased at a rate lower than the original. See "*Business of the Company — Property, Plant and Equipment — Leased Premises*".

The Company also faces the risk that its leases would not be renewed upon expiration. Converting general use premises so as to be suitable for operating a healthcare clinic or a hospital unit requires investment in refurbishment and materials. If a lease agreement for such premises expires and the lessor is not willing to renew the lease on reasonable terms, the Company would have to find new premises in the same locality and invest in making them suitable for the purposes of a clinic or a hospital, which could involve significant costs. Some of the lease agreements obligate the Company to reconstruct the leased premises when the contract period of the lease agreement ends, to be suitable for the previous purpose of use, which could involve significant costs. In addition, the Company has granted a specific indemnity in relation to the acquisition of Diacor, subject to certain conditions, to the Helsinki Deaconess Institute Foundation, among other things, relating to restoration obligations of the Company's rented premises in the Helsinki metropolitan area for a maximum of twelve months occurring after the completion of the Diacor acquisition. For further information see "*Business of the Company — Material Agreements — Diacor Agreement*".

An increase in the amount of costs incurred due to long-term lease agreements becoming onerous or the costs involved in the expiration of the lease agreements could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's actual results of operations may differ materially from the financial targets included in this Prospectus and investors should not place undue reliance on the financial targets.

The Company has adopted financial targets concerning growth in revenue, Adjusted EBITA margin[8], capital structure and payment of dividend. See "*Business of the Company — Financial Targets*". These financial targets constitute forward-looking statements, and it is possible that the Company's actual results of operations or financial condition could, as a result of various factors, differ materially from those expressed or implied by these financial targets. The Company's financial targets are based on a number of assumptions that are inherently subject to significant business, operational, financial and other risks, many of which are outside the Company's control. Key assumptions that the Board of Directors of the Company has made when setting the financial targets include, among others, growth in addressable market of the healthcare services as well as availability of potential M&A targets. However, these assumptions may be invalid or may not continue to reflect the commercial, regulatory or financial environment which the Company operates in or will operate in the future. Furthermore, unexpected events may have an adverse effect on the Company's actual results and financial position, regardless of whether the assumptions on which the financial targets are based otherwise prove correct. The Company's ability to achieve the financial targets is subject to uncertainties and contingencies, some of which are beyond the Company's control, and no assurance can be given that the Company will achieve these targets or that the Company's actual results of operations and financial condition may significantly vary from the financial targets, and investors should not place undue reliance on them.

The Company's pro forma information may not accurately reflect the Group's historical business and results of operations.

The Company's unaudited pro forma financial information included in this Prospectus has been prepared for illustrative purposes. The unaudited pro forma financial information does not purport to represent the Company's results of operations for any future period.

The purpose of the unaudited pro forma financial information is to represent what the business and results of operations of the Company would be, if the acquisition of Diacor and Porin Lääkäritalo as well as other acquisitions in the dental services sector completed during 2016 and 2017 would have been realized on January 1, 2016. The pro forma financial information is based on the Group's financial information, and certain adjustments relating to the acquisition of Diacor and Porin Lääkäritalo as well as the acquisitions in the dental services sector. The fair values of assets acquired of Diacor and Porin Lääkäritalo are still provisional pending the completion of the fair value measurements of customer relationships. Therefore, the final accounting for the acquisitions may differ from the provisional accounting presented in this unaudited pro forma financial information, as presented in more detail in "*Unaudited Pro Forma Financial Information*". Pro forma adjustments are based on available information and assumptions, but the actual effects of the acquisition of Diacor and Porin Lääkäritalo as well as the acquisitions in the dental services sector may differ from what is presented in this Prospectus, as a result of which the results of operations presented in the unaudited pro forma information may differ from the actual.

[8] Defined as Modified EBITA adjusted for material items outside the ordinary course of business as a percentage of revenue.

The unaudited pro forma financial information of the Company has not been prepared with a view toward complying with the requirements of Article 11 of Regulation S-X under the U.S. Securities Act or the guidelines of the American Institute of Certified Public Accountants.

It is possible that the Company will be forced to record write-downs on its goodwill.

The Company has previously acquired other companies and business operations, as a result of which it has recorded goodwill on its statement of financial condition. On June 30, 2017, the Company's statement of financial condition included EUR 582.9 million in goodwill, representing 175 percent of the Company's equity. The Company tests its goodwill for impairment on an annual basis, or more frequently if there are indications of impairment. Estimates used in impairment testing include, among other things, the annual profitability growth, the market growth rate and the discount rate. Even though management believes that the used estimates and assumptions are appropriate, the estimated recoverable amounts may differ significantly from the actual results. Should any of the variables included in impairment testing develop unfavorably, the Company's forecasts may have to be revised negatively, which may lead to recognition of impairment on goodwill. However, there can be no certainty that the Company would not be forced to record write-downs on goodwill in the future for its acquisitions. If the Company were to be required to record any significant impairment losses related to goodwill in the future, this could, depending on the size of the impairment losses in question, have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's tax burden could increase as a result of changes to tax laws or their application or as a result of the ongoing tax audit or future tax audits, and the Company may not be able to utilize its tax loss carry-forwards.

The Company has sought advice from external tax advisors on regular basis to fulfill its tax obligations. The Company's tax burden depends on certain provisions of tax laws and regulations, including the application and interpretation thereof. Changes in tax laws and regulations or their interpretation and application or changes in the prevailing taxation practice may result in an increase in tax burdens or cause adverse retroactive tax consequences for the Company.

Based on the review for the year ended December 31, 2016, the Company's outstanding tax losses carried forward were EUR 102.0 million. The adjusted usable amount was EUR 98.0 million, of which the tax benefit would be EUR 20.0 million. In accordance with the applicable IFRS standards and assessment by management, the Company has only partially recorded deferred tax assets based on outstanding tax losses carried forward. For the financial year ended December 31, 2016, the Company had recorded deferred tax assets of EUR 6.0 million, of which EUR 3.8 million was related to tax loss carry forwards. For further information see "*Operating and Financial Review*". The Company's current tax loss carry forwards expire mainly between 2021 and 2023. There can be no assurance that the Company will be able to use all tax loss and net interest expense carry-forwards. The Company's tax losses may also be lost for reasons such as changes in ownership in the Company or expiry. The possible loss of the use of tax loss carry-forwards or the Company's possible inability to exploit in full its tax loss and net interest expense carry forwards could have a material adverse effect on the Company's financial condition and results of operations.

The Finnish tax authorities are currently performing a tax audit concerning the Company and investigating, amongst other things, the tax deductibility of the interest expense on the Company's shareholder loans and loans from financial institutions related to the Company's capital structure in and before 2013. The audit is pending and the results of the tax audit are not yet known to the Company. In addition, the Company has granted a specific indemnity in relation to the acquisition of Diacor, subject to certain conditions, to the Helsinki Deaconess Institute Foundation, among other things, relating to possible tax liabilities in relation to deductibility of interests for certain loans granted for the Company. For further information see "*Business of the Company — Material Agreements — Diacor Agreement*". In case the interest expenses covered by the above-mentioned specific indemnity were deemed conclusively to be non-deductible, the Company would have to compensate the Helsinki Deaconess Institute Foundation for any costs and tax burden incurred by the Company due to the above-mentioned issues, pro rata to the ownership of the Helsinki Deaconess Institute Foundation in the Shares of the Company. In case interest expenses were deemed to be non-deductible or the tax audit would result in other significant findings, this could have a material adverse effect on the Company's financial condition and the amount of tax losses carried forward described above.

In addition, future tax audits or other auditing measures carried out by tax or other relevant authorities could result in an imposition of additional taxes, which could lead to an increase in the Company's tax liability. The tax authorities may also contest views presented by the Company and, consequently, order additional taxes or contest tax refund claims.

Risks Related to the Company's Financing

Difficulties in accessing additional financing or complying with financial covenants included in the Company's credit facilities as well as increases in costs of financing could have an adverse effect on the Company's financial condition.

The Company may not be able to obtain financing or it may only be able to obtain financing at a significantly higher cost than what is currently the case. Although the Company has on September 15, 2017 as guarantor and Terveystalo Healthcare Holding Oy as borrower and guarantor entered into a five-year EUR 320 million senior facilities agreement with Skandinaviska Enskilda Banken AB (publ) and OP (the "**Senior Facilities Agreement**") that will be available for draw downs after the Listing, subject to customary conditions precedent, it is possible that the Company will have difficulties in obtaining additional financing in the future.

Factors such as financial market conditions, the general availability of credit and the Company's credit rating may affect the availability of financing. Global financial markets have experienced several periods of high volatility since the financial crisis at the end of the previous decade. Financial market conditions may be affected by various factors, including adverse macroeconomic development, sovereign debt crises and unstable political environment. Future periods of uncertainty, increased volatility, disruptions or sustained adverse developments in the financial markets could constrain the Company's access to capital and result, for example, in a reduction of liquidity that could make it more difficult to obtain funding for the Company at reasonable price levels. There can be no assurances that in the future the Company will be able to obtain financing at reasonable cost or on acceptable terms. Should the Company not be able to obtain such financing, this could have a material adverse effect on the Company's business, financial condition and result of operations.

The Company's Senior Facilities Agreement includes financial covenants. See "*Business of the Company — Material Agreements — Senior Facilities Agreement*" for further information. If the Company is unable to comply with these covenants in the future or if it would be unable to make the required interest payments on time, it could be required to renegotiate its Senior Facilities Agreement, request waivers or replace borrowings under the Senior Facilities Agreement with other financing in order to prevent a default. There can be no certainty that the Company would be able to take any such action on terms that are acceptable to it, or at all. If the Company is not able to comply with the financial covenants included in its Senior Facilities Agreement, this could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects as well as make it difficult for the Company to obtain additional financing, if needed.

A rise in interest rates will increase the Company's financial expenses.

The Company's interest rate risk arises from its loans from financial institutions issued at a floating rate. For example, during the year ended December 31, 2016, the average interest rate for the Company's loans from financial institutions was 4.1 percent. An increase of one percentage point in the average interest rate would have increased the Company's interest expenses by EUR 3.1 million during the year 2016.

Interest rates can move in response to numerous factors outside the Company's control, including government and central bank policy. An increase in interest rates would cause the Company's financial expenses to increase and could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is exposed to credit risks through its trade receivables.

Credit risks materialize when contracting parties are unable or unwilling to fulfil their obligations towards the Company. As the Company's trade receivables are spread to a large number of customers, there is no significant concentration of credit risks, according to the assessment of management. A large part of the Company's cash flows are derived from established institutions, the public sector and private companies. Furthermore, a substantial amount of the Company's customers are private persons, who pay the Company for services in real time as the service is delivered to the customer.

Although the Company believes that it is well positioned to monitor and limit its credit risks and its credit losses have been small, the Company's trade receivables are exposed to credit risks. Financial and operational challenges experienced by customers may impact the Company's ability to collect outstanding receivables fully or in timely manner, or at all, and, consequently, cause credit losses. An increase in credit losses could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Related to the Shares and the Offering

The amount of any dividends paid by the Company in any given financial year is uncertain and the Company may not necessarily pay any dividend.

The Company cannot guarantee that it will distribute dividends or make capital repayments in the future on the Shares it has issued. The payment of dividend or capital repayments and their amounts are at the discretion of the Company's Board of Directors and, ultimately, depend on a resolution of the General Meeting of Shareholders of the Company, as well as on cash and cash equivalents, profit for previous financial periods, estimated financing needs, the Company's financial condition, results of operations, potential terms and conditions of loan agreements binding the Company and other related factors.

The Company's Shares may not be listed in a timely manner or at all.

The Offering is being carried out for the purpose of listing the Company on the Helsinki Stock Exchange. In the view of management, the Company fulfills the criteria set for a company applying for Listing, but there can be no certainty that the Listing may not be delayed. It is also possible that all of the Offer Shares are not subscribed for in the Offering or that the Offering is not carried out due to reasons relating to the execution of the Offering, or due to requirements set by the Helsinki Stock Exchange, or other reasons. Delay in or failure of the Listing may have a material adverse effect on the Company's business, financial condition and results of operations as well as the development of its shareholder value.

The Company will incur additional costs and new obligations as a consequence of the Listing.

The Company will submit a listing application to the Helsinki Stock Exchange to list the Shares on the Official List of the Helsinki Stock Exchange. In addition to non-recurring costs, the Listing will generate additional administrative costs for the Company. As a consequence of the Listing, the Company will be required to meet regulatory requirements pertaining to entities with shares admitted to trading on the Helsinki Stock Exchange, in particular with respect to financial reporting, and allocate staff and resources to such purposes. Such increased costs could have a material adverse effect on the Company's financial condition and results of operations.

The Shares have not been previously subject to public trading, and thus the share price may be volatile and an orderly and liquid trading market may not develop.

Even though the shares of the Company's former parent company Terveystalo Healthcare Oy (first named Suomen Terveystalo Oyj, and later Terveystalo Healthcare Oyj during its public listing) have been subject to trading on the Helsinki Stock Exchange between 2007 and 2009, the Shares have not previously had a public trading market. Therefore, there can be no certainty that, after the Listing, the Shares will be actively traded or that active trading can be maintained and thus, the liquidity of the Shares is uncertain.

The Subscription Price per Offer Share does not necessarily indicate the prices that will prevail in the public market after the Listing. The market price of the Shares may fluctuate significantly due to a number of factors, such as realized or anticipated changes in the Company's results of operations, the Company's ability to reach its business objectives, developments in the markets the Company serves, the introduction of new services or products to the market or announcements concerning innovations introduced by competitors, changes in the regulatory environment, general market conditions and other factors. In addition, international financial markets have occasionally experienced significant fluctuations in share prices and trading volumes regardless of the business development or future outlook of individual companies. These factors are mainly beyond the Company's control.

Moreover, the prices of shares offered publicly for the first time have been subject to considerable price fluctuations for periods of time, which may not have corresponded to the business or financial success of the particular company issuing such shares. There can be no certainty that the market price of the Shares will not experience significant fluctuations or decline below the Subscription Price.

Share ownership is concentrated, and the largest shareholder will continue to have significant decision power.

If the Offering is carried out as planned in this Prospectus, the largest shareholder of the Company, EQT will hold approximately 15.8 percent of all Shares and votes of the Company immediately following the completion of the Offering, assuming that the maximum number of New Shares are offered and subscribed for in the Offering (including the Over-Allotment Option of 10,949,196 Additional Shares and assuming that EQT would not decide to increase the number of Sale Shares). See "*Major Shareholders and Related Party Transactions*". After the Offering, EQT will continue to have significant decision-making power in the Company concerning, among other things, the composition of the Board of Directors and the distribution of dividends. EQT may also have the ability to block decisions requiring the approval of financial statements at the General Meeting of Shareholders of the Company including, among other things, decisions regarding changes to the Articles of Association and certain corporate transactions, such as mergers or demergers. There can be no certainty that the actions, objectives and interests of EQT will correspond with those of other shareholders, which may have an adverse effect on the value and liquidity of the Shares.

Future share issues and sales of significant number of Shares may reduce the price of the Shares and the future share issues may dilute the share of ownership of the current shareholders.

If the Offering is carried out as planned, the largest shareholder of the Company, EQT would hold approximately 15.8 percent of all Shares and votes of the Company immediately following the completion of the Offering, assuming that the maximum number of New Shares are offered and subscribed for in the Offering (including the Over-Allotment Option of 10,949,196 Additional Shares and assuming that EQT would not decide to increase the number of Sale Shares). See "*Major Shareholders and Related Party Transactions*". The Company and the Selling Shareholders have agreed with the Managers that such parties will not, for a period lasting for 180 days from the Listing of the Shares on the Helsinki Stock Exchange, with certain exceptions, issue or sell Shares without the consent of the Managers. In addition, members of management that are expected to hold a total of approximately 2.1 percent of the Shares following the Offering (assuming that the maximum number of New Shares are offered and subscribed for in the Offering), have agreed with the Managers that they will not, for a period lasting for 360 days from the Listing of the Shares on the Helsinki Stock Exchange, with certain exceptions, sell Shares without the consent of the Managers. Furthermore, a party that submits to participate in the Personnel Offering agrees to be bound by certain selling restrictions related to Shares subscribed for in the Personnel Offering. See *"Plan of Distribution in the Offering — Lock-up"*. After the expiration of the relevant restriction period, the Company may issue Shares and the Selling Shareholders, members of management and participants in the Personnel Offering may sell Shares. The issuance or sale of a significant amount of Shares, or an understanding that such an issuance or sale may occur in the future, could have an adverse effect on the market price of the Shares and on the Company's ability to raise funds through share issues in the future.

Due to the large percentage of Shares held by the largest shareholder, there can be no certainty that the largest shareholder will not affect trading and transaction volumes, which could have an adverse effect on the prevailing market price of the Shares. Further, the perception that any such large sell-down by the largest shareholder may occur in the future may have an adverse impact on the development of the price of the Shares. Furthermore, any possible future directed share issue, or a rights issue where any existing shareholders decide not to exercise their subscription rights, could dilute shareholders' shares and votes.

Subscription commitments cannot be cancelled.

The subscription commitments made in the Offering are binding and cannot be cancelled or amended after the subscription has been made, except as discussed under "*Terms and Conditions of the Offering — Cancellation of the Commitments*". Therefore, investors will make their investment decisions prior to having knowledge of the final result of the Offering.

The ownership of a shareholder not participating in the Offering will be diluted.

The relative holding and voting rights in the Company of shareholders who decide not to participate in the Offering by subscribing for Shares, or are unable to fully subscribe for Shares due to the laws and regulations in force in their country of residence or domicile, will be diluted accordingly, and the original shares by such shareholders will represent a smaller percentage, in the same proportion, of the increased number of total shares issued by the Company.

Breach of the terms and conditions of the Placing Agreement may lead to termination of the Offering.

The Placing Agreement (as specified below) concerning the Offering includes certain usual terms and conditions concerning such aspects as the accuracy and correctness of certain contractual representations and warranties given by the Company and EQT. Should one or more of the terms and conditions of the Placing Agreement be breached, the Placing Agreement may not be made or it may be terminated, as a result of which the Offering will not be carried out. For more information on the Placing Agreement, see *"Plan of Distribution in the Offering — Placing Agreement"*.

Investors with a reference currency other than the euro will become subject to certain foreign exchange risks when investing in the Shares.

The Shares will be priced and traded in euro on the Helsinki Stock Exchange and any future payments of dividends on the Shares will be denominated in euro. Exchange rate movements of the euro will therefore affect the value of any dividends paid and other distributions of unrestricted equity for investors whose principal or reference currency is not the euro. Further, the market price of the Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not the euro.

Certain foreign shareholders may not necessarily be able to exercise their subscription rights.

Under Finnish legislation, shareholders have specific subscription rights in proportion to their holdings when the Company issues new Shares or securities entitling the subscription of new Shares. Certain shareholders of the Company who live or will live, or whose registered address is located in, certain countries other than Finland, including shareholders in the United States, may not necessarily be able to exercise their subscription rights in possible future share issues, unless the shares have been registered according to the securities legislation of the country in question or in an otherwise similar manner, or unless a derogation from the registration or other equivalent regulations provided in the applicable legislation is available. This may lead to the dilution of such shareholders' ownership in the Company. Further, if the number of shareholders who are not able to exercise their subscription rights is high and if the subscription rights of such shareholders are sold on the market, it could have an adverse effect on the price of the subscription rights. A foreign shareholder's right to have access to information concerning share issues and important transactions may also be restricted due to the legislation of the country in question. See "*Description of the Shares and Share Capital — Shareholders' Rights*".

COMPANY, BOARD OF DIRECTORS, AUDITORS AND ADVISERS

Company

Terveystalo Plc
Jaakonkatu 3
FI-00100 Helsinki, Finland

Board of Directors of the Company

Name	Position
Fredrik Cappelen	Chairman of the Board of Directors
Olli Holmström	Member of the Board of Directors
Vesa Koskinen	Member of the Board of Directors
Åse Aulie Michelet	Member of the Board of Directors
Ralf Michels	Member of the Board of Directors
Matti Rihko	Member of the Board of Directors
Åsa Riisberg	Member of the Board of Directors

The business address of all members of the Board of Directors is Jaakonkatu 3, FI-00100, Helsinki, Finland.

Auditor of the Company

KPMG Oy Ab
Authorized Public Accountants
Töölönlahdenkatu 3 A
FI-00100 Helsinki, Finland
Auditor in charge: Jari Härmälä
Authorized Public Accountant

Managers

Joint Global Coordinators

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FI-00510 Helsinki, Finland

Legal Advisers to the Company

In relation to Finnish law
Hannes Snellman Attorneys Ltd
Eteläesplanadi 20
FI-00130 Helsinki, Finland

In relation to U.S. law
Kirkland & Ellis International LLP
30 St Mary Axe
London, EC3A 8AF, United Kingdom

Legal Advisers to the Managers

In relation to Finnish law
Borenius Attorneys Ltd
Eteläesplanadi 2
FI-00130 Helsinki, Finland

In relation to U.S. law
Shearman & Sterling (London) LLP
9 Appold Street
London, EC2A 2AP, United Kingdom

Financial Adviser to the Company

Lazard & Co., Limited
50 Stratton Street
London, W1J 8LL, United Kingdom

CERTAIN MATTERS

Statement Regarding Information in this Prospectus

The Company is responsible for the information included in this Prospectus. To the best knowledge of the Company, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import. To the best knowledge of the Selling Shareholders, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus concerning the Selling Shareholders and their shareholdings in the Company is in accordance with the facts and contains no omission likely to affect its import.

September 27, 2017

Terveystalo Plc — Selling Shareholders

Forward-Looking Statements

Some of the statements in this Prospectus, particularly all statements regarding the future or profit projections under "*Summary*", "*Risk Factors*" and "*Business of the Company*" and elsewhere in this Prospectus include forward-looking statements that reflect management's current views and understanding with respect to the Company's financial condition, business strategy, and plans and objectives of the management of future operations and goals (including development plans relating to the Company's services and products). These statements may include forward-looking statements both with respect to the Company and the sector and industry in which it operates. Statements that include the words "aim", "anticipate", "assume", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "project", "target", "will", "would" and similar statements identify forward-looking statements.

All forward-looking statements address matters that involve risks and uncertainties, as a result of which the Company's actual results or operating results may differ materially from those indicated in the forward-looking statements. These risks and uncertainties include, but are not limited to, those described in "*Risk Factors*", which should be read together with the other cautionary statements included in this Prospectus. Any forward-looking statements in this Prospectus are unaudited and reflect the current views of management with respect to future events. These forward-looking statements are subject to those risks described in "*Risk Factors*", and other risks, uncertainties and assumptions relating to the Company's business, results of operations, strategy and liquidity. These forward-looking statements reflect only current views as at the date of this Prospectus. Subject to any obligations under the applicable laws and regulations (including the Securities Markets Act), the Company undertakes no obligation to update or review any forward-looking statements, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or individuals acting on behalf of the Company are expressly qualified in their entirety by this section.

Availability of the Prospectus

The Finnish Prospectus and the documents incorporated therein by reference will be available no later than September 28, 2017 on the Company's website at www.terveystalo.com/listautuminen and registered office at Jaakonkatu 3, FI-00100, Helsinki, Finland. In addition, the Finnish Prospectus will be available on or about September 28, 2017 at SEB's Helsinki office located at Eteläesplanadi 18, FI-00130 Helsinki, Finland and on the website of SEB at www.seb.fi, at the offices of cooperative banks belonging to the OP Financial Group and on the website of OP at www.op.fi/merkinta, as well as at the Helsinki Stock Exchange at Fabianinkatu 14, FI-00100 Helsinki, Finland. This Prospectus and the documents incorporated herein by reference will be available on or about September 29, 2017 on the Company's website at www.terveystalo.com/IPO and on the website of SEB at www.seb.fi.

Presentation of Financial and Certain Other Information

Historical Financial Information

The historical financial information of Terveystalo Plc included in this Prospectus has been derived from Terveystalo's unaudited consolidated financial information as at and for the six months ended June 30, 2017 prepared in accordance with "*IAS 34 — Interim Financial Reporting*", including the unaudited comparative consolidated financial information as at and for the six months ended June 30, 2016, and

Terveystalo's audited consolidated financial statements as at and for the years ended December 31, 2016 and 2015, including the audited comparative financial information for the year ended December 31, 2014, prepared in accordance with IFRS as adopted by the EU, all of which are included in the F-pages to this Prospectus. The financial information included in the tables of this Prospectus has been indicated to be audited when the information has been derived from the audited consolidated financial statements.

Certain of the historical financial information as at and for the years ended December 31, 2016, 2015 and 2014 presented herein differs from the historical financial information in the Company's audited statutory consolidated financial statements adopted by the annual general meeting due to the adoption of IFRS 15 *Revenue from Contracts with Customers* in 2017. The restated audited consolidated financial statements have been prepared for inclusion in this Prospectus and they have not been considered or adopted at the Company's annual general meeting. The Company's auditor, KPMG, has issued auditor's reports regarding the Company's statutory consolidated financial statements on March 29, 2017, March 22, 2016 and March 24, 2015. More information on the effects of the adoption of the IFRS 15 standard is presented in Note 7 "*Revenue distribution"* of the audited consolidated financial statements included elsewhere in this Prospectus and in *"Operating and Financial Review — New and Amended Standards and Interpretations"*.

Alternative Performance Measures

This Prospectus includes certain performance measures of the Company's historical financial performance, financial position and cash flows, which, in accordance with the "*Alternative Performance Measures*" guidance issued by the European Securities and Markets Authority ("**ESMA**") are not accounting measures defined or specified in IFRS and are therefore considered alternative performance measures. The Company presents the following alternative performance measures:

- Revenue of like-for-like clinics is defined as the revenue of clinics, for which the effect of business acquisitions has not been significant or the effect has been assessed not to be material.
- Revenue growth of like-for-like clinics is defined as the growth or decline in revenue of clinics compared to the previous year, for which the effect of business acquisitions has not been significant or the effect has been assessed not to be material.
- Modified EBITDA, which is operating profit before depreciation, amortization and impairments.
- Modified EBITDA margin, which is Modified EBITDA as a percentage of revenue.
- Adjusted EBITDA, which is Modified EBITDA adjusted for material items outside the ordinary course of business.
- Adjusted EBITDA margin, which is Adjusted EBITDA as a percentage of revenue.
- Modified EBITA, which is operating profit before amortization and impairments.
- Modified EBITA margin, which is Modified EBITA as a percentage of revenue.
- Adjusted EBITA, which is Modified EBITA adjusted for material items outside the ordinary course of business.
- Adjusted EBITA margin, which is Adjusted EBITA as a percentage of revenue.
- Adjustments are material items outside the ordinary course of business, such as expenses related to acquisitions and restructurings, gain on sale of assets, strategic projects, new operations and other items affecting comparability.
- Adjusted Net Income, which is defined as net profit adjusted for material items outside the ordinary course of business and amortization of intangible assets identified in business combinations net of tax.
- Net Debt is defined as total interest-bearing financial liabilities less interest-bearing receivables and cash and cash equivalents.
- Gearing, which is calculated by dividing Net Debt by total equity.
- Net Debt / Adjusted EBITDA, which is calculated by dividing Net Debt by the Adjusted EBITDA of twelve months.
- Return on Equity (ROE), which is calculated by dividing annualized profit or loss for the period by the average of total equity including non-controlling interest at the beginning and at the end of the period.

- Return on Capital Employed (ROCE), which is calculated by adding to the profit/loss before taxes the financial expenses for the period and dividing the sum by the average of total equity including the non-controlling interest and total current and non-current financial liabilities at the beginning and at the end of the period.
- Equity Ratio, which is calculated by dividing total equity including non-controlling interest by total assets less advances received.
- Net Working Capital (NWC), which is calculated by adding trade and other receivables to inventories and subtracting trade and other payables and current tax liabilities.
- Total Cash Capex, which is defined as payments for property, plant and equipment, intangible assets and available-for-sale financial assets as well as proceeds from sale of such assets and acquisitions and sales of subsidiaries and business operations, net of cash acquired, as presented in consolidated statement of cash flows.
- Total Capex, which is Total Capex (as defined above) and adding to this sum non-cash capex, including hire purchases and financial leases, and M&A.
- Total Capex excluding M&A, which is Total Capex (as defined above) excluding acquisitions and sales of subsidiaries and business operations, net cash acquired, as presented in consolidated statement of cash flows, and non-cash M&A.

For the detailed calculation of the non-IFRS measures, see "*Selected Consolidated Financial and Other Information — Reconciliation of Alternative Performance Measures*".

The Company presents alternative performance measures as additional information to financial measures presented in the consolidated statement of income, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In the Company's view, the alternative performance measures 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.

The Company presents Adjusted EBITDA and Adjusted EBITA, which have been adjusted for material items outside of ordinary course of business. Adjusted EBITDA and Adjusted EBITA are presented as complementary measures in this Prospectus because such measures are widely used by analysts, investors and other parties and because, in the Company's view, they increase understanding of the Company's results of operations. The Company also presents Modified EBITDA, Modified EBITA, like-for-like growth in revenue of clinics and Adjusted Net Income as complementary measures in this Prospectus because, in the Company's view, they increase understanding of the Company's results of operations. In addition, Gearing, Net Debt / Adjusted EBITDA ratio, Equity Ratio, Return on Equity, Return on Capital Employed and Net Working Capital are presented as complementary measures because, in the Company's view, they are useful measures of the Company's ability to obtain financing and service its debt. Cash capex, Total Capex and Total Capex excluding M&A are presented to give additional information on the cash flow needs of the Company's operations.

The alternative performance measures should not be considered in isolation or as substitute to the measures under IFRS. Alternative performance measures are not accounting measures defined or specified in IFRS. All companies do not calculate alternative performance measures in a uniform way, and therefore, the alternative performance measures presented in this Prospectus may not be comparable with similarly named measures presented by other companies. Furthermore, these non-IFRS measures may not be indicative of the Company's historical results of operations and are not meant to be predicative of potential future results.

Unaudited Pro Forma Financial Information

The unaudited pro forma financial information is presented for illustrative purposes only. The unaudited pro forma income statements for the six months ended June 30, 2017 and for the year ended December 31, 2016 give effect to acquisitions of Diacor, Porin Lääkäritalo and the dental entities completed in 2016 and 2017 as if they had occurred on January 1, 2016. The acquisitions are included in the Company's interim statement of financial position as at June 30, 2017. Therefore, no pro forma statement of financial position is presented. See also "*Unaudited Pro Forma Financial Information*".

The unaudited pro forma financial information was prepared in accordance with Annex II to the Commission Regulation (EC) No. 809/2004, as amended. The unaudited pro forma financial information below was also prepared in a manner consistent with the accounting principles applied in the Company's audited consolidated financial statements as at and for the year ended December 31, 2016 included in the F-pages to this Prospectus. The unaudited pro forma financial information of the Company has not been prepared with a view toward complying with the requirements of Article 11 of Regulation S-X under the U.S. Securities Act or the guidelines of the American Institute of Certified Public Accountants.

The unaudited pro forma financial information reflects the application of pro forma adjustments that are based upon available information and certain assumptions described in the accompanying notes of the unaudited pro forma financial information and that the Company believes are reasonable under the circumstances. The unaudited pro forma financial information has been prepared by the Company for illustrative purposes only and it reflects the assumed circumstances and is not necessarily indicative of the actual financial position or results of operations of the Company that would have been realized had the acquisitions occurred as at the dates indicated, nor is it meant to be indicative of any anticipated financial position or future results of operations that the Company will experience going forward.

The unaudited pro forma financial information should be read together with the other sections presenting the Company's historical financial information and any other information included in this Prospectus.

The audited financial statements of Diacor for the year ended December 31, 2016 have been incorporated by reference to this Prospectus. These financial statements have been prepared on a basis consistent with the FAS and are not comparable with financial information prepared in accordance with IFRS, as adopted by the EU.

See also "*Unaudited Pro Forma Financial Information*" and "*Risk Factors — Risks Related to the Company's Business and Operations — The Company's pro forma information may not accurately reflect the Group's historical business and results of operations.*".

Rounding Adjustments

The figures presented in this Prospectus, including the financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or row in tables may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Currencies

As used herein, references to (i) "**euro**", "**EUR**" or "**€**" are to the euro, the lawful currency of the participating member states in the Third Stage of the European and Monetary Union of the Treaty Establishing the European Community and (ii) "**U.S. dollar**" or "**USD**" or "**$**" are to the United States dollar, the lawful currency of the United States of America. For information regarding recent rates of exchange between the euro and the U.S. dollar, see "*Exchange Rates*".

Market, Economic and Industry Data and Management Reports and Findings

The market, economic and industry data used throughout this Prospectus is obtained from one or several designated sources or derived from any or various industry and other independent sources, including data from reports and surveys concerning the Company's customer satisfaction, awareness of the Company's brand as well as the market in which the Company operates. These sources include, for example, National Institute for Health and Welfare ("**THL**"), preparatory materials on the Social and Healthcare Reform (including Government bills), Statistics of Finland, OECD, United Nations' reports, Eurostat, Euromonitor and a survey commissioned by Finnish Association of Private Care Providers and Lääkäripalveluyritykset ry (Aula Research) and information obtained in other ways, unless otherwise stated. Some of the statistics, data and other information relating to markets, market sizes, market shares and market positions contained in the Prospectus have been derived from a report commissioned by the Company and EQT Partners Oy from Nordic Healthcare Group Oy ("**NHG**") in spring 2017. The NHG report dated June 13, 2017 was updated on August 11, 2017 by NHG (together, the "**NHG Report**"). The historical market data contained in the NHG Report is derived from public statistics produced by entities such as THL, Kela and Statistics Finland. The market estimates and forecasts contained in the NHG

Report are based on the analysis by NHG concerning the factors affecting the growth of the markets and their forecasted development.

The Company has ensured that the information has been reproduced appropriately in this Prospectus. As the Company does not have access to all of the facts, assumptions and postulates underlying the market analyses or statistical information and economic indicators contained in sources of third party information, including the NHG Report, Terveystalo is unable to verify such information. As far as the Company is aware and is able to ascertain from information provided by NHG or other third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Moreover, market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward looking and speculative. Therefore, changes in the postulates and their premises on which market studies, including the NHG Report, are based, could have a significant influence on the analyses and conclusions made.

The statements in this Prospectus on the Company's market position and on other companies operating in its market areas are based solely on the experiences, internal investigations and assessments of the Company, as well as the reports and surveys it has commissioned, which the Company deems reliable. The Company cannot, however, guarantee that any of these statements are accurate or give an accurate description of the Company's position in its market, and none of the Company's internal investigations or information has been verified using external sources independent of those commissioned by the Company.

Website Information

The Company and the Managers will publish this Prospectus and any supplements thereto on their websites. The contents of the Company's or the Managers' websites or any other website do not form part of this Prospectus (except for the documents incorporated in this Prospectus by reference presented in section "*Documents incorporated by reference to the Prospectus*"), and prospective investors should not rely on such information in making their decision to invest in securities.

Available Information

The Company has agreed that it will, during any period in which it is neither subject to the reporting requirements of Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor exempt from such reporting pursuant to Rule 12g3-2(b) thereunder, furnish, upon request, to any holder or beneficial owner of the Offer Shares or any prospective investor designated by any such holder or beneficial owner, information satisfying the requirements of Rule 144A(d)(4) under the U.S. Securities Act to permit compliance with Rule 144A in connection with resales and transfers of the Offer Shares for so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act. Any such request should be directed to the Company at Jaakonkatu 3, FI-00100 Helsinki, Finland. The Company is not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act.

Service of Process and Enforcement of Civil Liabilities

The Company is organized under the laws of Finland, with its domicile in Helsinki, Finland. All of the members of the Board of Directors and the Executive Team (see "*Board of Directors, Management and Auditors — Executive Team*") of Terveystalo are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Company are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or the Company or to enforce against them in U.S. courts judgments obtained in such courts.

The Company has been advised that there is doubt as to the enforceability in Finland, in original actions instituted in U.S. courts, of civil liabilities predicated solely upon the federal securities laws of the United States. Therefore, final judgments for the payment of money rendered by a U.S. court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be automatically enforceable in Finland.

Stabilization

In connection with the Offering and in accordance with all applicable laws and rules, the Stabilizing Manager acting for the account of the Managers, may (but will be under no obligation to) over-allot Shares or effect stabilization transactions with a view to supporting the market price of the Shares during the Stabilization Period at a level higher than that which might otherwise prevail (provided that the aggregate principal amount of Shares allotted does not exceed 15 percent of the aggregate principal amount of the Offer Shares). However, stabilization action may not necessarily occur and may cease at any time. Any stabilization action may begin on or after the date of commencement of trading of the Shares on the Helsinki Stock Exchange and, if begun, may be ended at any time, but it must end no later than 30 days after that date. Any stabilization action or over-allotment must be conducted by the Stabilization Manager in accordance with all applicable laws and rules and can be undertaken at the offices of the Stabilization Manager and on the Helsinki Stock Exchange and Bats Trading Limited (Bats Europe) as well as Turquoise Global Holdings Limited (Turquoise). Stabilization may result in an exchange or market price of the Shares that is higher than might otherwise prevail, and the exchange or market price may reach a level that cannot be maintained on a permanent basis.

The Stabilization Manager will act as the central point under Art (6)5 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilization measures.

Any stabilization measures will be conducted in accordance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council on market abuse (the "**Market Abuse Regulation**" or "**MAR**") and the Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilization measures.

IMPORTANT DATES

September 28, 2017 at 10:00 a.m. (Finnish time)	The subscription period for the Offering commences
October 5, 2017 at 4:00 p.m. (Finnish time)	The option to discontinue the Institutional Offering and Public Offering commences
October 5, 2017 at 4:00 p.m. (Finnish time)	The option to discontinue the Personnel Offering commences
October 6, 2017 at 4:00 p.m. (Finnish time)	The subscription period for the Public Offering ends
October 6, 2017 at 4:00 p.m. (Finnish time)	The subscription period for the Personnel Offering ends
October 10, 2017 at 12:00 noon (Finnish time)	The subscription period for the Institutional Offering ends
October 10, 2017 (estimate)	Announcement of the preliminary results of the Offering
October 11, 2017 (estimate)	Announcement of the final results of the Offering
October 11, 2017 (estimate)	The Offer Shares offered in the Public Offering and Personnel Offering are registered in the book-entry accounts of the investors
October 11, 2017 (estimate)	Trading in the Shares commences on the Prelist of the Helsinki Stock Exchange
October 13, 2017 (estimate)	The Offer Shares offered in the Institutional Offering are ready to be delivered upon payment through Euroclear Finland
October 13, 2017 (estimate)	Trading in the Shares commences on the Official List of the Helsinki Stock Exchange

EXCHANGE RATES

The following table presents the average, high, low, and period-end reference rates as published by the European Central Bank for the U.S. dollar ("USD") per EUR as at the dates and for the periods indicated:

	Reference rates of USD per EUR			
	Average	**High**	**Low**	**Period-End**
Annually				
2014	1.3285	1.3953	1.2141	1.2141
2015	1.1095	1.2043	1.0552	1.0887
2016	1.1069	1.1569	1.0364	1.0541
2017 (through September 22, 2017)	1.1123	1.2060	1.0385	1.1961
Monthly				
March 2017	1.0685	1.0889	1.0514	1.0691
April 2017	1.0723	1.0930	1.0578	1.0930
May 2017	1.1058	1.1243	1.0860	1.1221
June 2017	1.1229	1.1413	1.1147	1.1412
July 2017	1.1511	1.1729	1.1329	1.1727
August 2017	1.1807	1.2048	1.1697	1.1825
September 2017 (through September 22) 2017)	1.1952	1.2060	1.1885	1.1961

The above rates are provided solely for the convenience of the reader and are not necessarily the rates used in the preparation of the Company's financial statements and financial statement information. No representation is made that the euros could have been converted into U.S. dollars at the rates shown or any other rate at such dates or during such periods.

DIVIDEND AND DIVIDEND POLICY

The Board of Directors has confirmed a dividend policy for the Company in its meeting on August 15, 2017. According to its dividend policy, the Company aims to distribute at least 30 percent of its net profit as dividends on an annual basis. The proposed dividends shall take the Company's long-term development needs and financial position into account. Any dividends to be paid in future years, their amount and the time of payment will depend on the Company's future earnings, financial condition, cash flows, investment needs, solvency and other factors. The dividends paid by the Company for any financial year will not be indicative of the dividends to be paid after such financial year.

The Company has not paid dividends for the financial years ended December 31, 2016, 2015 or 2014. Distributable unrestricted equity of the parent company of the Group, Terveystalo Plc, amounted to EUR 308.0 million as at December 31, 2016.

Under the Finnish Companies Act (624/2006, as amended, the "**Companies Act**"), the General Meeting of Shareholders decides on the distribution of dividends based on a proposal by the Board of Directors. Dividends may be paid only after the General Meeting of Shareholders has approved the Company's financial statements. If dividends are distributed, all of the Shares are entitled to the same dividend. There can be no assurance regarding any financial period as to the amount of dividends to be distributed or as to whether the Company will distribute dividends at all. For a description of the restrictions applicable to dividend distributions, see "*Description of the Shares and Share Capital — Shareholders' Rights*".

BACKGROUND AND REASONS FOR THE OFFERING AND CONTEMPLATED LISTING AND USE OF PROCEEDS

Reasons for the Offering and Listing

The objective of the Offering and the contemplated Listing is to improve the Company's ability to successfully pursue its strategy and invest in its business in order to remain at the forefront of developing the standards of the quality and impact of treatment and publishing of results of medical quality in Finland, which the Company expects to drive long-term growth for the Company. The Offering and the contemplated Listing would serve to increase the general interest towards the Company and awareness of the Company with investors, business partners and customers, enhance the Company's ability to attract and retain key management and employees, provide the Company an access to capital markets and broaden the ownership base in the Company. The Offering and the contemplated Listing also enable the Selling Shareholders to partially monetize their holding, and allow for a liquid market for the Shares going forward.

Use of Proceeds

The Selling Shareholders will receive gross proceeds of approximately EUR 719 million from the Share Sale assuming that all Sale Shares are sold (excluding 5,122,433 Sale Shares, which may be sold in addition to the preliminary maximum number of Sale Shares by a decision of EQT) and that the Over-Allotment Option is used for up to 10,949,196 Additional Shares. Based on the above assumptions the Selling Shareholders expect to pay approximately EUR 22 million in fees and expenses in connection with the Offering, assuming that the discretionary fee will be paid in full.

The Company aims to raise gross proceeds of approximately EUR 100 million from the Share Issue. The Company estimates that it will incur total fees, commissions and expenses related to the Offering of approximately a maximum of EUR 11.3 million, assuming that the discretionary fee will be paid in full. As a result, the net proceeds for the Company from the Share Issue are estimated to amount to approximately EUR 88.7 million. The funds from the Share Issue are expected to be used for repayment of the Company's loans under the existing EUR 400 million senior facilities agreement, originally entered into on September 23, 2013 with Nordea Bank AB (publ) as agent and security agent, and certain other lenders (the "**Existing Senior Facilities Agreement**") excluding the hire purchase debts and finance lease liabilities under the agreement that will remain in place in accordance with their terms and conditions. In addition to the net proceeds from the Share Issue, the funds drawn under the Senior Facilities Agreement will be used for repayment of the Existing Senior Facilities Agreement. The Company estimates that the funds raised through the Share Issue will enable increasing financial flexibility for the Company to pursue growth opportunities in accordance with its strategy, including acquisitions, organic expansion and reorganization of its units and equipment, as well as other capital expenditures.

The Company and the Selling Shareholders expect to pay approximately EUR 33 million in fees and expenses in connection with the Offering.

For information on the effect of the Offering on the Company's capitalization and indebtedness, see "*Capitalization and Indebtedness*".

TERMS AND CONDITIONS OF THE OFFERING

The term "subscription" herein refers to the investor's offer or commitment in the Offering to subscribe for Offer Shares, and an investor may be allocated either New Shares or Sale Shares. Similarly the terms "subscriber", "offer period", "subscription place", "offer price", "purchase offer" and "commitment" (or other similar terms) refer to both the Share Issue and the Share Sale. In these terms and conditions of the Offering, the number of Shares after the Share Issue is based on the assumption that both the combination of shares as decided by the Extraordinary General Meeting of Terveystalo Oyj on September 26, 2017 as well as the share issuance in proportion to the shareholding without payment (share split) assuming that two new Shares would be issued against each Share of the sole series of shares, have been completed in connection with the Listing.

General Terms and Conditions of the Offering

Offering

Terveystalo Plc, a public limited liability company incorporated in Finland (the "**Company**"), aims to raise gross proceeds of approximately EUR 100 million by offering a minimum of 10,245,902 and a maximum of 10,305,533 new shares in the Company (the "**New Shares**") for subscription (the "**Share Issue**"). In addition, preliminarily a maximum of 62,689,110 existing shares (the "**Sale Shares**", and together with the New Shares and the Additional Shares (as described below), the "**Offer Shares**") in the Company are being offered for sale by EQT and other existing shareholders in the Company listed in Annex A of this Prospectus (the "**Selling Shareholders**") (the "**Share Sale**", and together with the Share Issue, the "**Offering**"). In addition to the preliminary maximum number of Sale Shares, EQT may, in its sole discretion, decide to increase the number of Sale Shares by a maximum of 5,122,433 Sale Shares.

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**"), (ii) private placements to institutional investors in Finland and internationally, including in the United States to qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the U.S. Securities Act of 1933 (as amended, the "**U.S. Securities Act**"), pursuant to exemptions from the registration requirements of the U.S. Securities Act (the "**Institutional Offering**") and (iii) an offering to Personnel (as defined below) (the "**Personnel Offering**"). All offers and sales outside the United States will be made in offshore transactions in reliance on, and in compliance with, Regulation S under the U.S. Securities Act ("**Regulation S"**). The offering and sale in Sweden will be made in accordance with the terms and conditions of the Institutional Offering as a part of the Institutional Offering.

The Offer Shares (excluding 5,122,433 Sale Shares which may be sold in addition to the preliminary maximum number of Sale Shares by a decision of EQT) represent approximately 57.0 percent of the Company's shares (the "**Shares**") and votes after the Share Issue (excluding any Additional Shares based on the Over-Allotment Option as defined below) assuming that a maximum number of New Shares are offered and subscribed for in the Offering. The Offer Shares (including 5,122,433 Sale Shares which may be sold in addition to the preliminary maximum number of Sale Shares by a decision of EQT) represent approximately 61.0 percent of the Shares and votes after the Share Issue, assuming that a maximum number of New Shares are offered and subscribed for in the Offering, and approximately 70.1 percent of the Shares and votes after the Share Issue if also the Over-Allotment Option (as defined below) is fully exercised.

The terms and conditions of the Offering comprise the general terms and conditions of the Offering presented herein as well as the special terms and conditions of the Institutional Offering, the Public Offering and the Personnel Offering.

Share Issue

The Company's Extraordinary General Meeting of Shareholders held on September 26, 2017 (the "**EGM**") resolved to authorize the board of directors of the Company (the "**Board of Directors**") to decide on an issue of a maximum of 200,000,000 new Shares of the Company. The Board of Directors is expected to resolve on or about October 10, 2017 to offer a maximum of 10,305,533 New Shares for subscription in the Share Issue on the basis of the authorization granted by the EGM.

As a result of the Share Issue, the number of the Company's Shares may increase to a maximum of 128,060,815 Shares. The New Shares issued in the Share Issue would represent approximately up to 8.0 percent of the Shares and votes after the Share Issue assuming that a maximum number of New Shares are offered and subscribed for in the Offering. The maximum number of New Shares offered represent approximately 8.8 percent of the Shares before the Share Issue.

The New Shares are offered in deviation from the shareholders' pre-emptive subscription right in order to enable the listing of the Company's shares on the Official List (the "**Official List**") Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") ("**Listing**"). The payment made to the Company for the approved New Share subscriptions will be booked in its entirety in the invested unrestricted equity fund. Thus, the Company's share capital will not increase in connection with the Share Issue.

Share Sale

The Selling Shareholders are offering for purchase preliminarily a maximum of 62,689,110 Sale Shares in the Share Sale. In addition, EQT may, in its sole discretion, decide to increase the number of Sale Shares by a maximum of 5,122,433 Sale Shares, whereupon the total number of Sale Shares would amount to 67,811,543 Sale Shares.

The Sale Shares offered in the Share Sale (excluding 5,122,433 Sale Shares which may be sold in addition to the preliminary maximum number of Sale Shares by a decision of EQT) represent without Over-Allotment Option approximately 49.0 percent (with the Over-Allotment Option of 10,949,196 Additional Shares approximately 57.5 percent) of the Shares and votes after the Share Issue assuming that a maximum number of New Shares are offered and subscribed for in the Offering. The Sale Shares offered in the Share Sale (including 5,122,433 Sale Shares, which may be sold in addition to the preliminary maximum number of Sale Shares by a decision of EQT) represent approximately 53.0 percent (with the Over-Allotment Option of 11,717,560 Additional Shares approximately 62.1 percent) of the Shares and votes after the Share Issue assuming that a maximum number of New Shares are offered and subscribed for in the Offering.

If the Offering was not subscribed for in full and the Offering was nevertheless implemented, the subscriptions would be allocated first to New Shares and thereafter the number of Sale Shares would be decreased to correspond to the subscriptions, so that the subscriptions are allocated first to the Sale Shares offered by the Selling Shareholders other than EQT on a pro rata basis and after that to the Sale Shares offered by EQT.

Joint Global Coordinators, Joint Bookrunners and Managers

The Company and the Selling Shareholders have appointed Carnegie Investment Bank AB ("**Carnegie**"), Morgan Stanley & Co. International plc ("**Morgan Stanley**") and Skandinaviska Enskilda Banken AB (publ) Helsinki Branch ("**SEB**") to act as the joint global coordinators and joint bookrunners (the "**Joint Global Coordinators**"), and Jefferies International Limited ("**Jefferies**") and OP Corporate Bank plc ("**OP**") as the joint bookrunners (the "**Joint Bookrunners**") for the Offering (the Joint Global Coordinators and the Joint Bookrunners together, the "**Managers**", and each individually, a "**Manager**").

Over-Allotment Option

EQT and SEB (the "**Stabilizing Manager**") may agree that EQT shall give the Stabilizing Manager an over-allotment option exercisable within 30 days from the commencement of trading of the Shares on the Helsinki Stock Exchange (which period is estimated to occur between October 11, 2017 and November 9, 2017) (the "**Stabilization Period"**), to purchase or to procure purchasers for a maximum of 10,949,196 additional Shares (assuming that EQT would not decide to increase the number of Sale Shares) or a maximum of 11,717,560 additional Shares (assuming that EQT would decide to increase the number of Sale Shares by 5,122,433 Sale Shares) (the "**Additional Shares**") solely to cover over-allotments (the "**Over-Allotment Option"**). The Additional Shares represent approximately 10.0 percent of the Shares and votes before the Offering and approximately 9.1 percent after the Offering assuming that a maximum number of New Shares are offered and subscribed for in the Offering. However, the Additional Shares will in no case represent more than 15 percent of the total number of New Shares and Sale Shares.

Stabilization

After the Offering, the Stabilizing Manager may, but is not obligated to, within the Stabilization Period, engage in measures which stabilize, maintain or otherwise affect the price of the Shares. The Stabilizing Manager may allocate a larger number of Shares than the total number of Offer Shares, which creates a short position. The short position is covered if the short selling does not exceed the number of Shares which the Stabilizing Manager can acquire through the Over-Allotment Option. The Stabilizing Manager may close covered short selling with the Over-Allotment Option or by purchasing Shares in the market. In determining the acquisition method of the Shares to cover short selling, the Stabilizing Manager considers, among other things, the market price of the Shares compared to the Over-Allotment Option price. After the Offering, the Stabilizing Manager may also bid for and purchase Shares in the market to stabilize the share price. These measures may raise or maintain the market price of the Shares in comparison with the price levels determined independently on the market or may prevent or delay any decrease in the market price of the Shares. However, the stabilization measures may not be conducted on a higher price than the Subscription Price. The Stabilizing Manager has no obligation to carry out these measures, and they may stop any of these measures at any time. The Stabilizing Manager or the Company on behalf of the Stabilizing Manager will publish information regarding the stabilization required by legislation or other applicable regulations during the Stabilization Period and at the end of the Stabilization Period.

Any stabilization measures will be conducted in accordance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council on market abuse (the "**Market Abuse Regulation**" or "**MAR**") and the Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilization measures.

The Stabilizing Manager and the Selling Shareholders may sign a share lending agreement in connection with the Listing related to the settlement and stabilization. According to the share lending agreement, the Stabilizing Manager may borrow a number of Shares equal to the Over-Allotment Option to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilizing Manager borrows Shares, it must return an equal number of Shares to the Selling Shareholders. For further information, see "*Plan of Distribution in the Offering*".

Placing Agreement

The Company expects that it will, on or about October 10, 2017, together with EQT, enter into a placing agreement (the "**Placing Agreement**") with the Managers, and the other Selling Shareholders have each given a sales undertaking (the "**Sales Undertaking**") with respect to the Offering. According to the Placing Agreement and the Sales Undertakings, the Company agrees to issue and the Selling Shareholders agree to sell Offer Shares to purchasers procured by the Managers or, failing which, to the Managers themselves, and each of the Managers, severally will agree to procure purchasers for, or failing such procurement, to subscribe for or purchase, the Offer Shares, provided that certain conditions are fulfilled. For additional information, see "*Plan of Distribution in the Offering"*.

Offer Period

The subscription period for the Public Offering will commence on September 28, 2017 at 10 a.m. (Finnish time) and end on October 6, 2017 at 4 p.m. (Finnish time). The subscription period for the Institutional Offering will commence on September 28, 2017 at 10 a.m. (Finnish time) and end on October 10, 2017 at 12 p.m. (Finnish time). The subscription period for the Personnel Offering will commence on September 28, 2017 at 10 a.m. (Finnish time) and end on October 6, 2017 at 4 p.m. (Finnish time).

The Board of Directors and the Selling Shareholders have jointly, in the event of an oversubscription, the right to discontinue the Institutional Offering and the Public Offering by joint decision no earlier than October 5, 2017 at 4 p.m. (Finnish time). The Board of Directors may discontinue the Personnel Offering in its sole consideration no earlier than October 5, 2017 at 4 p.m. (Finnish time). The Institutional Offering, the Public Offering and the Personnel Offering may or may not be discontinued independently of each other. A stock exchange release regarding the possible discontinuation will be published without delay.

The Board of Directors and the Selling Shareholders have the right to extend the subscription period of the Institutional Offering and the Public Offering. The Board of Directors has the right to extend the subscription period of the Personnel Offering. A possible extension of the subscription period will be communicated through a stock exchange release, which will indicate the new end date of the subscription period. The subscription period for the Institutional Offering, the Public Offering and the Personnel Offering will in any case end no later than October 12, 2017 at 4 p.m. (Finnish time). The Company and the Selling Shareholders may or may not extend the subscription period of the Institutional Offering, the Public Offering or the Personnel Offering independently of each other. The stock exchange release concerning the extension of the subscription period must be released no later than the above-mentioned estimated end dates of the Institutional Offering, the Public Offering and the Personnel Offering.

Subscription Price

The subscription price for the Offer Shares in the Institutional Offering and the Public Offering is EUR 9.76 per Offer Share (the "**Subscription Price**"). The subscription price per share in the Personnel Offering is ten percent lower than the Subscription Price in the Public Offering. Thus, the Subscription Price per Offer Share in the Personnel Offering is EUR 8.79. In determining the Subscription Price, prevailing market conditions, the valuation multiples of companies operating in the same field of operation, as well as the expectations on the Company's results have been, among other factors, taken into account.

The Conditionality, Execution and Publishing of the Offering

The Board of Directors will decide on execution of the Share Issue and the Selling Shareholders will decide on the execution of the Share Sale, and the Board of Directors and the Selling Shareholders will jointly decide on the final number of the Offer Shares and the allocation of Offer Shares (the "**Completion Decision**") on or about October 10, 2017. The above will be published through a stock exchange release and will be available on the Company's website at www.terveystalo.com/IPO immediately after the Completion Decision and in the subscription places of the Public Offering and the Personnel Offering no later than the business day following the Completion Decision (i.e. on or about October 11, 2017).

In case the Offering does not result in a sufficient number of subscriptions for Offer Shares, the Offering is not completed. The Offering is also conditional and requires the Placing Agreement to be signed between the Company, EQT and the Managers.

Cancellation of the Commitments

A commitment to subscribe for or purchase Offer Shares in the Public Offering or subscribe for New Shares in the Personnel Offering (the "**Commitment**") cannot be amended. A Commitment may only be cancelled in the situations provided for in the Finnish Securities Markets Act (746/2012, as amended, the "**Securities Markets Act**").

Cancellation in accordance with the Securities Markets Act due to the supplement or correction of the Finnish Prospectus (as defined below)

If the Finnish language prospectus published by the Company in connection with the Offering (the "**Finnish Prospectus**") is supplemented or corrected due to a material error or omission or due to material new information that has become known after the Finnish Financial Supervisory Authority has approved the Finnish Prospectus and before trading in the Offer Shares begins on the Prelist of Helsinki Stock Exchange, investors who have given their Commitments before the supplement or correction of the Finnish Prospectus have, in accordance with the Securities Markets Act, the right to cancel their Commitments within at least two (2) banking days after the supplement or correction has been published. The use of the cancellation right requires that the error, omission or material new information that led to the supplement or correction has become known prior to the delivery of the Offer Shares to the investors. If the Finnish Prospectus is supplemented, the supplement will be published through a stock exchange release. The stock exchange release will also include information on the right of the investors to cancel their Commitments.

Procedure to cancel a Commitment

The cancellation of a Commitment must be notified in writing to the subscription place where the initial Commitment was made and within the time limit set for such cancellation. However, a Commitment made by telephone to the Managers may be cancelled by telephone. Cancelling a Commitment in the Public Offering or Personnel Offering cannot be made in OP Financial Group's online services, instead it must be made in any of the branch offices of OP Financial Group's cooperative bank.

The possible cancellation of a Commitment concerns the entire Commitment. After the time limit set for cancellation has expired, the cancellation right is no longer valid. If a Commitment made in the Public Offering is cancelled, the place of subscription will return the amount paid for the Offer Shares to the bank account stated in the Commitment. The money is refunded as soon as possible after the cancellation of the Commitment, approximately within five (5) banking days of the cancellation notice being given to the subscription place. If an investor's bank account is in a different bank than the subscription place, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. No interest will be paid on the refunded amount.

Registration of Offer Shares to Book-Entry Accounts

An investor making a Commitment must have a book-entry account with a Finnish account operator, or with an account operator operating in Finland, and submit the number of his or her book-entry account in the Commitment. Offer Shares issued in the Public Offering and Personnel Offering are recorded in the book-entry accounts of investors who have made an approved Commitment on or about the first banking day after the Completion Decision takes place, on or about October 11, 2017. In the Institutional Offering, the Offer Shares will be ready to be delivered against payment on or about October 13, 2017 through Euroclear Finland.

Title and Shareholder Rights

The title to the Offer Shares is transferred when the Offer Shares are paid for, the New Shares are registered in the Trade Register and the Offer Shares are recorded in the investor's book-entry account. The Offer Shares carry rights equal to all other Shares in the Company and will entitle their holders to dividend and other distributions of funds as well as other rights related to the Shares as at the date title has been transferred.

Transfer Tax and Other Expenses

No transfer tax is payable in connection with the issue or subscription of the New Shares. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for safekeeping of the Shares. The Sale Shares are sold in connection with the commencement of trading in the Shares of the Company on the Prelist of the Helsinki Stock Exchange, and no transfer tax is expected to be payable for these transfers. If transfer tax is due, the Selling Shareholders will pay any transfer tax payable on transfers of Sale Shares.

Trading in the Shares

The Company will submit a listing application to the Helsinki Stock Exchange for the listing of the Shares on the Official List of the Helsinki Stock Exchange. Trading in the Offer Shares is expected to begin on the Prelist of the Helsinki Stock Exchange on or about October 11, 2017 and on the Official List of the Helsinki Stock Exchange on or about October 13, 2017. The share trading code of the Shares is "TTALO" and ISIN code FI4000252127.

Right to Cancel the Offering

The Selling Shareholders may cancel the Share Sale and the Board of Directors may cancel the Share Issue at any time before the decision to complete them is made on the grounds of, for example, the market conditions, the Company's financial position or a material change in the Company's business. If the Selling Shareholders decide to cancel the Share Sale and/or the Board of Directors decides to cancel the Share Issue, the sales and subscription prices paid by the investors will be refunded in approximately five (5) banking days from the cancellation decision. If an investor's bank account is in a different bank than the subscription place, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. No interest will be paid on the refunded amount.

Lock-up

The parties mentioned below shall agree with the Managers that, during a period ending 180 days from the Listing (i.e. until on or about April 8, 2018) as regards the Company, the Selling Shareholders and other existing shareholders of the Company and 360 days from the Listing (i.e. until on or about October 5, 2018) as regards the members of the Board of Directors, executive officers and certain other key employees of the Company, neither any of these persons nor any party acting on their behalf, save for the Offering and certain other exceptions, will, without the prior written consent of the Joint Global Coordinators, issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities exchangeable for or convertible into or exercisable for, or substantially similar to, Shares, or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise.

The lock-up does not apply to certain situations, including, as regards the Selling Shareholders and other parties named above, a takeover bid concerning the Company or a Share buyback directed to all shareholders, amongst others, and does not concern Shares other than those owned by the Selling Shareholders and other existing shareholders and the members of the Board of Directors or the executive officers and certain key employees of the Company at the date of admission of the Shares to trading on the Helsinki Stock Exchange.

By submitting a Commitment to participate in the Personnel Offering the respective party giving the Commitment agrees to be bound by a lock-up in respect of the Shares. In accordance with these lock-up restrictions, parties participating in the Personnel Offering may not, without the prior written consent of the Joint Global Coordinators during a period ending 180 days after the Listing (i.e. until on or about April 8, 2018), sell, sell short or otherwise directly or indirectly transfer Shares subscribed for in the Personnel Offering, or option rights or warrants entitling to buy Shares subscribed for in the Personnel Offering or other securities convertible into or exercisable for Shares subscribed for in the Personnel Offering that they hold or purchase in the Personnel Offering or are authorized to dispose. Those participating in the Personnel Offering agree that the lock-up described herein can be recorded to their book-entry accounts.

The lock-ups concern in total approximately 39.5 percent of the Shares and votes after the Share Issue without the Over-Allotment Option (approximately 30.3 percent including the Over-Allotment Option) assuming that the Selling Shareholders sell the maximum number of Sale Shares and that a maximum number of New Shares are offered and subscribed for in the Offering.

Other Issues

Other issues and practical matters relating to the Share Issue will be resolved by the Board of Directors. Other issues and practical matters relating to the Share Sale will be resolved by the Selling Shareholders.

Documents on Display

The Company's latest financial statements, report of the Board of Directors and the auditor's report as well as other documents pursuant to Chapter 5, Section 21 of the Companies Act (624/2006, as amended) (the "**Companies Act**"), are available during the subscription period at the registered office of the Company at Jaakonkatu 3, FI-00100, Helsinki, Finland.

Governing Law

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by a court of competent jurisdiction in Finland.

Special Terms and Conditions of the Institutional Offering

General

Preliminarily a maximum of 68,394,643 Offer Shares (without the Over-Allotment Option and excluding the 5,122,433 Sale Shares, which may be sold in addition to the preliminary maximum number of Sale Shares by a decision of EQT) are offered in the Institutional Offering as private placements to institutional investors in Finland and internationally. In addition, EQT may decide to increase the number of Sale Shares by a maximum of 5,122,433 Sale Shares. The offering and sale in Sweden will be made in accordance with the terms and conditions of the Institutional Offering as a part of the Institutional Offering. The Company and the Selling Shareholders may, based on demand, reallocate Offer Shares between the Institutional Offering, the Public Offering and the Personnel Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering shall be 4,000,000 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

The Offer Shares are being offered in the Institutional Offering to institutional investors in Finland and internationally in certain other countries outside the United States in accordance with Regulation S and, in the United States, to QIBs as defined in Rule 144A under the U.S. Securities Act, pursuant to exemptions from the registration requirements of the U.S. Securities Act. The Shares (including, for the avoidance of doubt, the Offer Shares) have not been registered, and they will not be registered under the U.S. Securities Act or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S) unless they have been registered under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws of the United States. For more information on restrictions concerning the offering of the Offer Shares, please see "*Important Information*.

Right to Participate

An investor, whose purchase offer in the Institutional Offering (the "**Purchase Offer**") includes at least 25,001 Offer Shares, may participate in the Institutional Offering. Natural persons or estates of deceased persons may not participate in the Institutional Offering other than via an asset manager.

Approval of the Purchase Offers and Allocation

Purchase Offers by institutional investors may be submitted to the Managers. In the Institutional Offering, the Company and the Selling Shareholders decide on the approvals of the Purchase Offers after the Completion Decision. The Company and the Selling Shareholders will decide on the procedures in the event of a potential oversubscription. The Purchase Offers can be accepted or rejected partially or wholly. A confirmation of the accepted Purchase Offers in the Institutional Offering will be provided as soon as practically possible after the allocation of the Offer Shares.

Payment of the Offer Shares

Institutional investors must pay for the Offer Shares corresponding to their accepted Purchase Offer in accordance with the instructions issued by the Managers, on or about October 13, 2017. If necessary in connection with a Purchase Offer being made or before the approval of a Purchase Offer, the Managers have the right provided by the duty of care set for securities intermediaries to require that the investor provides information concerning its ability to pay for the Offer Shares corresponding to its Purchase Offer or require that the amount corresponding to the Purchase Offer be paid in advance. The amount to be paid in this connection is the Subscription Price, EUR 9.76, multiplied by the number of Offer Shares covered by the Purchase Offer. Possible refunds will be made on or about on the fifth (5th) banking day following the Completion Decision (i.e. on or about October 17, 2017). No interest will be paid on the refunded amount.

Subscription Undertakings

Varma Mutual Pension Insurance Company, Hartwall Capital Ltd, Rettig Group Ltd and Elo Mutual Pension Insurance Company (the "**Cornerstone Investors**"), have each individually in September 2017 given subscription undertakings in relation to the contemplated Offering, under which the Cornerstone Investors have, each individually, committed to subscribe for Offer Shares at the Subscription Price, subject to certain conditions being fulfilled, including a condition that the maximum valuation of all of the Company's outstanding Shares (after any proceeds from the Share Issue and excluding treasury shares), based on the Subscription Price, does not exceed EUR 1,250 million. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertaking. The Cornerstone Investors have given subscription undertakings as follows:

- The amounts of the subscription commitments of Varma Mutual Pension Insurance Company, Hartwall Capital Ltd and Rettig Group Ltd are proportions of the Company's outstanding Shares after the completion of the Offering as follows: Varma Mutual Pension Insurance Company up to approximately 11.3 percent, its total shareholding amounting up to 15 percent, including shareholding as at the date of the Prospectus; Hartwall Capital Ltd 10.1 percent and Rettig Group Ltd 10.1 percent.
- The commitment of Elo Mutual Pension Insurance Company's undertaking amounts to EUR 50 million.

The aggregate subscription undertakings of the Cornerstone Investors would amount to approximately EUR 444 million or approximately 36 percent of the outstanding Shares at EUR 1,250 million valuation of all of the Company's outstanding Shares (after any proceeds from the Share Issue and excluding treasury shares). The Cornerstone Investors will not be compensated for their subscription undertakings.

Special Terms and Conditions of the Public Offering

General

Preliminarily a maximum of 4,000,000 Offer Shares are offered in the Public Offering for subscription by private individuals and corporations in Finland. The Company and the Selling Shareholders may, based on demand, reallocate Offer Shares between the Institutional Offering, the Public Offering and the Personnel Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering shall be 4,000,000 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

The subscription place has the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions set forth herein or if it is otherwise incomplete.

Right to Participate and the Minimum and Maximum Amounts for Commitments

Investors, whose domicile is in Finland and who submit their Commitments in Finland, may participate in the Public Offering. In the Public Offering, the Commitment must concern a minimum of 100 Offer Shares and a maximum of 25,000 Offer Shares. The Commitments submitted by one and the same investor in one or more subscription places will be combined into one Commitment to which the above-mentioned minimum and maximum amounts are applied. However, the Commitments submitted by one and the same investor in the Public Offering and the Personnel Offering are not combined.

Places of Subscription and Submission of Commitments

The places of subscription in the Public Offering for customers of OP Financial Group are:

- OP Financial Group online service for private customers at www.op.fi/merkinta. OP Financial Group's customers submitting a Commitment via online service are required to have OP Financial Group's bank identifiers.
- OP 0100 0500 telephone service (in Finnish, local network charge / mobile charge). The Commitment may be submitted via telephone if the customer has a personal internet banking agreement with OP Financial Group and bank identifiers, which are required in connection with the identification to the telephone service.
- Branch offices of OP Financial Group's cooperative banks during their normal business hours.

The places of subscription in the Public Offering for non-customers of OP Financial Group are:

- OP Financial Group online service for private customers at www.op.fi/merkinta with the bank identifiers of Aktia, Danske Bank, Handelsbanken, Nordea Bank, POP Bank, S-Bank, Savings Bank and Ålandsbanken; and
- The branch offices of Designated Banks[9] of OP Financial Group during normal business hours.

The Offer Shares covered by a Commitment must be paid using an account registered solely in the name of the investor making the Commitment. A Commitment will be considered to have been made when the investor has submitted a signed commitment form to the place of subscription in accordance with instructions or confirms the Commitment with bank identifiers in accordance with instructions, and paid for the subscription concerned by the Commitment. Any more detailed instructions issued by the place of subscription must be taken into consideration when submitting a Commitment. Commitments can only be cancelled in the manner and situations referred to above under "*General terms and conditions of the Offering — Cancellation of the Commitments*".

When submitting the Commitment in OP Financial Group's internet banking service, the person submitting the Commitment has to check his or her daily limit in the bank account. If the payment exceeds the daily limit, the Commitment cannot be submitted through the internet banking service. The payment of the Commitment must be made from the bank account that is registered solely in the name of the investor.

9 The Designated Banks are: Etelä-Hämeen Osuuspankki, Etelä-Karjalan Osuuspankki, Etelä-Pohjanmaan Osuuspankki, Itä-Uudenmaan Osuuspankki, Kainuun Osuuspankki, Keski-Pohjanmaan Osuuspankki, Keski-Suomen Osuuspankki, Keski-Uudenmaan Osuuspankki, Kymenlaakson Osuuspankki, Lounaismaan Osuuspankki, Lounaisrannikon Osuuspankki, Länsi-Suomen Osuuspankki, Länsi-Uudenmaan Osuuspankki, Helsingin Seudun Osuuspankki, Oulun Osuuspankki, Pohjois-Karjalan Osuuspankki, Pohjois-Savon Osuuspankki, Pohjolan Osuuspankki, Päijät-Hämeen Osuuspankki, Suur-Savon Osuuspankki, Tampereen Seudun Osuuspankki, Turun Seudun Osuuspankki and Vasa Andelsbank.

Corporations, estates of a deceased person or persons under guardianship cannot submit the Commitment through online service but instead they have to submit the Commitment in a branch office. The Commitments submitted in OP Financial Group's online service violating the terms and conditions will be rejected afterwards.

On the part of an investor under guardianship, permission from the magistrate is required in order for them to give a Commitment as the Shares are not listed at the time of the Commitment.

Payment of the Offer Shares

When submitting a Commitment, the Subscription Price, EUR 9.76 per Offer Share, multiplied by the number of Offer Shares covered by the Commitment is to be paid for the Offer Shares.

The customers of OP Financial Group may submit and pay the Commitment in the branch offices of co-operative banks belonging to OP Financial Group (including the Designated Banks). Non-customers of OP Financial Group may submit and pay their Commitments solely in the Designated Banks belonging to OP Financial Group.

If the customer of OP Financial Group has submitted the Commitment in a branch office, the customer's bank account in OP Financial Group is debited directly. If non-customers of OP Financial Group have submitted the Commitments in the Designated Banks belonging to OP Financial Group, the payments can be settled in cash or by cheque.

OP Financial Group will conduct necessary controls regarding the investor and the origin of the funds when paying in cash or by cheque in the branch offices of co-operative banks belonging to OP Financial Group and the Designated Banks belonging to OP Financial Group. When carrying out banking operations in the branch offices of co-operative banks belonging to OP Financial Group and the Designated Banks belonging to OP Financial Group, the investor must schedule an appointment.

The payment corresponding to a Commitment that has been submitted through OP Financial Group's internet banking will be charged from the investor's bank account when the investor confirms the Commitment with his or her bank identifiers. The payment of a Commitment submitted through the internet service must be made in accordance with the terms and conditions/instructions of the internet service immediately after the Commitment has been submitted. The payment must be made from the bank account that is registered solely in the name of the investor.

The payment corresponding to a Commitment that has been submitted through OP 0100 0500 telephone service will be charged from the investor's bank account in OP Financial Group.

Approval of Commitments and Allocation

In the Public Offering, the Company and the Selling Shareholders will decide on the allocation of Offer Shares to investors after the Completion Decision. The Company and the Selling Shareholders will decide on the procedures in the event of a potential oversubscription. The Commitments can be accepted partially or wholly or they may be rejected. The Company and the Selling Shareholders aim to approve Commitments in full for up to 100 Offer Shares and, for Commitments exceeding this amount, allocate the Offer Shares in proportion to the amount of Commitments unmet. When allocating the Offer Shares in the Public Offering, the Company may prioritize persons who work in the Company as healthcare professionals under a private practitioner agreement valid on September 18, 2017 and who are not entitled to participate in the Personnel Offering. The number of the Offer Shares allocated based on this priority can be a maximum of 15 percent of the number of the Offer Shares to be offered preliminarily in the Public Offering, however no more than a maximum of 10,000 Offer Shares per each person who works in the Company as a healthcare professional under a private practitioner agreement. The portion of the Commitments submitted by such persons exceeding the number of Offer Shares allocated based on the priority is allocated in proportion to the amount of Commitments unmet submitted by all investors participating in the Public Offering. A confirmation letter regarding the approval of the Commitments and allocation of the Offer Shares will be sent as soon as possible and on or about October 17, 2017 at the latest to all investors who have submitted their Commitments in the Public Offering.

Refunding of Paid Amount

If a Commitment is rejected or approved only in part, the paid amount or the part thereof will be refunded to the investor who submitted the Commitment approximately five (5) business days after the Completion

Decision (i.e. on or about October 17, 2017), to the Finnish bank account stated in the Commitment. If an investor's bank account is in a different bank than the subscription place, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. If the Commitments submitted by the one and the same investor are being combined, the potential refund of paid amount is only refunded to one bank account of the investor. No interest will be paid on the refunded amount. See also "*General terms and conditions of the Offering — Cancellation of the Commitments*."

Special Terms and Conditions of the Personnel Offering

General

In the Personnel Offering, a maximum of 120,000 New Shares and, in the event of an oversubscription, a maximum of 480,000 additional New Shares will be offered to all permanent employees of the Company or its wholly owned subsidiaries in Finland during the subscription period in Finland, the members of the Board of Directors and the CEO of Terveystalo (the "**Personnel**"). In the Personnel Offering the New Shares are being offered in deviation from the shareholders' pre-emptive subscription right to incentivize and promote the commitment of the Personnel to the Company.

The subscription price per share for New Shares in the Personnel Offering is ten percent lower than the Subscription Price, *i.e.* EUR 8.79.

The Company or the subscription place has the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions set forth herein or if it is otherwise incomplete.

Right to Participate in the Personnel Offering

Only the Personnel are entitled to subscribe for New Shares in the Personnel Offering, excluding the Selling Shareholders.

The right to participate in the Personnel Offering is personal and non-transferrable. Persons entitled to participate can, however, make a subscription through an authorized representative. Persons participating in the Personnel Offering can also participate in the Public Offering subject to its terms if they wish.

A Commitment in the Personnel Offering must concern 100 Shares at minimum and 25,000 at maximum. The Commitments submitted by the same investor in one or more subscription places are combined into one Commitment, to which the above-mentioned minimum and maximum amounts are applied. However, the subscriptions submitted by one and the same investor in the Public Offering and the Personnel Offering are not combined.

Lock-up

By submitting a Commitment to participate in the Personnel Offering the respective party agrees to be bound by a lock-up in respect of the Shares. In accordance with these lock-up restrictions, parties participating in the Personnel Offering may not, without the prior written consent of the Joint Global Coordinators during a period ending 180 days after the Listing (i.e. until on or about April 8, 2018), sell, sell short or otherwise directly or indirectly transfer Shares subscribed for in the Personnel Offering, or option rights or warrants entitling to buy Shares subscribed for in the Personnel Offering or other securities convertible into or exercisable for Shares subscribed for in the Personnel Offering that they hold or purchase in the Personnel Offering or are authorized to dispose. Those participating in the Personnel Offering agree that the lock-up described herein can be recorded to their book-entry accounts.

Allocation of the Offer Shares in the Personnel Offering

The Board of Directors will decide on the allocation of the New Shares after the Completion Decision. The Board of Directors will decide on the procedure to be followed in the event of an oversubscription and will, if necessary, use its authorization to issue a maximum of 480,000 additional New Shares. Commitments can be approved or rejected in full or in part. The Board of Directors aims to approve Commitments in full for up to 100 New Shares and, for Commitments exceeding this amount, allocate New Shares in proportion to the amount of Commitments unmet. If a Commitment is rejected or approved only in part, the paid amount or the part thereof will be refunded to the person who submitted the Commitment approximately five (5) business days after the Completion Decision (i.e. on or about

October 17, 2017), to the Finnish bank account stated in the Commitment. If the investor has a bank account at a financial institution other than the place of subscription, the refunded amount will be paid to a Finnish bank account according to the general schedule of payment transactions between financial institutions, approximately two (2) business days later. See also "*General terms and conditions of the Offering — Cancellation of the Commitments*". A confirmation letter regarding the approval of the Commitments and allocation of the Offer Shares will be sent to all investors who have submitted their Commitments in the Personnel Offering.

Places of Subscription and Submission of Commitments

The subscription in the Personnel Offering has to be made in accordance with the instructions given by the Company to the persons eligible to participate in the Personnel Offering.

The places of subscription in the Personnel Offering for customers of OP Financial Group are:

- OP Financial Group online service for private customers at www.op.fi/merkinta. OP Financial Group's customers submitting a Commitment via online service are required to have OP Financial Group's bank identifiers.
- OP 0100 0500 telephone service (in Finnish, local network charge / mobile charge). The Commitment may be submitted via telephone if the customer has a personal internet banking agreement with OP Financial Group and bank identifiers, which are required in connection with the identification to the telephone service.
- Branch offices of OP Financial Group's cooperative banks during their normal business hours.

The places of subscription in the Personnel Offering for non-customers of OP Financial Group are:

- OP Financial Group online service for private customers at www.op.fi/merkinta with the bank identifiers of Aktia, Danske Bank, Handelsbanken, Nordea Bank, POP Bank, S-Bank, Savings Bank and Ålandsbanken; and
- The branch offices of Designated Banks[10] of OP Financial Group during normal business hours.

The New Shares covered by a Commitment must be paid using an account registered solely in the name of the investor making the Commitment. A Commitment will be considered to have been made when the investor has submitted a signed commitment form to the place of subscription in accordance with instructions or confirms the Commitment with bank identifiers in accordance with instructions, and paid for the subscription concerned by the Commitment. Any more detailed instructions issued by the place of subscription must be taken into consideration when submitting a Commitment. Commitments can only be cancelled in the manner and situations referred to above under "*General terms and conditions of the Offering — Cancellation of the Commitments*".

When submitting the Commitment in OP Financial Group's internet banking service, the person submitting the Commitment has to check his or her daily limit in the bank account. If the payment exceeds the daily limit, the Commitment cannot be submitted through the internet banking service. The payment of the Commitment must be made from the bank account that is registered solely in the name of the investor. Corporations, estates of a deceased person or persons under guardianship cannot submit the Commitment through the online service but instead they have to submit the Commitment in a branch office. The Commitments submitted in OP Financial Group's online service violating the terms and conditions will be rejected afterwards.

Payment of the New Shares in the Personnel Offering

The price to be paid for the New Shares offered in the Personnel Offering is ten percent lower than the Subscription Price, i.e. EUR 8.79 per New Share multiplied by the number of New Shares covered by the Commitment.

The customers of OP Financial Group may submit and pay the Commitment in the branch offices of co-operative banks belonging to OP Financial Group (including the Designated Banks). Non-customers of

[10] The Designated Banks are: Etelä-Hämeen Osuuspankki, Etelä-Karjalan Osuuspankki, Etelä-Pohjanmaan Osuuspankki, Itä-Uudenmaan Osuuspankki, Kainuun Osuuspankki, Keski-Pohjanmaan Osuuspankki, Keski-Suomen Osuuspankki, Keski-Uudenmaan Osuuspankki, Kymenlaakson Osuuspankki, Lounaismaan Osuuspankki, Lounaisrannikon Osuuspankki, Länsi-Suomen Osuuspankki, Länsi-Uudenmaan Osuuspankki, Helsingin Seudun Osuuspankki, Oulun Osuuspankki, Pohjois-Karjalan Osuuspankki, Pohjois-Savon Osuuspankki, Pohjolan Osuuspankki, Päijät-Hämeen Osuuspankki, Suur-Savon Osuuspankki, Tampereen Seudun Osuuspankki, Turun Seudun Osuuspankki and Vasa Andelsbank.

OP Financial Group may submit and pay their Commitments solely in the Designated Banks belonging to OP Financial Group.

If the customer of OP Financial Group has submitted the Commitment in a branch office, the customer's bank account in OP Financial Group is debited directly. If non-customers of OP Financial Group have submitted the Commitments in the Designated Banks belonging to OP Financial Group, the payments can be settled in cash or by cheque.

OP Financial Group will conduct necessary controls regarding the investor and the origin of the funds when paying in cash or by cheque in the branch offices of co-operative banks belonging to OP Financial Group and the Designated Banks belonging to OP Financial Group. When carrying out banking operations in the branch offices of co-operative banks belonging to OP Financial Group and the Designated Banks belonging to OP Financial Group, the investor must schedule an appointment.

The payment corresponding to a Commitment that has been submitted through OP Financial Group's internet banking will be charged from the investor's bank account when the investor confirms the Commitment with his or her bank identifiers. The payment of a Commitment submitted through the internet service must be made in accordance with the terms and conditions/instructions of the internet service immediately after the Commitment has been submitted. The payment must be made from the bank account that is registered solely in the name of the investor.

The payment corresponding to a Commitment that has been submitted through OP 0100 0500 telephone service will be charged from the investor's bank account in OP Financial Group.

Refunding of Paid Amount

If the Commitment is rejected or approved only in part, the paid amount or the part thereof will be refunded to the investor who submitted the Commitment approximately five (5) banking days after the Completion Decision, on or about October 17, 2017, to the Finnish bank account specified in the Commitment. If the investor's bank account is in another financial institution than the subscription place, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two (2) banking days thereafter. If the Commitments submitted by the one and the same investor are being combined, the potential refund of paid amount is only refunded to one bank account of the investor. No interest will be paid on such repaid funds. See also "*General terms and conditions of the Offering — Cancellation of the Commitments*".

CAPITALIZATION AND INDEBTEDNESS

The following table presents (i) the realized group level capitalization and indebtedness of the Company, which is based on an actual basis on the Company's unaudited consolidated financial information as at and for the six months ended June 30, 2017 and (ii) the group level capitalization and indebtedness as at June 30, 2017, as adjusted to reflect (1) refinancing of the loans under the Existing Senior Facilities Agreement, (2) receipt of net proceeds of approximately EUR 88.7 million from the Share Issue, (3) the increase in the Company's share capital described in footnote 3 below and (4) the additional investment by the Company's shareholders to the reserve for invested non-restricted equity of EUR 25 million and the deferred purchase price of equal amount, which relates to the acquisition of the Company's operational functions, as described in footnote 4 below, as if each of such transactions had occurred on June 30, 2017. With regard to the Share Issue, it should be noted that the realization of the proceeds from the Share Issue is not certain. The following table should be read together with "*Selected Consolidated Financial and Other Information*" and "*Operating and Financial Review*" as well as the audited consolidated financial statements and unaudited consolidated financial information included in this Prospectus.

Capitalization **In EUR million**	**As at June 30, 2017**	
	Actual	**As adjusted**
	(unaudited)	
Current financial liabilities		
Guaranteed / Secured	26.1	14.4[(1)]
Unguaranteed / Unsecured	4.9	4.9
Total	**31.0**	**19.3**[(1)]
Non-current financial liabilities		
Guaranteed / Secured	324.7	255.7[(1)]
Unguaranteed / Unsecured	28.8	28.8
Total	**353.5**	**284.5**[(1)]
Total financial liabilities	**384.5**	**303.7**[(1)]
Equity attributable to equity holders of the Company		
Share capital	0.0	0.1[(3)]
Invested non-restricted equity reserve	401.9	525.3[(2)(4)]
Retained deficit	(76.2)	(76.2)
Profit for the period	8.0	(9.7)[(2)]
Total	**333.8**	**439.5**[(2)(3)(4)]
Non-controlling interest	0.1	0.1
Total equity	**333.8**	**439.5**[(2)(3)(4)]
Total equity and financial liabilities	**718.3**	**743.2**[(1)(2)(3)(4)]
Net indebtedness **In EUR million**		
Liquidity (A)		
Cash and cash equivalents	20.4	20.4[(1)(2)]
Total	**20.4**	**20.4**[(2)]
Current financial liabilities (B)		
Loans from financial institutions	25.1	13.4[(2)]
Other current financial liabilities	5.9	5.9
Total	**31.0**	**19.3**[(2)]
Current net indebtedness (C = B − A)	**10.7**	**(1.1)**[(2)]
Non-current financial liabilities (D)		
Loans from financial institutions	324.1	255.1[(1)(2)]
Other non-current financial liabilities	29.4	29.4
Total	**353.5**	**284.5**[(1)(2)]
Net indebtedness (C + D)	**364.1**	**283.3**[(1)(2)]

(1) On September 15, 2017 the Company entered into a five-year EUR 320 million Senior Facilities Agreement with Skandinaviska Enskilda Banken AB (publ) and OP that is available for draw downs after the Listing. The facilities under the Senior Facilities Agreement comprise two Term Loan Facilities in the total amount of EUR 280 million and a EUR 40 million Revolving Credit Facility. The Company expects to draw approximately EUR 260 million on the facilities on the date of consummation of the Share Issue. These funds together with net proceeds from the Share Issue will be used to repay the Existing Senior Facilities Agreement, excluding the hire purchase debts and finance lease liabilities under the agreement that will remain in place in accordance with their terms and conditions. The amount to be repaid under the Existing Senior Facilities Agreement will be approximately EUR 345 million.

(2) The Company aims to raise gross proceeds of approximately EUR 100 million through the Share Issue. Management estimates that the Company will incur total fees, commissions and expenses related to the Offering of approximately a maximum of EUR 11.3 million, assuming that the discretionary fee will be paid in full. As a result, the net proceeds for the Company from the Share Issue are estimated to amount to approximately EUR 88.7 million. These net proceeds will be used for repayment of the Existing Senior Facilities Agreement, including fees related to the refinancing amounting to approximately EUR 4 million. The net proceeds from the Share Issue will be recorded in the reserve for invested non-restricted equity. The Company's profit for the period is affected by impairment loss amounting to EUR 7.9 million recognised on loan withdrawal expenses in accordance with the refinancing of the Existing Senior Facilities Agreement, and by the expenses relating to the listing recognised in profit amounting to EUR 9.9 million.

(3) Share capital as adjusted reflects the increase in the Company's share capital to EUR 80,000 in connection with the change of the corporate form of the Company from a private limited liability company to a public limited liability company as decided in the EGM held on September 26, 2017.

(4) Adjusted figure contains additional investment of EUR 25 million in the unrestricted equity by the Company's shareholders. In conjunction with the investment, the Company pays an additional purchase price of EUR 25 million to Bridgepoint Capital relating to the acquisition of the Company's operations.The additional purchase price has been recorded in the Company's interest free liabilities. See "*Business of the Company — Material Agreements — Deferred Purchase Price*".

For further information on the Company's contingent liabilities, see "*Operating and Financial Review — Contingent Liabilities and Off-Balance Sheet Arrangements*".

Except for the signing of the Senior Facilities Agreement and the increase in the share capital, as described above, there have not been any material changes in the Company's capitalization and indebtedness since June 30, 2017 up until the date of this Prospectus.

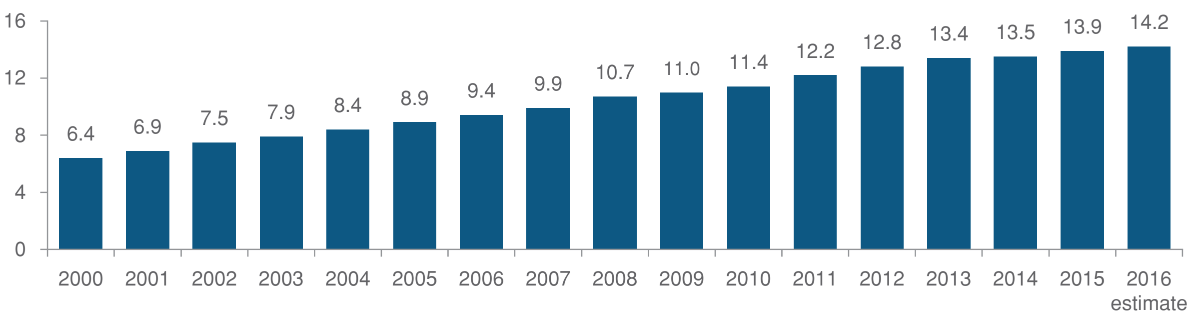
Healthcare market in Finland

General description

Terveystalo provides healthcare services mainly in Finland. Total healthcare expenditure in Finland is estimated to have amounted to EUR 14.2 billion in 2016, including public pay, public provision; public pay, private provision; and private pay, private provision of healthcare services. The growth of healthcare expenditure was estimated at a CAGR of approximately 5.1 percent from 2000 to 2016.[11] The growth in the Finnish healthcare market has continued over the last 16 years, including throughout the recession that followed the financial crisis. In addition to growth in the absolute level of healthcare expenditure, also spend per capita has more than doubled since 2000 and has been the primary driver for aggregate market growth overall. The increased development in the healthcare market during the period from 2000 to 2016 has been explained by a number of structural factors, including demographic changes, such as ageing, the increasing number of lifestyle diseases, medical progress, increased awareness of health and well-being, as well as increasing demand for preventive care.[12] Capacity pressures in public healthcare and burden on public finances, along with urbanization and development of new innovative and flexible business models in the healthcare sector have also contributed to the increase of private provision of healthcare.

The Finnish Government has proposed the Social and Healthcare Reform, which would represent a significant change in the framework in which public social and healthcare services are provided and funded in Finland. The Reform is still at a proposal stage and there are certain uncertainties related to the final form and content of the Reform. The Reform is described in more detail in "*— The Social and Healthcare Reform*" and "*Key Legislation Governing the Provision of Healthcare — Certain Legislative Proposals — The Social and Healthcare Reform*". Market estimates described below are based on the estimations made without taking into account the possible impacts of the Reform, unless stated otherwise. The estimated impacts of the Reform are described below in "*— The Social and Healthcare Reform — Market Impact*".

Figure 1 — Total Finnish healthcare expenditure, 2000–2016 (estimate), EUR billion



Source: NHG Report (complete outsourcings have been excluded (referring to total outsourcing of municipalities' social and healthcare service provision)).

Some of the statistics, data and other information relating to markets, market sizes, market shares and market positions contained in the Market Overview have been derived from a report commissioned by the Company and EQT Partners Oy from NHG. The historical market data contained in the NHG Report is derived from public statistics produced by entities such as THL, Kela and Statistics Finland. The market estimates and forecasts contained in the NHG Report are based on the analysis by NHG concerning the factors affecting the growth of the markets and their forecasted development. See "*Certain Matters — Market, Economic and Industry Data and Management Reports and Findings*".

Healthcare Market Highlights

Large, attractive and growing market

Finland has a large, attractive and growing healthcare market. There are various factors, including essential economy-wide ones, facilitating the growth of the healthcare market. The growth of the market is driven by a fast ageing population, lifestyle diseases, increasing health and well-being trends and an

11 Source: NHG Report. The statistics by THL show the growth in the healthcare market for 2000 to 2015 and estimates for 2016 provide the growth to continue during 2016.

12 Source: NHG Report; Euromonitor International: Consumer Lifestyles in Finland, November 2016.

increasing demand for preventive care among all age groups, which has led to new, innovative business models.[13]

Established, key and growing private provision

Private provision of healthcare services is an established component of the Finnish healthcare system. The customer-centric approach of the Finnish healthcare market has facilitated the development of business-to-business and business-to-consumer business models and competences. A private pay customer's opportunity to select their healthcare service provider has led to a focus by private providers on medical quality, customer experience, brand building, customer acquisition and retention in order to differentiate themselves from publicly provided healthcare services.[14]

In addition, the nature of the occupational healthcare market with corporate customers has incentivized healthcare service providers to strengthen their competitiveness and develop innovative services. Employers are responsible for arranging occupational healthcare for their employees. Approximately 20 percent of the Finnish population use occupational healthcare as their main source of primary healthcare.[15] Occupational healthcare services can be provided by acquiring the services from the municipal health centers, arranging the occupational healthcare internally or together with other employers or by acquiring the services from private providers. The minimum content of the occupational healthcare services is set out in the legislation and consists of preventive health care and occupational health risk avoidance but employers may supplement the services included in the occupational healthcare plan. Kela compensates a part of the occupational healthcare related costs incurred by employers by rerouting the money collected from employers and employees. The Finnish multi-channel funding model of healthcare services, in which treatment may be paid by the public sector, employers, insurance companies or individual patients, further supports market growth. Given capacity pressures on the public healthcare market, the demand for private provision is expected to increase.[16]

Value-added, customer-centric and digitally enhanced healthcare

Corporate customers of occupational healthcare services generally emphasize measurable quality, efficiency and return on investment in healthcare. The occupational healthcare system is linked to the Finnish statutory pension system as the impacts of the investments by employers in preventive care and employee well-being are shown to decrease employee disability pension costs.[17]

In general, the private pay segment of the healthcare services, driven by customer-centricity, is relatively large considering the size of the Finnish healthcare market representing approximately 19 percent of the total Finnish healthcare market (see Table 1).[18] In addition, from the perspective of private providers of healthcare services, the attractiveness of the Finnish private healthcare market is driven by a digital native and educated population with government-led initiatives driving digitalization of healthcare focusing on nationwide platforms and dataflow. Further, significant investments in ICT infrastructure increase the attractiveness of the Finnish private healthcare market for private health care providers. Finnish private healthcare providers have been innovative in providing digital services as an integrated part of their healthcare service offering, such as Terveystalo's online platform, Oma Terveys. This has enabled provision of value adding healthcare services, 24/7 service channels, cost efficient service production and customer retention.

Functioning competitive landscape

The Finnish healthcare market is further driven by a functioning competitive landscape. The market is led by a few large private healthcare providers but otherwise the market remains highly fragmented with further potential for consolidation. The characteristics of the Finnish healthcare market have also provided possibilities, for example, to seize market growth opportunities through focus on diversified customer groups (see also "*Business of the Company — Strategy*").

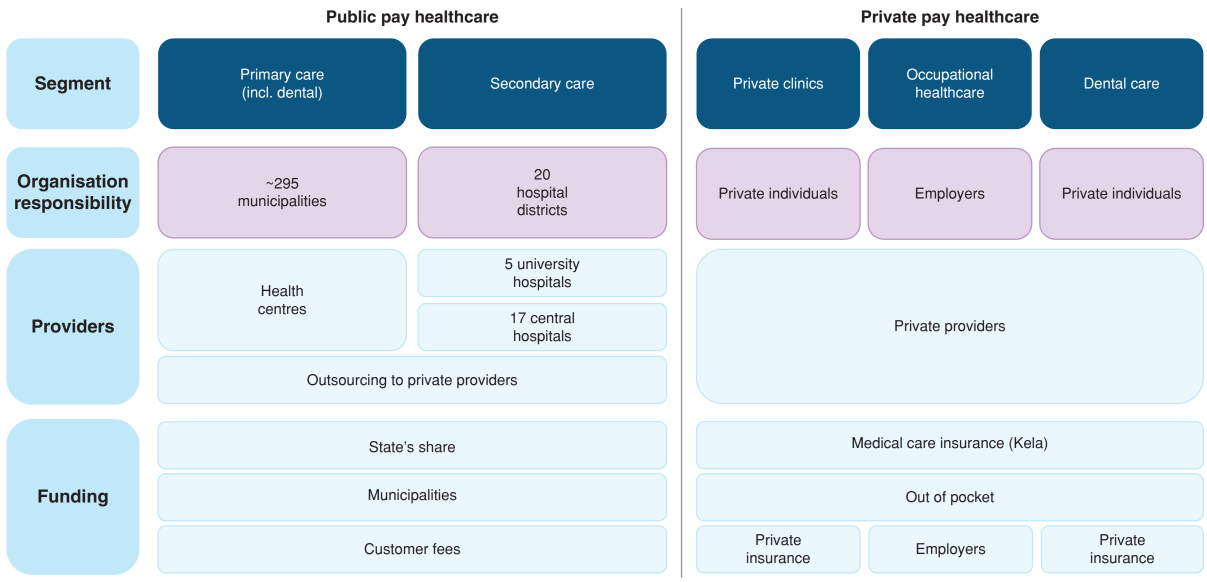
13 Source: NHG Report; the Ministry of Social Affairs and Health: Private healthcare services.
14 Source: NHG Report.
15 Source: NHG Report. Occupational healthcare provided by private service providers covers 1.1 million individuals in 2016 (estimate) corresponding to approximately 20% of Finnish inhabitants in 2016.
16 Source: The Ministry of Social Affairs and Health: Private social and healthcare services.
17 Source: G. Ahonen: Työkyvyn taloudellinen merkitys, 2010 (available in Finnish).
18 Source: NHG Report.

Positive political environment and the Social and Healthcare Reform upside

The growth of the private provision healthcare market in Finland has continued for a long time despite various political positions of the parliament and government coalitions. Further, a need for change in the public healthcare market in Finland has been recognized by various governments and political parties, and reaching a proposal to renew the structure and finance of the publicly funded Finnish healthcare market has been a long political process. The recent proposal by the Government on the Social and Healthcare Reform stresses to increase the position of private provision healthcare market by proposing to increase customers' opportunity to choose their healthcare service provider under the freedom of choice framework. See "*— The Social and Healthcare Reform*" and *"Key Legislation Governing the Provision of Healthcare — Certain Legislative Proposals — The Social and Healthcare Reform"*. The political environment has therefore been positive towards private provision and the Social and Healthcare Reform has potential to significantly expand the addressable market for private healthcare providers.

Healthcare Market Structure in Finland

Figure 2 — Healthcare market structure in Finland



Source: NHG Report.

The Finnish healthcare market can be divided into public pay and private pay segments. Publicly paid healthcare services are statutory services that municipalities are responsible for arranging and providing. These services consist of primary care, public dental care and secondary care. Finland is divided into 20 hospital districts (excluding Åland) that are responsible for secondary care services in five university hospitals and 17 central hospitals across Finland. In addition, hospital districts are divided into five specific responsibility areas that are responsible for arranging highly specialized medical care. Municipalities are required to join a hospital district in order to arrange secondary care services. However, parts of the public pay healthcare services are outsourced to private healthcare providers.

The public healthcare system consists of three organizational levels with different responsibilities in provision of healthcare services, with municipalities having the ultimate responsibility for providing healthcare services. Municipalities are responsible for arranging public healthcare services, both primary and secondary care and for partly financing public health and social care through tax payments. Municipalities are ultimately governed by the city councils. Municipalities' operational healthcare units include health centers and primary care hospitals, of which there are around 500 in total in Finland. Such units can be operated by private healthcare providers as outsourced services. The 20 hospital districts in Finland (excluding Åland) are responsible for arranging secondary care and research within their districts. The hospital districts are formed by the municipalities in each hospital district and governed by a politically chosen board. Hospital districts' operational units include five university hospitals and 17 central hospitals. As a third organizational level, there are five special responsibility areas that are responsible for the most demanding healthcare. These areas are also responsible for research in affiliation with the universities and education in medical schools. Such areas are led by the five university hospitals in Finland.

Private pay healthcare services provided by private providers consist of private clinics, occupational healthcare and dental care. Private individuals and employers use the services provided by private providers.

The funding of Finnish healthcare is multi-channel, as the treatment of a patient may be paid by the public sector, employers, insurance companies or individual patients. While the Finnish healthcare system contains elements from the tax-based and insurance-based systems, employers and individuals are an important source of funding, which has enabled the creation of business-to-consumer and business-to-business private pay markets. In this regard, the funding stands out from many other developed nations. The funding system of healthcare and parties thereto are described in section "— *Multi-Channel funding*".

In addition to multi-channel funding, the public and private sectors have a long history of cooperation in Finland. The private healthcare market started to evolve in the 1960s and the Finnish occupational healthcare market has developed into its current form since the 1970s, when the Occupational Healthcare Act was first introduced setting out the obligation of an employer to arrange occupational healthcare and defining its content and organization.[19] Private provision has relatively outgrown public provision historically. This development is expected to continue, as funding pressures on the public sector are likely to continue due to, for example, increase in pension, healthcare and long-term care expenditure caused by an ageing population.[20]

The Finnish healthcare system has not encountered major reforms since 2000, apart from the currently pending Social and Healthcare Reform. For further information on the Reform, see "— *The Social and Healthcare Reform" and "Key Legislation Governing the Provision of Healthcare — Certain Legislative Proposals — The Social and Healthcare Reform*". The political environment towards private healthcare provision has also been favorable, as evidenced, for example, by the preparation of the Social and Healthcare Reform through times with different governments.

Table 1 — Breakdown of total healthcare market in Finland

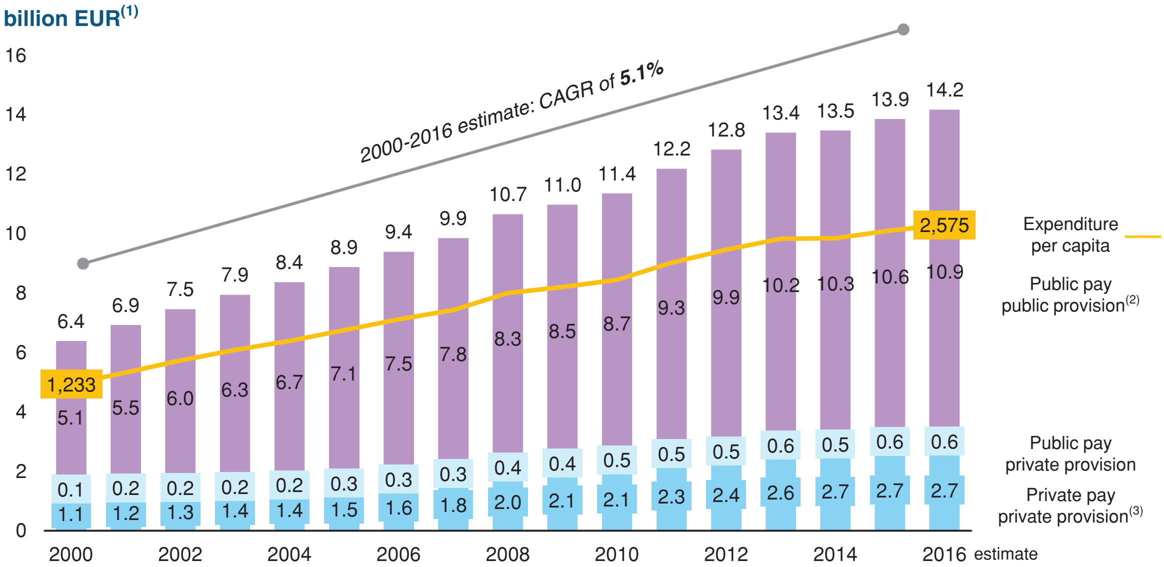
Market segment	2016 (estimate)		Compound annual growth rate (CAGR)[21]	
	Size (EUR billion)	Share of total	2000–2016 (estimate)	2014–2016 (estimate)
Public pay, public provision	10.9	77%	4.8%	2.8%
Public pay, private provision	0.6	4%	10.4%	3.1%
Private pay, private provision	2.7	19%	5.6%	1.5%
Total	14.2	100%	5.1%	2.6%

Source: NHG Report.

Traditionally the Finnish healthcare market can be divided further into three distinct parts by separating it by type of funding and type of provision of services. The public pay, public provision segment is the largest, estimated at approximately EUR 10.9 billion in 2016, while public pay, private provision was estimated to have amounted to approximately EUR 0.6 billion in 2016.[22] The public pay, private provision segment started to grow rapidly in the early 2000s due to increasing challenges, such as access to care, faced by the public provision as well as the new, innovative, flexible and efficient business models applied and introduced by the private service providers. However, the growth has been slower during 2014 to 2016 due to weak economic conditions. Private pay, private provision services consist of services provided to corporates and private individuals and represented approximately 19 percent of the total market in 2016. This segment is characterized on choices by customers regarding the provider of their healthcare service provider and is driven by several distinct factors, such as access to care, quality and customer satisfaction. The private provision services amounted to approximately EUR 3.3 billion (consisting of public pay, private provision (EUR 0.6 billion) and private pay, private provision (EUR 2.7 billion), of which 61 percent of the provision was funded privately, 22 percent by the Finnish Social Insurance Institution, Kela, and 18 percent by the public sector (i.e. the state and municipalities).[23] The multi-channel funding system of healthcare is described below in section "— *Multi-Channel funding*".

19 The Occupational Healthcare Act (743/1978) was introduced in 1979 and it was later replaced by the Occupational Healthcare Act (1383/2001), which became applicable from January 1, 2002.
20 Source: NHG Report; The Ministry of Finance: General Government Fiscal Plan 2018–2021, dated April 28, 2017.
21 Compound annual growth rate referred to hereinafter as CAGR.
22 Source: NHG Report.
23 Source: NHG Report.

Figure 3 — Development of total healthcare expenditure in Finland in 2000–2016 (estimate)



(1) Source: NHG Report.
(2) Including public provision and in-house provision of occupational health.
(3) Historical estimate based on Kela reimbursed private provision market growth, complete outsourcings excluded (referring to total outsourcing of municipalities' social and healthcare service provision). See also Figure 5, illustrating Terveystalo's addressable healthcare markets.

In 2015, the Finnish healthcare expenditure as a share of the gross domestic product (GDP) was 9.4 percent, whereas the corresponding figure was 11.1 percent in France, 11.2 percent in Germany, 11.0 percent in Sweden and 9.9 percent in the UK. The share of healthcare expenditure per GDP grew from 6.8 percent to 9.4 percent in Finland in the period from 2000 to 2015.[24] The trend of growing healthcare expenditure per GDP is expected to continue.[25] From the Nordic countries, Finland spends less of their GDP on healthcare than Sweden, Denmark and Norway.

Multi-Channel Funding

The Finnish healthcare system is characterized by a multi-channel funding system. The funding of public pay, private provision healthcare services is arranged through governmental and municipal funding, in addition to which customer fees incurred from public provision of healthcare services cover part of the costs of the public healthcare in Finland. In turn, funding of private pay healthcare services involves many operators.

Funding of occupational healthcare

Employers are obliged to arrange and fund occupational healthcare for their employees, and a part of their costs is reimbursed by Kela, which collects the funds through earned income insurance payments. In 2016, it was estimated that approximately 59 percent of the private occupational healthcare costs were funded by corporate customers and 41 percent by Kela[26].

Funding of private healthcare

The private healthcare services market can be divided into Kela reimbursed services, non-reimbursed private healthcare services (including, for example, plastic surgery and non-reimbursed physiotherapy) as well as Kela reimbursed rehabilitation. Kela reimbursed services were estimated to total EUR 862 million in 2016 of which 71 percent were funded by private medical insurance, 18 percent by individuals and twelve percent through Kela reimbursements, whereas non-reimbursed private healthcare services, estimated to total EUR 288 million in 2016 were 100 percent funded by individuals. Kela reimbursed rehabilitation services, totaling EUR 422 million in 2016, were funded 18 percent by individuals, 68 percent by Kela and 14 percent by the state and municipalities. Private healthcare market excluding Kela reimbursed

24 Source: The OECD statistics: Health expenditure and financing, available at http://stats.oecd.org/Index.aspx?DataSetCode=SHA.
25 Source: NHG Report.
26 Source: NHG Report.

rehabilitation (totaling EUR 1,150 million in 2016) was funded 53 percent by insurance reimbursements, 38 percent by individuals and the remaining nine percent was covered through Kela.[27]

Payments by individuals refer to a fee-for-service and are paid by private individuals in case of an accident or illness. Private health insurance refers to a situation in which an insurer reimburses all or part of the costs of private healthcare services incurred from an accident or illness.

Funding of private dental care

Approximately 91 percent of private dental care is estimated to have been funded by individuals and the rest covered through Kela in 2016.[28]

Healthcare funding channeled through Kela

Kela funds a broad range of health and social care services and provides social security coverage for Finnish residents and many Finns living abroad in different stages of their lives. Among the social security benefits granted by Kela are family benefits, health insurance, rehabilitation, basic unemployment security, housing benefits, financial aid for students and basic pensions. Kela is part of the multi-channel funding model that characterizes the Finnish healthcare system. Employees and employers pay contributions to Kela's national health insurance fund, from which Kela, on a statutory basis, among other things, reimburses part of private pay health and dental care expenses and part of employers' occupational healthcare expenses.

The history of Kela reimbursements originates from the 1960s, when the reimbursement system was created to complement the public pay healthcare services. For the past two decades, the relevance of Kela reimbursements has been in steady decline on the private pay health and dental care.[29] However, at the same time, the consumption of private healthcare has grown. According to the Company's estimate, abolishment of Kela reimbursements would not have major and long-term impacts on the demand for private healthcare services provided the impacts on the demand for private healthcare services would be similar to the impacts of the historical reductions of Kela reimbursements, as described in the NHG Report.[30] According to the Company, the level of Kela reimbursements is today relatively small in many cases in relation to the private provision list prices.

In 2016, the reimbursement of private pay health and dental care costs by Kela amounted to EUR 158 million, which represented approximately seven percent of the total private healthcare market (excluding occupational healthcare).[31] These reimbursements are planned to be abolished in connection with the Social and Healthcare Reform in or about 2021. In occupational healthcare, approximately two-fifths of the funding is carried out through Kela, and no changes are currently planned on these reimbursements in connection with the Reform except that the emphasis may be shifted further towards preventive occupational healthcare services in the future.[32] In fact, in connection with the Social and Healthcare Reform preparations in 2016, the government has stated that the intention is to develop the occupational healthcare system in cooperation with labor market parties, who have traditionally been supportive of well-functioning and high quality occupational healthcare services.[33] The labor market parties (business organizations and confederation unions) emphasize that occupational healthcare has a significant role in preventing work disability and prolonging careers. Occupational healthcare integrates healthcare and rehabilitation into work life and work places.

Private insurance companies

Private insurance companies provide both statutory and voluntary insurance policies. Statutory insurances comprise of occupational accident and disease insurance policies taken by employers, while voluntary insurances comprise of accident and health insurance policies taken by employers for their employees. With regard to voluntary insurances, the costs are first paid by individual patients and reimbursed afterwards by the insurance company. Patients are typically free to choose their service provider, even though insurance companies may have preferred partners for statutory insurances. In 2015, insurance companies paid a total of EUR 829 million in reimbursements out of which EUR 348 million were

[27] Source: NHG Report.
[28] Source: NHG Report.
[29] Source: NHG Report.
[30] Source: NHG Report.
[31] Source: Kela statistics (available in Finnish).
[32] Source: NHG Report.
[33] Source: The Ministry of Social Affairs and Health and the Ministry of Finance: Valinnanvapauden toteuttamisen ja monikanavaisen rahoituksen yksinkertaistamisen jatkovalmistelu, June 27, 2016 (available in Finnish); Statement by the labor market parties: Työterveyshuolto sote-uudistuksessa, May 1, 2017 (available in Finnish).

reimbursements via voluntary accident and health insurance policies and EUR 481 million reimbursements via statutory insurance policies.[34]

The steady growth in private health insurances can be considered to demonstrate individuals' willingness to invest in private provision of healthcare services and pay for the benefits of private healthcare services.

Table 2 — Private health insurance policies (PHI) in Finland in 2009–2016

Number of PHI	2009	2010	2011	2012	2013	2014	2015	2016	CAGR
PHI for children, total	392,931	405,575	424,862	428,825	438,421	440,290	445,970	458,960	2%
PHI for adults, total	426,122	458,016	461,957	501,167	534,389	559,725	663,258	697,848	7%
Taken by private persons	327,763	350,637	337,619	350,365	363,382	382,092	477,390	481,704	6%
Taken by companies	98,359	107,379	124,338	150,802	171,007	177,633	185,868	216,144	12%
PHI, total	**819,053**	**863,591**	**886,819**	**929,992**	**972,810**	**1,000,015**	**1,109,228**	**1,156,808**	**5%**

Source: Finance Finland statistics 2009–2016.

Approximately 1.1 to 1.2 million Finnish residents, representing 20 percent of the Finnish population, have private health insurance. According to management estimates, key drivers for the increase in number of personal health insurances can be estimated to be associated with fast access to care, quality of health care services and patients' possibility to choose their healthcare service provider.[35]

Healthcare Market Trends

Fast Ageing Population

Finland has had the world's second fastest ageing population according to statistics by the United Nations between 2000 and 2015 (excluding countries with less than 500,000 inhabitants)[36] and ageing is expected to continue in the coming decades. The pace of population ageing observed at the country level illustrates the ageing process is the most advanced in high-income countries.[37] Over the period from 2000 to 2015, the proportion of the population aged 60 years or over increased by 7.3 percentage points in Finland. Taking into account countries with a population of over 500,000 inhabitants, only Japan experienced a faster rise in the proportion of the corresponding population, with an increase of 9.9 percentage points. In comparison, the increase has been 4.8 percentage points in Denmark, 3.5 percentage points in Sweden and 2.8 percentage points in the UK.[38]

The share of the population aged 60 or over in Finland was 19.9 percent in 2000, 27.2 percent in 2015 and is expected to reach 31.5 percent in 2030. Respective figures in Japan are 23.3 percent in 2000, 33.1 percent in 2015 and 31.7 percent in 2030 whereas for example, in Sweden the share of the population aged 60 or over is only 22.2 percent in 2000, 25.5 percent in 2015 and 28.6 percent in 2030.[39]

An ageing population coupled with on average higher healthcare costs for elderly people are expected to drive the growth of healthcare costs. Average annual healthcare costs for a person aged 65 years and over are 3.5 times higher than the average annual healthcare costs for people aged between 18 and 64 (average annual healthcare costs for patients aged between 18 and 64 is approximately EUR 2,450). In addition, average annual healthcare costs for a person aged 85 years and over is more than eight times higher than the average annual healthcare costs for people aged between 18 and 64.[40]

[34] Source: The Federation of Finnish Financial Services 2015, available at http://www.finanssiala.fi/materiaalipankki/tilastot/2015 (available in Finnish).

[35] See, for example, Aula Research study June 6, 2016 (commissioned by Finnish Association of Private Care Providers and Lääkäripalveluyritykset ry), available at http://www.lpy.fi/files/kumppania/lpy_doc/Terveyspalvelujen%20tulevaisuu s%20kansalaistutkimus.pdf.

[36] Source: United Nations World Population Ageing Report, available at http://www.un.org/en/development/desa/population/ publications/pdf/ageing /WPA2015_Report.pdf.

[37] Source: S. Kapiainen – J. Eskelinen: Miesten ja naisten terveysmenot ikäryhmittäin 2011 (THL report 17/2014) (available in Finnish); the United Nations World Population Ageing Report, available at http://www.un.org/en/development/desa/population/ publications/pdf/ageing /WPA2015_Report.pdf.

[38] Source: United Nations World Population Ageing Report, available at http://www.un.org/en/development/desa/population/ publications/pdf/ageing /WPA2015_Report.pdf.

[39] Source: United Nations World Population Ageing Report, available at http://www.un.org/en/development/desa/population/ publications/pdf/ageing /WPA2015_Report.pdf.

[40] Source: S. Kapiainen – J. Eskelinen: Miesten ja naisten terveysmenot ikäryhmittäin 2011 (THL report 17/2014) (available in Finnish).

Table 3 — Healthcare costs per age group, 2011

Age group	0–2	3–6	7–17	18–40	41–64	65–74	75–84	85–	Total
EUR million	404	286	951	2,989	5,188	2,609	3,150	2,529	18,106
EUR/inhabitant	2,212	1,196	1,442	1,944	2,878	4,867	9,705	21,236	3,352

Source: S. Kapiainen – J. Eskelinen: Miesten ja naisten terveysmenot ikäryhmittäin 2011 (THL report 17/2014) (available in Finnish).

The ageing population is a key factor affecting the sustainability gap of the public finance. The sustainability gap reflects the imbalance of the future fiscal obligations and resources to settle those future obligations which is reflected, with regard to the challenges the Finnish economy faces, in the dependency ratio statistics: the ratio between the number of people aged 65 and over and the number of people aged between 15 and 64 (the value is expressed per 100 people of working age between15 and 64) was 19.8 in 1990, 22.2 in 2000, 25.6 in 2010 and in 2016 the dependency ratio was 32.4. The dependency ratio is forecasted to be 36.9 in 2020, 43.4 in 2030 and 50.7 in 2060.[41]

Lifestyle Diseases

Lifestyle diseases are common in countries with a high living standard. Lifestyle diseases include, for example, cardiovascular diseases, diabetes, musculoskeletal diseases and cancer. Diseases with a significant impact on public health are generally referred to as national diseases. Cardiovascular diseases, diabetes, asthma and allergies, chronic respiratory diseases, cancer, memory disorders, musculoskeletal diseases and mental disorders are classified as national diseases in Finland.[42] For example, the number of type 2 diabetics in Finland has increased from 138,000 to the current total of approximately 500,000 during the past 20 years.[43] New incidents of cancer in proportion to the population and changes in age structure have increased during the past 30 years.[44] Factors affecting the prevalence of lifestyle diseases include the ageing population, obesity, unhealthy diet, smoking and the use of alcohol, among others. For example, the share of obese (Body Mass index over 30 kg/m^2) Finns between the ages of 20 to 64 years has increased from eight to 19 percent between 1979 and 2015.[45] The increasing prevalence of lifestyle diseases increases the demand for healthcare services[46] and emphazises the relevance of preventive healthcare.

Diabetes

Compared to other countries, Finland has a high prevalence of type 1 diabetes as well as high blood pressure, which is a common symptom linked to various lifestyle diseases. In 2014, the number of diabetics per 1,000 people was 88.2 in Finland, which was above that of Germany (83.6), the UK (83.5), Sweden (56.8), Denmark (52.5) and Norway (49.9), for example.[47]

The incidence of type 1 diabetes in Finland is the highest in the world[48], while the prevalence of type 2 diabetes in Finland is as typical as in other Western countries.[49] There are estimated to be approximately 500,000 people with diabetes in Finland, of which approximately 50,000 people have been diagnosed with type 1 diabetes and approximately 300,000 people have been diagnosed with type 2 diabetes. In addition, the number of undiagnosed cases of type 2 diabetes in Finland is estimated at 150,000 people or approximately 30 percent of the total number of 500,000 diabetics.[50]

The importance of diabetes to public health is mainly based on the complications associated with the disease. For example, according to a Finnish study, among people who had been diagnosed with type 1

41 Source: The Ministry of Finance: General Government Fiscal Plan 2017–2020, dated April 14, 2016; National Audit Office of Finland: Trend projections for social security expenditure, dated January 11, 2017.

42 Source: THL, Yleistietoa kansantaudeista, available at https://www.thl.fi/fi/web/kansantaudit/yleistietoakansantaudeista (availalbe in Finnish).

43 Source: THL, statistics on the prevalence of diabetes at https://www.thl.fi/fi/web/kansantaudit/diabetes/diabeteksen-yleisyys; FinDM II Diabeteksen ja sen lisäsairauksien esiintyvyyden ja ilmaantuvuuden rekisteriperusteinen mittaaminen, 2009 (available in Finnish).

44 Source: THL, Prevalence of cancer, available at https://www.thl.fi/fi/web/kansantaudit/syopa/syovan-yleisyys; Suomen Syöpärekisteri (available in Finnish).

45 Source: Statistics Finland: "Suomalaisen aikuisväestön terveyskäyttäytyminen ja terveys"– mail survey (AVTK-tutkimus) annually from 1978 to 2014 (www.thl.fi/avtk). The Adult Health, Wellbeing and Service Sciences (ATH) survey annually from 2012.

46 Source: NHG Report.

47 Source: OECD.

48 Source: Finnish Diabetes Association: Diabeteksen ehkäisy ja hoidon kehittämisohjelma (DEHKO 2000–2010), loppuraportti (available in Finnish).

49 Source: Finnish Diabetes Association: "Diabetes in Finland – Prevalence and Variation in Quality of Care" report, 2006.

50 Source: THL statistics on prevalence of diabetes, https:/ /www.diabetes.fi/diabetes/yleista_diabeteksesta/tilastotietoa; Finnish Diabetes Association: "Diabetes in Finland – Prevalence and Variation in Quality of Care" report, 2006.

diabetes before the age of 18 years, nephropathy meant a ten-fold increase in the risk of cardiovascular diseases. Further, a person with type 2 diabetes has a two or four times greater risk of myocardial infarction (i.e. heart attack), than the rest of the population.[51]

Based on a study concerning the health services of patients with diabetes in Helsinki, and the related costs, it can be estimated that the costs of the care provided for all patients with diabetes constitute over twelve percent of Finland's healthcare expenditure. An estimated 90 percent of the costs caused by diabetes arise from treatment for complications from the disease. On average, complications cause a ten-fold increase in the costs of care for people with type 1 diabetes, and a twenty-fold increase in the costs of care for people with type 2 diabetes. The total costs of pharmaceuticals for diabetes and its complications were 3.5 times greater than the costs for a non-diabetic control group in a Finnish study from 2006.[52]

Further, diabetes causes loss of productivity caused by sick leaves, premature retirements and deaths. Lifestyle guidance for diabetes risk groups has been considered a cost efficient way in preventing emergence of additional illnesses and hence the costs for preventive care are outweighed by the benefits gained through such preventive care.[53]

High blood pressure

The share of the Finnish population aged 15 years or over reporting high blood pressure was 24.9 percent, which is below that of Germany (28.5 percent). However, it is above, for example, Denmark (17.7 percent), the UK (16.4 percent), Sweden (16.2 percent) and Norway (12.7 percent).[54]

Medical Progress

The healthcare market is steadily growing through the addition of new services made possible by developments in technology and diagnostics. Medical progress also leads to faster and more efficient diagnosis and the application of sophisticated care practices as well as supports longer life expectancy which thereby enables long-term market growth. Higher recognition and more thorough care of diseases have contributed to the medical progress.[55]

Investment in technology and utilization of higher-end care methods drive market growth. For example, the imaging market has been driven by growth in the number of MRI scans resulting from the growing private orthopaedic surgery market with an increasing number of specialist consultations. The historical growth has also been at a CAGR of five percent in the period from 2006 to 2015 within other imaging techniques due to an increasing number of ear, nose and larynx consultations.[56]

Table 4 — Annual volume of imaging examination by type, number ('000) of consultations

														CAGR	
	2010	**'11**	**'12**	**'13**	**'14**	**'15**	**'16**	**'17F**	**'18F**	**'19F**	**'20F**	**'21F**	**'22F**	**'10–'16E**	**'16E–'22F**
X-ray	720	780	802	835	849	872	833	850	867	885	902	921	939	2%	2%
Ultrasound	243	254	259	268	273	279	275	280	286	292	298	304	310	2%	8%
MRI	61	68	74	79	79	110	110	118	128	138	149	161	174	10%	2%
Other	14	15	17	17	19	22	21	22	24	26	28	30	33	7%	7%
Total	1,038	1,117	1,151	1,199	1,221	1,282	1,239	1,271	1,305	1,340	1,377	1,416	1,456	3%	3%

E = estimate
F = forecast
Source: NHG Report.

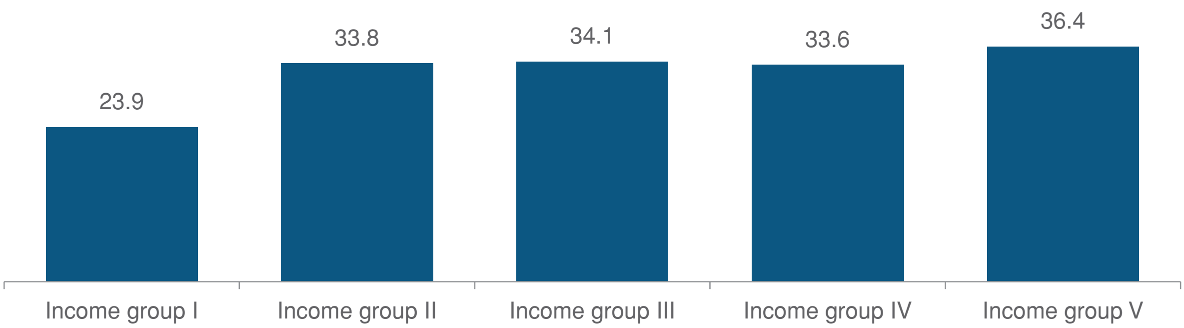
51 Source: Finnish Diabetes Association: "Diabetes in Finland – Prevalence and Variation in Quality of Care" report, 2006.
52 Source: Finnish Diabetes Association: "Diabetes in Finland – Prevalence and Variation in Quality of Care" report, 2006.
53 Source: THL: Diabetes (in Finland), available at https://www.thl.fi/fi/web/kansantaudit/diabetes/diabeteksen-kustannukset (available in Finnish).
54 Source: Eurostat: Health statistics at regional level, available at http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=hlth_ehis_cd1e&l ang=en.
55 See for example, the Ministry of Social and Health Affairs, a release by Kela, Association of Finnish Local and Regional Authorities, THL on digitalization, May 12, 2015, available at http://stm.fi/artikkeli/-/asset_publisher/digitalisaatio-avaa -kansalaiselle-taysin-uusia-ovia-terveyspalveluihin (available in Finnish); Statistics Finland: Elinajanodote (available in Finnish).
56 Source: NHG Report.

Increased Awareness of Health and Well-Being

Awareness of health and wellness has increased among consumers in Finland. Despite the economic uncertainty of the past years, Finnish consumers have demonstrated a willingness to spend money on their health. At the same time, more companies encourage their employees to take part in physical activities. In 2015, Finnish employers spent approximately EUR 200 per employee per year for physical activities. According to a study from 2016, 90 percent of employers support their employees' physical activity in some way, either through gym vouchers or providing workout facilities.[57]

Consumer willingness to spend on healthcare can be observed through the use of private physician services in all income groups. More than 30 percent of people over the age of 25 received Kela reimbursements for private physician fees in 2011. The use of private physicians is more common in the upper income groups, where approximately one third of the population received reimbursement for the use of private physicians. Over 20 percent of the population in the lowest income group received reimbursements for the use of private physicians. The amount of reimbursements paid for private physician fees is also higher in the upper income groups.[58]

Figure 4 — The percentage of population of 25-year-old and older in income groups who have received reimbursements from Kela for private clinic visits (I = the lowest income group, V = the highest income group)



Source: Kela reimbursement of medical expenses based on income groups, Sosiaali- ja terveysturvan selosteita 93/2015.

Increasing Demand for Preventive care

Many of the risks, protective factors for diseases and conditions that are important public health issues can be effectively managed. Medical professionals and the central government in Finland are increasingly focused on preventing the onset of chronic diseases through promotion of protective actions and controlling risk factors. Smoking, for example, has been found to increase the risk of cardiovascular diseases, chronic respiratory diseases, memory disorders and cancer, whereas physical exercise has been found to protect from many of the diseases and conditions deemed nationally important public health issues.[59] In addition, the World Health Organization, WHO, has put into place a global action plan in 2013 extending through 2020 for the prevention of chronic diseases. Its objective is to have a major impact on public health by reducing premature mortality caused by chronic diseases and conditions by 25 percent.[60]

[57] Source: Euromonitor: "Consumer Lifestyles in Finland" report, November 2016.

[58] Source: Kela reimbursement of medical expenses based on income groups, Sosiaali- ja terveysturvan selosteita 93/2015 (available in Finnish).

[59] See further, for example, Duodecim – Terveyskirjasto, available at https://www.terveyskirjasto.fi/terveyskirjasto/tk.koti?p_artikkeli=dlk01 066 (available in Finnish).

[60] Source: THL: General information about chronic diseases, available at https://www.thl.fi/en/web/chronic-diseases/general-information-about-chronic-diseases-affecting-public-health.

Digitalization of Healthcare

By adopting a comprehensive approach to digitalization, healthcare companies can deliver services more quickly, boost innovation and control costs. Digitalization and technology play an increasingly important role in healthcare as advanced technology enables new care regimens and contributes to the health of the patients. For example, digitalization improves coordination of care through secure exchange of health data, connects remote patients with practitioners through virtual health technologies and helps healthcare professionals analyze large data sets to make decisions on improving care quality.[61]

Consumers' expectations on healthcare services are increasingly being informed by their experiences with large companies providing digital services. With this customer experience in mind, healthcare companies are seeking to integrate technological solutions into existing business models and IT architectures to improve services.[62] Finnish private providers have been deemed to be the front-runners in providing digital services as an integrated part of their healthcare service portfolio, enabling provision of value adding services, 24/7 service channels, cost efficient provision and customer retention.[63]

Digitalization is an increasingly important driver for the healthcare service industry. Its benefits in healthcare are emphasized by the Finnish Government, in connection with the Social and Healthcare Reform, by supporting initiatives facilitating digitalization of healthcare. These initiatives support the developments of integrated service ecosystems with shared platforms and seamless dataflow supporting social and healthcare service provision.[64] Efficient transfer of patient and client data with digital solutions is one of the government's aims, while the goal is to also offer a wider range of digital services and guidance to support the wellbeing of people.[65]

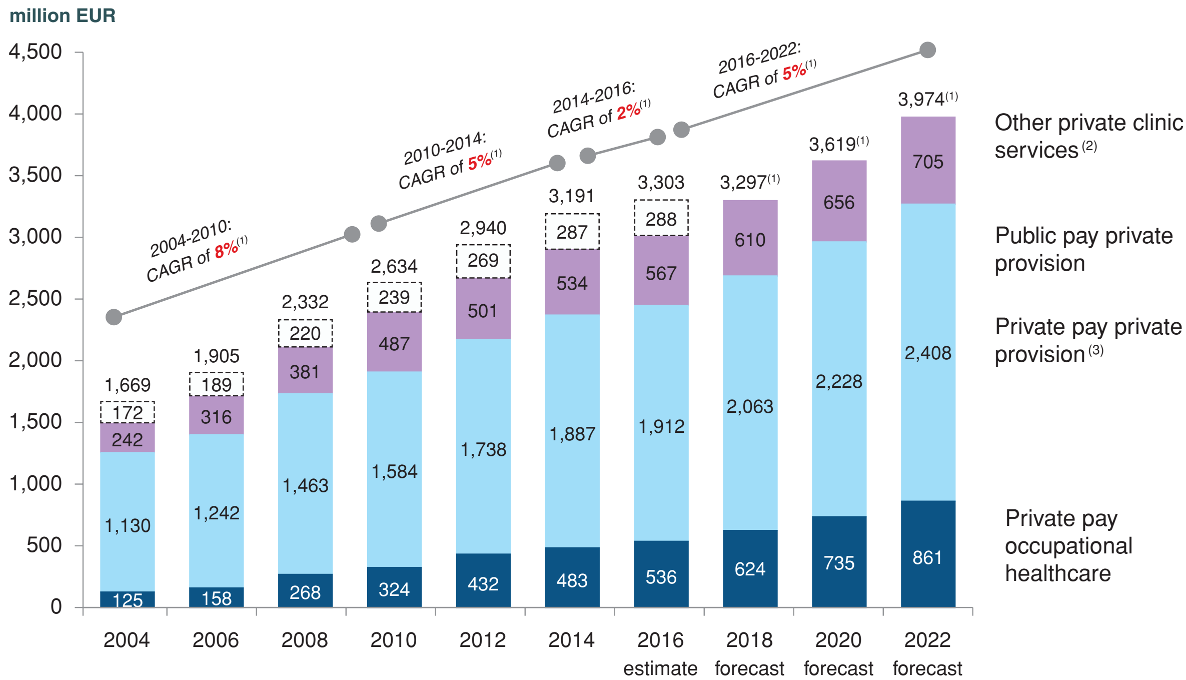
Terveystalo's Addressable Market

General Description

Terveystalo's addressable market was estimated to total EUR 3,303 million in 2016; occupational healthcare amounted to EUR 536 million, private healthcare including dental care amounted to EUR 2,200 million and public pay, private provision amounted to EUR 567 million. According to the NHG Report, the total addressable market for Terveystalo is estimated to grow at a CAGR of five percent from 2016 to 2022 without taking into account the impacts of the Reform.[66] According to the NHG Report, all segments of the addressable market are growing, with the fastest growth expected in occupational healthcare (eight percent) while other segments are expected to grow at a CAGR of four percent from 2016 to 2022.[67] The impacts of the Social and Healthcare Reform are described below in "— *The Social and Healthcare Reform—Market Impact*". Terveystalo's addressable healthcare market corresponded to approximately 23 percent of the total healthcare market (approximately EUR 14.2 billion) in 2016 and grew faster than the total healthcare market between 2004 and 2016.

61 Source: McKinsey & Company, April 2017, available at http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/four-keys-to-successful-digital-transformations-in-healthcare.
62 Source: McKinsey & Company, April 2017, available at http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/four-keys-to-successful-digital-transformations-in-healthcare.
63 Source: NHG Report.
64 Source: Health, social services and regional government reform (Government reform packages): Digitalisaatio sote-uudistuksessa (available in Finnish), available at http://alueuudistus.fi/documents/1477425/2096487/Digitalisaatio+ja+sote-uudistus.pdf/e6f03071-7e04-412e-b321-ef22174c0fc5.
65 Source: Health, social services and regional government reform (Government reform packages), presentation, May 9, 2017, available at http://alueuudistus.fi/documents/1477425/2225250/Sote-+ja+maakuntauudistus_EN.pdf/399d7162-8c9b-4afa-a5a0-4478a605417c; Sosiaali- ja terveysministeriön digitalisaatiolinjaukset 2025: Digitalisaatio terveyden ja hyvinvoinnin tukena (available in Finnish).
66 Excluding other private clinic services.
67 Source: NHG Report due to lack of estimates. Source: NHG Report.

Figure 5 — Terveystalo's addressable healthcare market in Finland from 2004 to 2022 (estimate, without taking into account the impacts of the Reform)



Source: NHG Report.

(1) Excluding other private clinic services due to lack of estimates (highlighted in dash line in the figure).

(2) Figures on other private clinic services are based on estimates on the levels of provision of services not covered by Kela reimbursements, for example, plastic surgery and physiotherapy.

(3) Containing Kela-reimbursed rehabilitation (approximately EUR 422 million in 2016) and services covered by the statutory insurances (approximately EUR 221 million in 2016) and dental services (estimated EUR 670 million in 2016). Part of the services covered by the statutory insurances are provided by public provision of healthcare. The data from 2004 to 2010 are based on the increased level of Kela reimbursements. See also Figure 3 which shows the development of the total costs of healthcare in the whole healthcare market in Finland from 2000 to 2016 (estimate).

Private provision of healthcare is an established and growing component of the Finnish healthcare market. Private provision is widely used in Finland. One-fourth of the Finnish population uses private provision in healthcare and dental care. In addition, approximately 20 percent of the population uses occupational healthcare as their main source of primary healthcare. In 2015, 1.8 million people were covered by occupational healthcare services and the share of the employee workforce covered by occupational healthcare amounted to 87 percent.[68] Private provision has been driven by a number of factors, including the comprehensive occupational healthcare system, capacity pressures on public provision, the long tradition of private provision of healthcare as well as the established multi-channel funding system including employers, individual patients, insurance companies, Kela and the public sector.

Market Characteristics

The factors affecting Terveystalo's addressable healthcare market are the same as the factors affecting the total Finnish healthcare market. Such factors include, among others, changes in demographics and the ageing of the population, lifestyle diseases, medical progress, awareness of health and well-being and increased demand for preventive care, as described above in the section "— *Healthcare market trends*".

The Finnish healthcare market is characterized by a unique occupational healthcare system, a large customer-choice driven private-pay segment and a digital native population. These market characteristics create an attractive environment for private healthcare providers. Occupational healthcare services have established their position as an important part of the Finnish healthcare system. Occupational healthcare services benefit employees, for example, through fast access to care and possibility for preventive care. Occupational healthcare for employees reduces the costs for employers with regards to sick days and pension contributions by improving the work ability and productivity as well as preventing premature retirement due to disability among employees.[69]

[68] Source: Kelan työterveyshuoltotilasto 2015 (available in Finnish).

[69] Source: G. Ahonen: Työkyvyn taloudellinen merkitys, 2010 (available in Finnish).

Occupational healthcare started to develop in the early mid-20th century. In order to develop occupational healthcare in Finland, the Finnish Occupational Healthcare Association (*Suomen Teollisuuslääketieteen Yhdistys*) was established in the 1940s and the Finnish Institute of Occupational Health in the 1950s. An agreement between the Finnish labor and employer organizations covering occupational healthcare led to further development in the 1970s. Comprehensive primary care was created in Finland following ratification of the Primary Health Care Act in 1972. This improved the possibilities for small companies to secure access to occupational healthcare services from health centers. The Occupational Health Care Act, which entered into force in 1979, increased the occupational healthcare coverage and shifted more focus to preventive services.[70] In the occupational healthcare business, the critical success factor is the ability to deliver tangible value to customers. Corporate customers of occupational healthcare services generally emphasize measurable quality and return on investment, and the Finnish occupational healthcare system provides incentives to employers to invest in preventive care and employee well-being as the studies have indicated that investing in occupational healthcare has resulted in positive return-on-investments.[71]

The addressable market of Terveystalo is further characterized by an extensive customer-choice driven private pay segment. Based on a survey measuring, among others, customer-centricity, flexibility, quality and innovation of services, customers have a positive image of private healthcare providers as compared to public provision of healthcare.[72] When selecting a private healthcare services provider, the quality of care and fast access to care are essential selection criteria.[73]

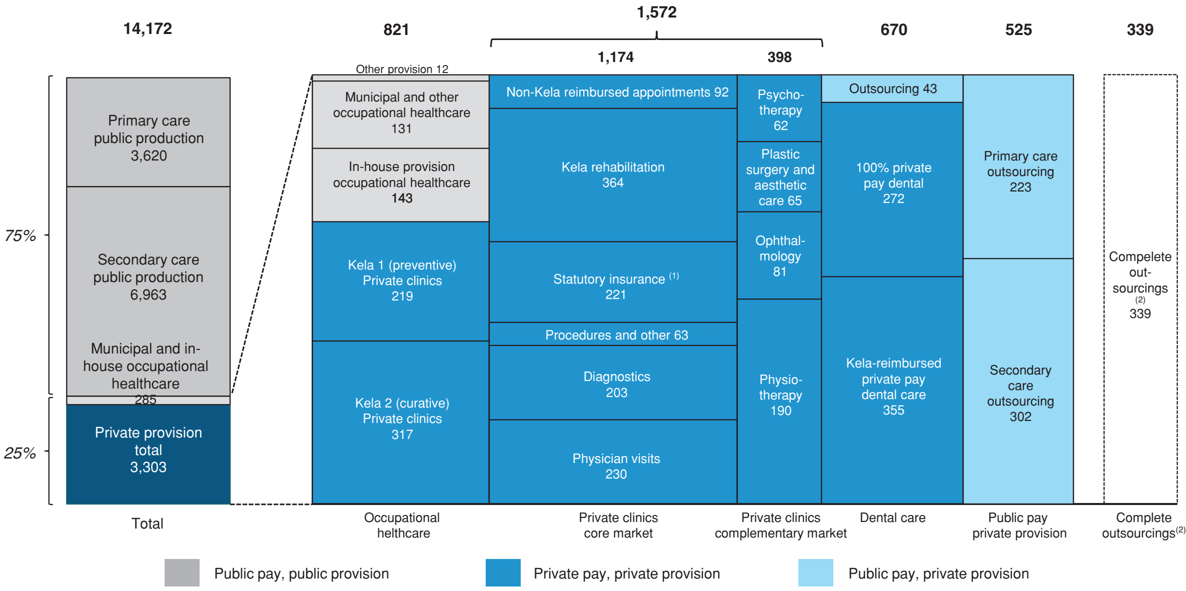
The private pay segment dates back to the 1960s. In 1964, the Finnish National Health Insurance was introduced and Kela became responsible for administering it in addition to the National Pension Insurances. At the same time, new approaches were introduced to rehabilitation and disease prevention, and consequently a basis for early rehabilitation was created in the Finnish healthcare market. In 1967, a second stage of the National Health Insurance was introduced, extending coverage to doctors' fees and cutting the waiting period for sickness allowance from 14 days to seven days. The extended Kela reimbursement coverage has been a driver in the use of private healthcare until recently. In addition, the well-functioning private healthcare market has supported the publicly provided market by allowing patients willing to pay for better access to care and quality to bypass the public system. The development of the customer-choice driven private pay segment has led to a situation, where private providers focus on convenience, quality, availability, overall customer experience, trust and brand building, as well as customer acquisition and retention. When providing private healthcare services, the critical success factors include convenience and customer experience since the customers have the opportunity to choose their healthcare service provider.[74]

As a third market characteristic for Terveystalo's addressable market, Finland is attractively positioned for driving digitally enhanced healthcare. An educated and digital native population is a pre-requisite for digitally enhanced healthcare. Finland has been recognised for its high literacy level[75] as well as its broadband penetration, having a penetration of 94 percent as compared to EU-28 average of 82 percent[76] and 139 percent mobile broadband penetration as compared to the OECD average of 95 percent.[77] Further, Finland was ranked second among the EU countries in the share of individuals aged between 16 and 74 years who used the internet for seeking health-related information in the last three months in 2016.[78] In Finland more than 75 percent of health facilities use electronic health records[79] and since January 2017, all prescriptions need to be provided electronically.[80] Further, as part of the Social and Healthcare Reform, the government is supporting initiatives that will further promote the digitalization of healthcare. These initiatives support the developments of an integrated service ecosystem with shared platforms and seamless dataflow supporting social and healthcare service provision.[81]

70 See further, for example, Husman, K: Suomalaisen työterveyshuollon kehitys (in Finnish), 2010.
71 Source: NHG Report; G. Ahonen: Työkyvyn taloudellinen merkitys, 2010 (available in Finnish).
72 Source: Aula Research study, March 29, 2017 (commissioned by Finnish Association of Private Care Providers and Lääkäripalveluyritykset ry).
73 Source: NHG Report.
74 Source: Kela, NHG Report.
75 Literacy judged based on various factors, including numbers of libraries and newspapers, years of schooling as well as computer availability; see further World's Most Literate Nations 2016 (John W. Miller).
76 Source: Eurostat 2016: Proportion of individuals who used internet within the last three months, available at http://ec.europa.eu/eurostat/statistics-explained/index.php/File:Internet_use_and_frequency_of_use,_2016_(%25_of_individuals).png.
77 OECD average of 99.3%; see further the OECD statistics on mobile broadband subscriptions per 100 inhabitants, available at http://www.oecd.org/sti/broadband/oecdbroadbandportal.htm.
78 Source: Eurostat 2016 (Proportion of individuals who used internet within the last three months – Finland 65% vs. e.g. 63% in Germany, 60% in Sweden and 56% in the UK), available at http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&lang uage=en&pcode=tin00101.
79 Source: Atlas of eHealth country profiles (WHO, 2015).
80 Source: THL, available at https://www.thl.fi/en/-/sahkoinen-laakemaarays-muuttuu-pakolliseksi-1-1-2017-muutoksessa-huomioitavaa.
81 Source: Health, social services and regional government reform (Government reform packages): Integration of social and health services, available at www.alueuudistus.fi.

Breakdown of the Healthcare Market and Addressable Market for Terveystalo

Figure 6 — Breakdown of the Finnish total healthcare market and breakdown of private provision of healthcare market in 2016 (estimated), EUR million



Source: NHG Report.

(1) Part of statutory insurance care public service provision.

(2) The market definition in the NHG Report for the addressable market for Terveystalo excludes complete outsourcings (covering social care services representing approximately one third of the complete outsourcings markets and also municipalities own service provision).

According to the market definition applied in the NHG Report, Terveystalo's addressable healthcare market is estimated to total approximately EUR 3.3 billion in 2016. These markets include private pay occupational healthcare, private pay, private provision healthcare and public pay, private provision as well as other private clinic services. The market definition in the NHG Report for the addressable market for Terveystalo excludes complete outsourcings (covering social care services representing approximately one third of the complete outsourcing markets and also municipalities own service provision).

Private pay occupational healthcare refers to occupational healthcare services provided by private healthcare, a market estimated to total approximately EUR 536 million and representing about 16 percent of the total EUR 3.3 billion healthcare market in 2016. Private occupational healthcare can be divided into the statutory preventive services (compensation class 1, "Kela 1"), estimated to total to approximately EUR 219 million and the curative services (compensation class 2, "Kela 2"), estimated to total to approximately EUR 317 million in 2016.

Private pay occupational healthcare is estimated to represent approximately 65 percent of the total occupational healthcare market of approximately EUR 821 million in 2016. The remaining EUR 285 million market includes in-house occupational healthcare provision, municipal and other occupational healthcare, as well as other provision. This market segment is not currently addressed by private healthcare service providers. Terveystalo considers that the said market segment represents an opportunity for private providers partly due to potential legislative change, which is expected to drive a shift towards privately provided occupational healthcare from municipalities.

Private pay, private provision refers to private healthcare and dental care services, a market estimated to total EUR 2,200 million and represent about 67 percent of the total EUR 3.3 billion healthcare market in 2016. The private healthcare market is estimated to total EUR 1,572 million in 2016. Terveystalo's core private healthcare market amounted to EUR 1,174 million in 2016, which comprised of services covered by Kela reimbursed private pay, private provision services, statutory insurance, such as motor vehicle insurance and certain types of accident insurance, as well as non-Kela reimbursed private appointments. Kela reimbursed private pay, private provision services comprise surgical procedures, physician visits, i.e. general practitioner and medical doctor reception, diagnostics, i.e. imaging and laboratory, as well as Kela rehabilitation, i.e. vocational and discretional rehabilitation, intensive medical rehabilitation for disabled as well as psychotherapy.

A complementary private healthcare market is estimated to total approximately EUR 398 million in 2016 and consisted of services such as physiotherapy, ophthalmology, plastic surgery, aesthetic care and psychotherapy. Terveystalo already has an established presence in the markets of complementary services and considers that there remains potential for further growth. The private dental care market totaled EUR 627 million in 2016. This market includes Kela reimbursed private pay dental care and full private pay, non-Kela reimbursed dental care including services such as prosthetics. Public pay, private provision was a EUR 567 million market corresponding to approximately 17 percent of the total estimated EUR 3.3 billion market in 2016 (estimate). Public pay, private provision services include primary care services outsourced by municipalities, totaling approximately EUR 223 million in 2016, and secondary care services outsourced by joint municipalities, totaling approximately EUR 302 million and outsourced dental care services, totaling EUR 43 million in 2016. The complete outsourcing market totals EUR 339 million (2016 estimate) and mainly includes completely outsourced healthcare services, social care services representing approximately 33 percent as well as services provided by municipalities.[82] Despite the growth in the completely outsourced market in recent years, this market segment in its current form is expected to gradually disappear in connection with the proposed Social and Healthcare Reform. For further details, see "*— The Social and Healthcare Reform*" and "*Key Legislation Governing the Provision of Healthcare — Certain Legislative Proposals — The Social and Healthcare Reform*".

Occupational Healthcare

General Market Description

Occupational healthcare is a mandatory service provided by employers to their employees. Occupational healthcare covers occupational health and safety, preventive care, primary healthcare service and secondary care. Mandatory services include basic preventive care, health examinations and guidance as well as basic vaccinations.

Employers take into account various factors when considering the scope of the occupational healthcare services they will purchase, including, for example, their aim of keeping their employees healthy, productive and satisfied. It is often in the interest of the employer to ensure that the treatment of an employee is provided quickly, efficiently and with good medical quality. The overall goal is to decrease the total costs associated with employees' health, for example, by reducing the number of sick days.[83]

Employers have in general decided to spend above the statutory minimum requirement of health and safety and invest in primary and secondary care needs of their employees. The level of occupational healthcare offered by an employer may contribute to attracting and retaining competent workforce as well as improving work satisfaction. From the employer's perspective, occupational healthcare increases employee productivity and reduces costs related to sick days and early retirement.[84] Additional services offered by employers comprise, for example, specialist consultations, advanced diagnostics and imaging, dental care, preventive health classes and digital tools.

Preventive care is a key part of occupational healthcare, enabling early identification of health risks, planning of individual care plans and avoidance of costs for disease outbreaks. Management believes that the increased focus on the use of preventive care drives near-term and long-term revenues for the Company and can also save long-term costs for the Finnish economy. Preventive occupational healthcare services include, for example, occupational health examinations (including exposure-based, statutory, targeted and age-based examinations), assessments of working ability and ability to function, guidance in first aid preparedness at the workplace, referrals to rehabilitation as well as provision of information and counseling.

The development of the occupational healthcare services is a driver for the development of value-based healthcare because corporate customers generally focus on measurable quality, cost efficiency and facilitating return on investment in healthcare. The private providers have focused on developing innovative services for corporate customers to stand out from their competitors. Occupational healthcare has potential to create return on the investment of companies. According to Kela, the average costs for public provision of occupational healthcare at health centers (reflecting the statutory minimum) were at EUR 323 and costs for private provision of occupational healthcare (reflecting complementary occupational healthcare) were at EUR 468 in 2014.[85] According to a recently published study, investments

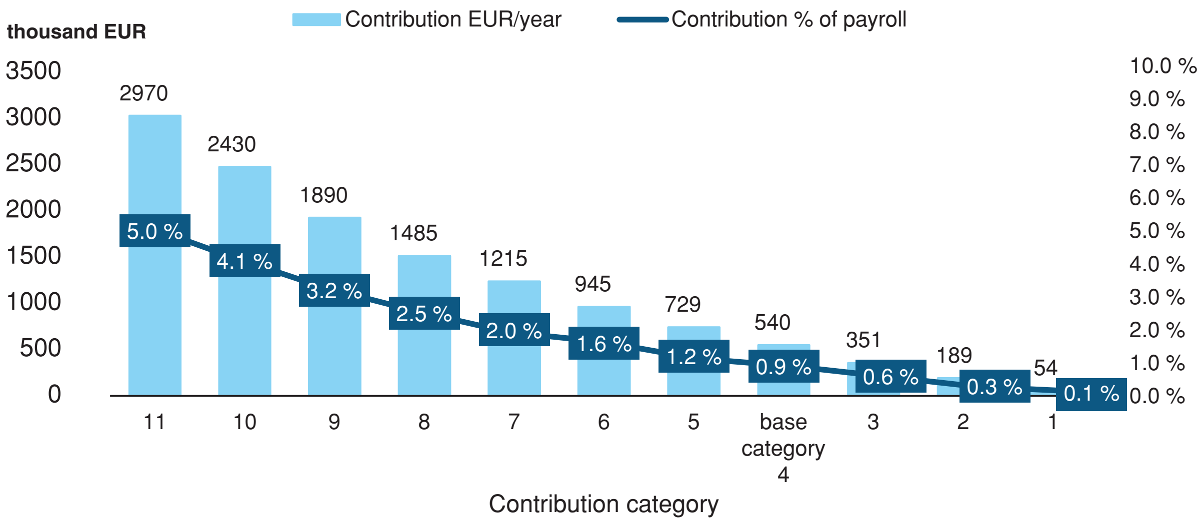
[82] The market definition in the NHG Report for the addressable market for Terveystalo excludes complete outsourcings.
[83] Source: G. Ahonen: Työkyvyn taloudellinen merkitys, 2010 (available in Finnish).
[84] Source: G. Ahonen: Työkyvyn taloudellinen merkitys, 2010 (available in Finnish).
[85] Source: Statistical publication of Kela, April 12, 2016.

in occupational healthcare by employers had the potential to generate a return on investment of up to six times by reducing pension costs and the number of sick days as well as increasing productivity.[86]

Occupational healthcare is linked to the Finnish statutory pension system. As part of the system employers make disability contributions, which are based on the contribution category determined by the amount of disability pension expenses of the employees. The contribution category is affected by the employees' work capacity and the size of the company. An employer is defined as a large employer in 2017 when its payroll for 2015 was equal or greater than EUR 2,044,500. For a large employer, the statutory earnings-related pension contribution (TyEL contribution) depends on work capacity, which is reflected in the contribution category of the employer based on risk assessment which, in turn, is based on realized pension expenditure. The average pension contribution in 2017 is 24.4 percent of the payroll and disability contribution is the key component which can be managed. These statutory disability contributions range between 0.1 percent and 5.0 percent of payroll. In the case of a company with a payroll of EUR 60 million, for example, the annual contribution would total EUR 2.97 million in category 11 (the highest contribution category) compared to EUR 54,000 in category 1 (the lowest contribution category).

Figure 7 — Impact of payroll and contribution category to the TyEL contribution

Example: Annual TyEL contribution by contribution categories of a company paying out EUR 60 million in salaries



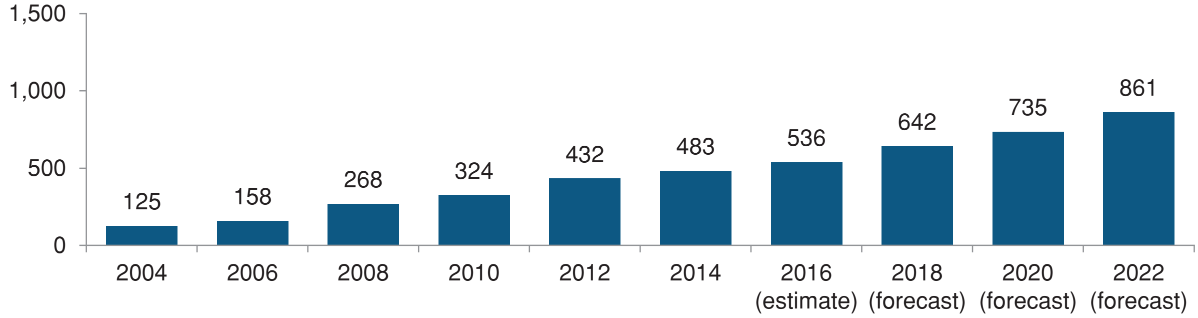
Source: Ilmarinen (Large Employer's TyEL-Contribution 2016).

In case of a decline in the work capacity of employees, employers can make use of vocational rehabilitation in case of a person not being able to continue at their job due to health reasons. The objective of the vocational rehabilitation is to prevent disability, improve the person's opportunities for working and manage well-being at work in order to reduce costs. Consequently, managing work capacity and thereby moving to a lower contribution category implies a saving of approximately 20 percent in disability pension costs. The earnings-related pension system provides a strong incentive to invest in preventive care and employee well-being.

[86] Source: Tekemättömän työn vuosikatsauksen tulosraportti 2016 (available in Finnish), which was a study, in which a sample group of ten companies had deployed systematic work capacity management for at least five years, each of the ten companies invested EUR 1 in the health of employees after 2008 until 2014 generated a net return of almost EUR 6 each year.

Market Size and Growth

Figure 8 — Total private provision occupational healthcare market in Finland, 2004-2022 (forecast without taking into account the impacts of the Reform), EUR million



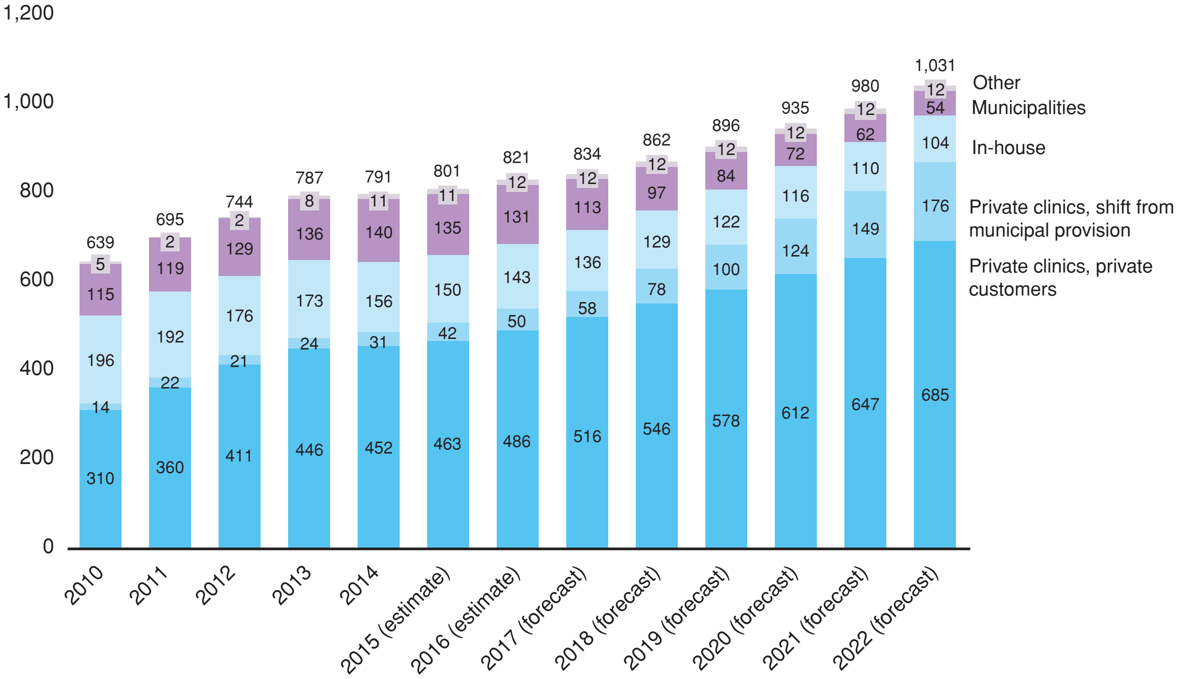
Source: NHG Report, THL, Kela, Statistics Finland.

The private provision occupational healthcare market was estimated to total EUR 536 million in 2016. The private provision occupational healthcare market grew by a CAGR of 17 percent from 2004 to 2010, eleven percent from 2010 to 2014, five percent from 2014 to 2016 and it has been forecasted to grow at a CAGR of eight percent from 2016 to 2022.[87] The historical growth has been driven by customer shift to private pay, private provision; price increases and increase in visits and examinations per employee. Customers have moved to private service providers particularly from in-house provision and occupational healthcare services provided by municipalities. At the same time, incorporation of municipal service providers has increased the number of customers in private clinics. Increase in preventive care has driven the growth in the number of visits and diagnostics.

Between 2016 (estimate) and 2022 (forecast), the occupational healthcare market is expected to be driven by customer shift to private pay, private provision (estimated more than five percentage points contribution to the growth at a CAGR of eight percent), the increase of the number of employed people, visits per employee and price increases. The increased number of visits per employee is driven by several factors such as focus on preventive occupational healthcare and, particularly, by implication the growing number of health inspections and workplace surveys as well as other preventive services, employers' efforts to avoid and reduce sickness absences, increased communication following the digitalization and challenges in the availability of services in public healthcare. Following the economic growth and better economic situation, employers are expected to continue their investments in occupational healthcare and wider availability of services, which partly supports price growth. Price growth is also affected by general wage development of physicians.[88] In addition, the extending of careers supports the development of occupational healthcare market in the long term. The extending of careers has been among others one of the key objectives in the retirement reform which came into effect in the beginning of 2017.[89]

[87] Without taking into account the impacts of the Reform. Source: NHG Report.
[88] Source: NHG Report.
[89] Source: The Finnish Pension Alliance TELA.

Figure 9 — Occupational healthcare market in Finland 2010 to 2022 (forecast, without taking into account the impacts of the Reform), EUR million



Source: NHG Rerport.

The private clinics occupational healthcare market can be separated into two parts. The market of private clinics, private customers representing most of the private clinics occupational healthcare market and the area where Terveystalo and other private service providers operate. Due to incorporation of occupational healthcare service provision in the municipalities, there is a shift from municipal occupational healthcare to private provision of occupational healthcare.

The market of private clinics, private customers, being a core market for Terveystalo within the occupational healthcare market, was estimated to have grown from EUR 452 million in 2014 to EUR 486 million in 2016, representing growth at a CAGR of approximately four percent. The private provision growth from 2014 to 2016 is estimated to be mainly due to a shift from municipal primary care to private service provision through incorporations.[90] This core market corresponds to approximately 59 percent of the total occupational healthcare market, estimated at EUR 821 million in 2016. The market segment of private clinics, private customers is estimated to grow from 2016 to 2022 at a CAGR of approximately six percent, which would bring the core market to approximately EUR 685 million in 2022. Thereby, the private clinics, private customers market would represent approximately 66 percent of the estimated total occupational healthcare market estimated at approximately EUR 1,031 million in 2022.[91]

Main Market Drivers

The key drivers of Terveystalo's addressable market for occupational healthcare are the expansion of occupational healthcare coverage, a clear shift from in-house and municipality providers of occupational healthcare to private occupational healthcare due to regulatory changes, an increase in patient visits per employee and service pricing.

[90] Source: NHG Report.
[91] Without taking into account the impacts of the Reform. Source: NHG Report.

Increase in the number of employed people, as well as an increasing importance of employee well-being and retention, has led to an expansion of occupational healthcare coverage.[92] The increase in visits per employee has been supported by focus on preventive care (on the part of Kela reimbursements), which is due to employers' efforts to increase the productivity of employees by decreasing sickness absence days and costs relating to transfer into early retirement, among others. The number of visits is also affected by the challenges in availability of public healthcare and increased number of contacts following the digitalization. According to the NHG Report, corporate customers have increased the extent of occupational healthcare coverage along the years, which has supported the productivity of employees, among other things. The improved financial and economic environment has reduced employers' focus on cost savings. It is also estimated that improving conditions of the general Finnish economy will support the occupational healthcare market in the near to medium term.[93]

In addition, regulatory changes in EU legislation on competition neutrality require municipal occupational healthcare organizations to be incorporated as limited liability companies by 2019. This regulatory change is expected to support the shift from in-house and municipality providers to private healthcare.

The purpose of the regulatory changes in EU legislation is to ensure equal competitive conditions for public and private healthcare sector business activities. This means that, according to EU legislation, municipalities are not allowed to directly purchase a service from a municipality owned company if more than ten percent of the company's revenue comes from services sold to the private sector. Accordingly, the municipality owned organizations can provide occupational healthcare services only as in-house provision for the municipality, or the municipality must tender the occupational healthcare of its employees according to the Act on Public Procurement and Concession Contracts (1397/2016, as amended), if more than ten percent of revenue is generated from the private sector. Consequently, approximately 65 percent of municipal occupational healthcare customers are expected to shift to private healthcare.[94] Current private healthcare providers are expected to take significant share of the shifting customers as they have a competitive edge on operational level and wide networks.

Private Pay, Private Provision

General Market Description

Management believes that the development of the customer-choice driven private pay segment has led to a situation where the private providers focus on medical quality, availability, convenience and customer experience as well as brand building, customer acquisition and retention. The services funded through individuals or private insurance include, for example, general practitioner and specialist physician appointments across various specialty areas, diagnostics, various surgeries, physiotherapy and psychiatry as well as general, specialist and occupational dentist services.

Customers perceive private providers to be more customer-focused, flexible and innovative as well as of better quality than public providers.[95] Private pay healthcare services are used across most income classes. For example, 40 percent of all primary care outpatient visits and over 20 percent of all specialist outpatient visits in Finland were privately provided in 2014. In addition, around three-fifths of the dental care services are provided privately.[96]

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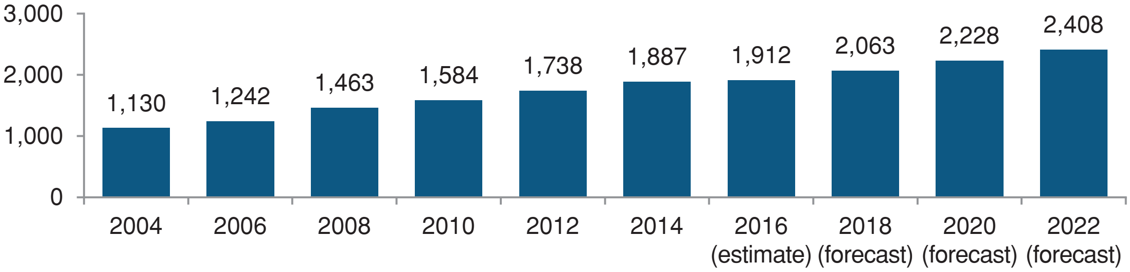
92 Source: K. Husman: Suomalaisen työterveyshuollon kehitys, 2010.
93 Source: NHG Report.
94 Source: NHG Report.
95 Source: Aula Research study, March 29, 2017 (commissioned by Finnish Association of Private Care Providers and Lääkäripalveluyritykset ry).
96 Source: NHG Report.

Market Size and Growth

Figure 10 — Total private pay, private provision healthcare market in Finland, 2004–2022 (forecast, without taking into account the impacts of the Reform), EUR million



Source: NHG Report.

The private pay, private provision healthcare market was estimated to amount to approximately EUR 1,912 million in 2016. The market grew at a CAGR of six percent from 2004 to 2010 and four percent from 2010 to 2014. The private pay, private provision is estimated to grow at a CAGR of one percent from 2014 to 2016 and four percent in the period from 2016 to 2022. The historical growth in the period from 2010 to 2016 has been driven by an increase in prices of physician appointments and procedures, an increase in the number of diagnostics, as well as an increase in other care, including Kela reimbursed rehabilitation, services covered by statutory insurance and other care visits, among others. However, there has been a slight decline in the number of procedures over the period. The reasons for variations in the number of procedures can be associated with, for example, alternative care procedures used for different conditions. According to the future growth forecast between 2016 and 2022, the private pay, private provision market is forecasted to grow at a CAGR of four percent to which diagnostics, the number of physician appointments and price increases each contribute one to two percentage points, whereas the dental market growth is driven evenly by growth in non-Kela reimbursed services and price increases.[97]

Table 5 — Private pay, private provision market in Finland, 2010 to 2022 (forecast, without taking into account the impacts of the Reform)

														CAGR		
EUR million	**2010**	**‘11**	**‘12**	**‘13**	**‘14**	**‘15E**	**‘16E**	**‘17F**	**‘18F**	**‘19F**	**‘20F**	**‘21F**	**‘22F**	**’10–’14**	**’10–’16E**	**‘16E–’22F**
Physician appointments and other visits	308	327	341	354	367	378	370	382	395	408	422	437	452	4%	0%	3%
Diagnostics and procedures	225	245	258	270	271	281	271	285	299	315	331	348	367	5%	0%	5%
Other services	534	551	559	585	607	623	644	663	683	703	724	746	769	3%	3%	3%
Dental	517	573	580	638	643	654	628	656	686	717	750	785	821	6%	(1)%	5%
Total	**1,584**	**1,696**	**1,738**	**1,847**	**1,887**	**1,936**	**1,912**	**1,986**	**2,063**	**2,144**	**2,228**	**2,316**	**2,408**	**4%**	**1%**	**4%**

E = estimate
F = forecast
Source: NHG Report.

The private pay, private provision market has been estimated to have grown from EUR 1,887 million in 2014 to EUR 1,912 million in 2016, representing growth at a CAGR of approximately one percent. In the period from 2010 to 2016 the market has been estimated to have grown at a CAGR of one percent. The market is forecasted to grow at a CAGR of four percent in the period 2016–2022, which would bring the total addressable private pay, private provision market to approximately EUR 2,408 million in 2022.[98]

[97] Source: NHG Report.

[98] Without taking into account the impacts of the Reform. Source: NHG Report.

Main Market Drivers

The key market drivers are the trend of wellbeing and increasing willingness and ability to invest in one's own health, availability of services with comparatively short waiting times, proven medical expertise and high quality facilities, shifting to more advanced diagnostics, for example, from X-ray to MRI, increases in disposable income, as well as moving towards more extensive services, such as different aesthetic dental services. Given the capacity pressures and the longer waiting times for obtaining an appointment in the public healthcare system, the demand for private healthcare has remained robust and this is expected to continue in the future. The desire of healthcare customers to access private care depends on a number of factors, including general economic conditions, disposable income of a private customer or a potential customer and the extent of the healthcare service coverage under an employer-provided occupational healthcare plan. The increased number of visits is supported by increase in voluntary health and accident insurances, improving economic situation, aging of the population as well as increased number of persons using private health services particularly among people who are over 65 years old. The average consumption per user of private healthcare services has grown at a CAGR of approximately four percent from 2010 to 2015, and the growth is forecasted to continue.[99]

Public Pay, Private Provision

General Market Description

Public pay, private provision refers to the market segment including services procured by the public sector from a private provider, as well as outsourced parts of publicly funded healthcare services. Private companies provide outsourced public healthcare services either as fully outsourced services or as specific contracted services. The market comprises of primary care services outsourced by municipalities and secondary care outsourced by joint municipalities. The market definition in the NHG Report for the addressable market of Terveystalo excludes complete outsourcings. Although complete outsourcings have been a growing part of the market in recent years, this segment of the market is expected to gradually disappear in connection with the proposed Social and Healthcare Reform that aims to potentially restrict outsourcings in the future. For further details, see "*— The Social and Healthcare Reform*" and "*Key Legislation Governing the Provision of Healthcare — Certain Legislative Proposals — The Social and Healthcare Reform*".

Primary healthcare includes, for example, health center outsourcing, healthcare staffing and dental care. In the mid-2000s, the health center outsourcing market began to open, whereby private service providers were able to take over the responsibility for primary healthcare offering at a health center based on an outsourcing contract with the public sector. In the late 1990s and early 2000s, private providers started to offer healthcare-staffing services as a solution to the public sector's increasing shortage of physicians and other healthcare personnel. Private healthcare providers started to increasingly take over certain parts of the operations in public healthcare facilities, such as health center night duties. The public sector continues to utilize private staffing services, even as the trend to outsource large entities and more specialized tasks continues to increase.

In dental care, privately provided services are estimated to represent approximately nine percent of all public pay dental care services in 2016.[100] The share of private provision started to increase after 2002, when public dental care was made available for the entire population. Before that, only people aged below 46 years were entitled to free public dental care. Market entry of private providers slowed down in 2010, after which the market share has remained at close to ten percent.

Secondary healthcare outsourcing includes, for example, surgeries and other specialty services, diagnostics as well as comprehensive, customized long-term outsourcing of secondary care services. With regard to surgeries and other specialty services, the public sector leverages private service providers' capacity and capabilities to manage and shorten queues in the public pay secondary healthcare services. The market has been driven by the statutory care guarantee introduced by the government in March 2005 designed to shorten waiting times in public healthcare. See *"Key Legislation Governing the Provision of Healthcare"*. Typical activities purchased from private providers include, for example, eye cataract surgeries and certain orthopedic operations. Although the cooperation can take many different forms, hospital districts typically purchase a specified number and type of operations from private providers. In some cases, public sector

[99] Source: NHG Report.

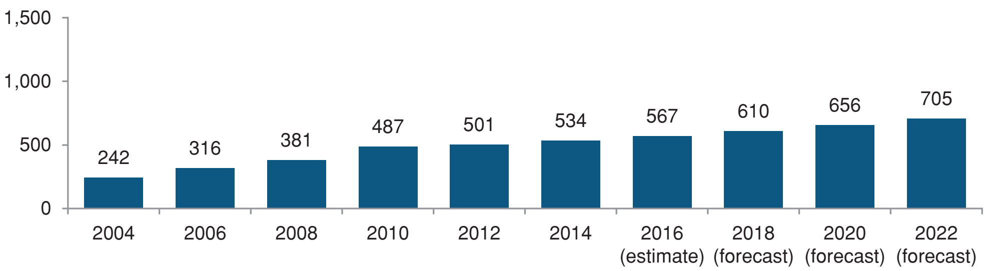
[100] Source: NHG Report.

customers only acquire operating room capacities, nursing services or procure surgeons from university hospitals.

With regard to diagnostics, the public sector and private service providers have cooperated for a long time in Finland. Private provision plays a significant role in certain population screening services such as mammography and Pap test screening. For example, private service providers perform around 90 percent of all mammography screenings in Finland. In addition, imaging, for example MRI, and laboratory service capacity of the private providers is also utilized by the public sector.

Market Size and Growth

Figure 11 — Total public pay, private provision market in Finland, 2004–2022 (forecast, without taking into account the impacts of the Reform) (EUR million)



Source: NHG Report.

The public pay, private provision market was estimated to total approximately EUR 567 million in 2016. The market grew at a CAGR of twelve percent from 2004 to 2010 and two percent from 2010 to 2014. The public pay, private provision market is estimated to grow at a CAGR of three percent from 2014 to 2016 and four percent from 2016 to 2022, which would bring the total market to approximately EUR 705 million in 2022. The historical growth from 2010 to 2016 has been driven mainly by the increase in total public healthcare expenditure. The growth in total secondary healthcare expenditure has outpaced that of primary healthcare, while outsourcing rates have remained stable or slightly decreased over the period. According to the future growth forecasts between 2016 and 2022, the private healthcare market is estimated to grow at a CAGR of approximately four percent mainly due to increasing total public healthcare expenditure with even contribution from an increase in primary and secondary healthcare expenditure. Outsourcing rates are expected to remain stable or slightly increase, excluding any impact of the proposed Social and Healthcare Reform.[101]

Table 6 — Public pay private provision market in Finland, 2010–2022 (forecast, without taking into account the impacts of the Reform)

														CAGR		
EUR million	**2010**	**'11**	**'12**	**'13**	**'14**	**'15E**	**'16E**	**'17F**	**'18F**	**'19F**	**'20F**	**'21F**	**'22F**	**'10–'14**	**'10–'16E**	**'16E–'22F**
Primary health care	215	222	213	228	214	218	223	231	240	250	260	270	280	0%	2%	4%
Secon dary health care . .	237	262	252	301	280	291	302	313	324	336	348	360	373	4%	4%	4%
Dental	35	38	37	38	40	42	43	44	45	47	48	50	51	3%	3%	3%
Total	**487**	**522**	**501**	**567**	**534**	**551**	**567**	**588**	**610**	**632**	**656**	**680**	**705**	**2%**	**3%**	**4%**

E = estimate
F = forecast
Source: NHG Report.

The private healthcare market was estimated to have grown from EUR 534 million in 2014 to EUR 567 million in 2016, representing growth at a CAGR of approximately one percent. The market was estimated to have grown at a CAGR of three percent from 2010 to 2016 and is estimated to grow at a CAGR of approximately four percent from 2016 to 2022 which would bring the total market of public pay, private provision to approximately EUR 705 million in 2022.[102]

[101] Without taking into account the impacts of the Reform. Source: NHG Report.

[102] Without taking into account the impacts of the Reform. Source: NHG Report.

Main Market Drivers

The public pay, private provision market is driven by a number of factors. An ageing population increases the pressure on the public sector and leads to higher costs per person. The public sector, which operates based on a decentralized responsibility model of organization and coordination, has not been able to invest sufficiently to maintain and grow capacity and therefore waiting times in the public sector have increased. The waiting times in the public sector differ between different segments, but the waiting times particularly for eye surgery, in which the patients are usually over 65 years old, have increased in recent years.[103] Further, waiting times for ear, nose and throat diseases have increased recently.[104] In addition, the public sector has had limited tools for managerial focus on efficiency and quality.[105] At the same time private sector operators have developed new, flexible and efficient business models, which has contributed to the outsourcing of health services and cooperation among private operators as well as the utilization of the capacity provided by the private sector. The outsourcing rate of services is also affected by the availability of physicians and doctors in certain medical fields or regions in particular. Private operators have developed services and business models in order to compensate for the shortage of doctors and ensure health services in different regions. Several local and national politicians, across different political parties, have been willing to change the market and have understood that there is a need to reform the system. For example, the South Karelia social welfare and healthcare area represents an initiative to develop and reorganize the healthcare services. Previously, outsourcing has been the key driver for the segment due to, for example, the need to ease physician shortages, and the overall outsourcing rates are expected to remain stable from 2016 to 2022.[106]

Competitive Landscape

Overview of the Competitive Landscape

Terveystalo is the largest private healthcare provider in Finland based on revenues and the number of healthcare units in Finland. The private healthcare market is led by a few large, leading service providers but otherwise the market remains fragmented. There are only two providers who provide near nationwide services as a result of two decades of market consolidation. Based on size and service focus, Terveystalo's principal competitors within the private sector include Mehiläinen, Pihlajalinna and Attendo as well as Aava locally in the capital region. Terveystalo believes it stands out from most of its larger competitors with its pure healthcare focus. Larger competitors such as Mehiläinen, Attendo, Pihlajalinna, Coronaria and Med Group offer both healthcare and non-healthcare services, such as social care, elderly care, home care or ambulance services. Larger competitors focused on dental care services include, for example, PlusTerveys and Oral.

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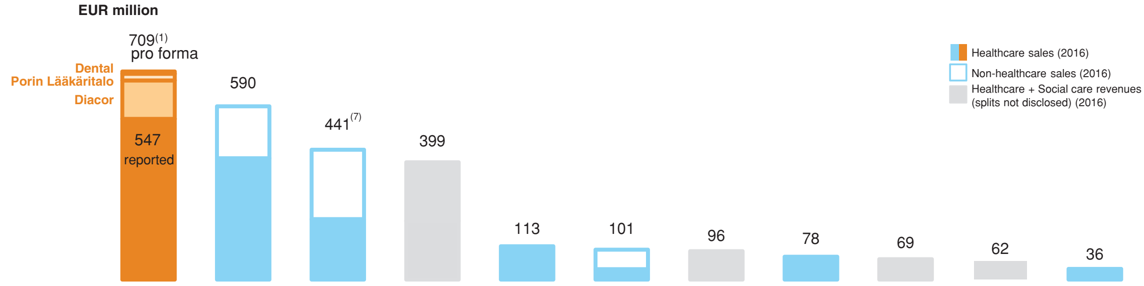
103 Source: NHG Report.

104 Source: NHG Report.

105 Source: S. Kapiainen – J. Eskelinen: Miesten ja naisten terveysmenot ikäryhmittäin 2011 (THL report 17/2014), available in Finnish.

106 Source: NHG Report.

Figure 12 — Information on the competitive landscape within the Finnish private healthcare market in 2016



	Terveystalo	Mehiläinen	Attendo	Pihlajalinna	Plusterveys	Silmäasema	Coronaria	Oral	Med Group	Aava	Pohjola Sairaala
# of healthcare units	***~180***	*97(3)*	*64(4) (not comparable)*	*87*	*140*	*13*	*94(5)*	*62*	*22(6)*	*12*	*4*
# of hospitals	***18***	*10*	*0*	*7*	*0*	*13*	*0*	*0*	*0*	*0*	*4*
# of corporate customers	***~23,400(2)***	*~ 9,000*	*n.a.*	*~ 7,000*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
# of occupational healthcare customers	***~ 689,000(2)***	*~ 310,000*	*n.a.*	*~ 90,000*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*~ 80,000*	*n.a.*
Comments	***Leading Finnish private healthcare services provider***	*Diversified healthcare and social care provider*	*Public-pay focused care provider*	*Public outsourcing healthcare market leader*	*Dental focused co-op*	*Optical retailer and eye care provider with 141 retail units and 13 eye hospitals*	*Northern Finland focused diversified healthcare and social care provider*	*Dental focus*	*Dental care and home care services focused healthcare provider*	*Family-owned regional healthcare company*	*Recently-formed insurance company-owned healthcare private clinic network*

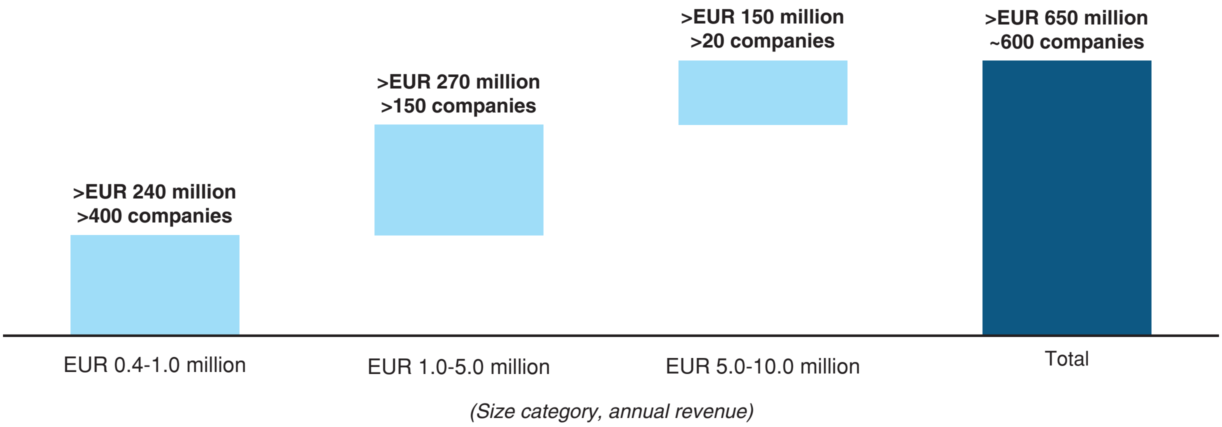
(1) 2016 pro forma revenue.
(2) Situation as at June 30, 2017.
(3) Number of healthcare units excluding social care.
(4) Attendo's Finnish healthcare units are focused on public pay and dental care.
(5) Number of total service units, including, for example, healthcare, care, rehabilitation and other units.
(6) Number of dental care units.
(7) Attendo's net sales in Finland.
Source: Information collected and analyzed by the Company from annual reports and company websites.

Consolidation

Scale benefits have driven market consolidation by large private healthcare providers in recent years. Scale benefits have contributed to revenue growth and cost efficient operations and thereby have provided a strong competitive edge. Larger companies enjoy scale benefits, for example, when optimizing and developing their network, their digital tools, personnel management, quality and brand. In addition, strengthening care chains has been a further rationale for market consolidation. Efficient and integrated care chains are a key factor in facilitating efficient and high quality care as well as customer experience. Integrated care chains enable the service providers to increase efficiency in providing the level of care needed for a patient to prevent sickness, and in the case of sickness, facilitate speedy recovery.

Terveystalo has been active in the consolidation of the healthcare market by carrying out five acquisitions of larger regional healthcare providers with revenues of over EUR 10 million in the period between 2009 and 2017.

Figure 13 — Limited liability companies operating in the healthcare sector in Finland with revenues of EUR 0.4 to 10.0 million



Source: Asiakastieto, Company filings. The data has been retrieved from the register in May 2017. Including limited liability companies with sales between EUR 0.4–10 million under industry code healthcare (excluding "Other healthcare services", "Care facilities" and "Transportation of Patients").

A significant number of smaller healthcare providers remain in the healthcare market. These players include some 600 companies with revenues of EUR 0.4 to 10.0 million and a combined total revenue of over EUR 650 million, comprising of: over 400 companies with EUR 0.4 to 1.0 million in revenue and a combined total revenue of over EUR 240 million, over 150 companies with EUR 1.0 to 5.0 million in revenue and a combined total revenue of over EUR 270 million, and over 20 companies with EUR 5.0 to 10.0 million in revenue and a combined total revenue of over EUR 150 million.[107]

The Social and Healthcare Reform

Overview of the Reform

Background and timetable

The Social and Healthcare Reform is a public sector reform initiative aimed at improving the availability of social and healthcare services, ensuring equal access to such services, offering service providers equal opportunities to provide such services, streamlining public administration as well as offering citizens increased opportunities to directly influence which social and healthcare services they receive and how. The Social and Healthcare Reform is the first of the five reforms outlined in Prime Minister Juha Sipilä's Government Program.[108]

The reasons for the Social and Healthcare Reform derive from the public sector's financial distress demonstrated by the budget deficit recorded since 2009. Further, Finland's ageing population is increasing expenditures related to, for example, pensions, healthcare and long-term care, which is posing a permanent additional challenge to the efforts to balance the government's budget.[109] In addition, slow economic growth in Finland during recent years calls for changes in the government's finance and budget balance. Since social care and healthcare account for 26 percent of the government budget expenditures in 2017, the Social and Healthcare Reform represents a central element in the Finnish Government's push to curb the public sector's cost structure.[110] According to the Government, access to social and healthcare services varies across different parts of the country, which together with the growing need for social and healthcare services, especially among ageing people, lists among the primary reasons for the Social and Healthcare Reform.

According to the Government the key objectives for the Social and Healthcare Reform are (i) the reduction of inequality in health and wellbeing, (ii) the improvement of services and the streamlining of public administration of services, (iii) the ensuring of equal access to services, (iv) the offering of more freedom of choice for customers, (v) the curbing of growth in costs by approximately EUR 3 billion by

[107] Source: NHG Report.
[108] Source: Health, social services and regional government reform (government reform packages), available at http://alueuudistus.fi/en.
[109] Source: The Ministry of Finance: General Government Fiscal Plan 2018–2021, dated 28 April 2017.
[110] Source: The Ministery of Finance, available at http://vm.fi/valtion-budjetti (available in Finnish).

2029, (vi) the enhancement of cost-efficiency and (vii) the promotion of economic growth. See "*Key Legislation Governing the Provision of Healthcare — Certain Legislative Proposals — The Social and Healthcare Reform*".

The timetable for the completion of the Reform is still uncertain. The implementation timetable has raised constitutional concerns and following the statement issued by the Constitutional Law Committee on June 29, 2017, the Government decided to postpone the implementation of the Social and Healthcare Reform by one year. According to a Government statement, the Social and Healthcare Reform is expected to enter into effect and the reformed social and healthcare operations are expected to start on January 1, 2020. The new counties are intended to be established as of June 1, 2018 and the first county elections are expected to be held in October 2018. The freedom of choice pilot projects are intended to be implemented as a part of the new freedom of choice legislation. In addition, the on-going service voucher experiments are intended to be extended as of December 2017.

Three Parts of the Reform

The Social and Healthcare Reform consists of three parts: (i) the regional government reform, (ii) the financing reform and (iii) the freedom of choice reform.

<u>The regional government reform</u>

The regional government reform would transfer the responsibility to organize the publicly funded social and healthcare services from approximately 295 municipalities to 18 new counties. The highest power in a county would lie with the county council. The 18 counties would be public bodies that enjoy regional autonomy, and, as a general rule, would have responsibility for all public social and healthcare services together with certain other duties. Each county would plan and manage social and healthcare services in its region and determine the need for services, the quantity and quality of those services and the manner in which those services are provided.

A county could provide the services, the organization of which it is responsible for, itself or in cooperation with other counties, or procure them from other service providers. Under the proposed Reform, a county should separate the organizing and provision of publicly funded social and healthcare services within its operations. Regardless of how the provision of social and health services is carried out, the counties would bear the responsibility, for example, for ensuring that the statutory rights of their residents are fulfilled and that their residents receive services on an equal basis. The provision of rescue services and pre-hospital emergency care would be assigned to the five counties that maintain a university hospital in the counties' collaborative catchment areas. The counties of each collaborative catchment area would draw up a cooperation agreement for publicly funded health and social services.

<u>The financing reform</u>

The financing reform relates to the counties' financing of social and healthcare services. Financing responsibility would be transferred from municipalities to the government, and the counties would obtain finance for social and healthcare services from the government funding and the customer and usage fees charged for providing publicly funded social and healthcare services. The proposed Social and Healthcare Reform would not in its current form grant counties the right to levy taxes. In essence, the social and healthcare budget planning would be transferred from municipalities to the counties, but the Government would set targets for central government financing of social and healthcare in the General Government Fiscal Plan and determine measures to achieve these targets. The counties would pay a fixed compensation (capitation fee) to the service providers of certain social and healthcare services in accordance with the guidelines set by the Government. Factors such as the age, gender and working status of the customer as well as the customer's need for treatment can be taken into account when determining the size of the capitation fee. In addition, performance-based compensations may be paid to Sote Centers and dental health units. A county would have the authority to decide on the specific criteria for fixed compensation and performance-based compensation. In addition, the county could pay incentive-based compensations as well as other compensations, such as compensation to service providers operating in remote areas. The financing reform would also bring changes to Kela reimbursements in regard to reimbursements paid for private healthcare services under the current statutory national health insurance. Kela's national health insurance compensation has been proposed to be discontinued in connection with the Reform. However, according to the current form of the proposed Social and Healthcare Reform, reimbursements paid in connection with occupational healthcare would remain. Accordingly, it is likely that the emphasis in occupational healthcare would change to an increasing extent towards preventive care services.[111]

The freedom of choice reform

The third part of the Reform would be the freedom of choice reform, under which the customers would have the right to choose their service provider and the place of care, as well as the professionals who would provide the services. Publicly funded health and social services could be provided by public, private or third-sector operators.

The Social and Healthcare Reform would open a significant share of the market for the freedom of choice framework through three mechanisms: direct choice services, the right to choose the unit of the county's public enterprise and services provided on a customer voucher and with a personal budget. The direct choice services would cover, for example, public primary social and healthcare guidance and advice as well as selected secondary care consultations. The Sote Centers would replace the current publicly operated primary health care centers.Direct choice services would consist of non-urgent services as well as urgent services within the limits of the opening hours of the Sote Centers and dental health units. The Sote Centers could be operated by public, private or third-sector operators, and they could also be operated by the counties. The provider of direct choice services may provide the services offered by Sote Center itself, together with other service providers or by acquiring services from another service provider. If customer fees were collected from the use of such services, the amount of customer fees would be the same, regardless of the service provider.

In practice, under the freedom of choice framework, customers would register with a specific Sote Center and dental health unit of their choice. If the Sote Center or the dental health unit the customer has chosen would have units in several locations, the customer could visit any one of these units.

In addition to the direct choice services, the Sote Centers, dental health units and unincorporated county enterprises could grant a customer voucher to customers or a personal budget by which a customer could procure specific care from a service provider based on the customer's own choice. A customer voucher refers to an undertaking to compensate the costs of the service the customer has received up to a fixed value. Customers could use the voucher for procuring individual services from other service providers than their own Sote Centers and dental health units or county. In addition, a customer may choose to procure services based on a customer voucher from his or her Sote Center if the Sote Center is approved to provide such services on the basis of a customer voucher. However, the service provider of direct choice services would at all times have the responsibility for those who have registered as customers with the Sote Centers or other service providers. With regard to the counties' services, the county would determine the services for the organization of which a customer voucher has to be granted. All service providers delivering services against the customer vouchers would receive the same compensation for the same service. However, the level of compensation may vary by county.

Elderly and disabled customers or customers who have a long-term need for care services could be granted a personal budget, which would enable them to choose services which are defined in a customer plan and suitable for their individual circumstances within the limits of the budget allocated to them. A personal budget refers to an amount of money within the limits of which the customer could acquire services defined in a customer plan. The customer could choose, for example, a private or third-sector operator as his or her service provider. The service provider would receive compensation for services delivered from the county through the customer's personal budget, and the customer would not receive any money from the county.

The proposed legislation on the freedom of choice would set certain requirements for the service providers of freedom of choice services. Sote Centers, dental health units and service providers approved to deliver services paid by customer vouchers would be obligated to, for example, issue annual reports on revenue, taxes paid and place of taxation, profit and loss as well as management salaries and bonuses and corporate social responsibility. The Reform would also introduce a registration procedure that will apply to all service providers equally as well as a self-supervision model of registration based on mutual trust between the service providers and the authorities.

[111] Source: The Ministry of Social Affairs and Health, and Ministry of Finance: Valinnanvapauden toteuttamisen ja monikanavaisen rahoituksen yksinkertaistamisen jatkovalmistelu, June 27, 2016 (available in Finnish); Health, social services and regional government reform (Government reform packages), available at http://alueuudistus.fi/en.

The cornerstones of the Social and Healthcare Reform

The Reform would represent a significant overhaul of the framework in which public social and healthcare services are provided and funded in Finland. According to the Government, the cornerstones of the Social and Healthcare Reform consist of five elements: strong organizer, service integration, freedom of choice, curbing the increase of costs and digitalization. As described above, responsibility for organizing publicly funded social and healthcare services would be transferred to 18 new autonomous counties instead of the municipalities that currently hold these responsibilities. The Social and Healthcare Reform would also facilitate possibilities to adjust the social and healthcare services to correspond to residents' needs through smooth service chains as well as to provide right and timely care by qualified personnel. The freedom of choice framework would also enhance opportunities to support customer-oriented approach, self-determination and utilize the competition in providing the publicly funded social and healthcare services. The freedom of choice framework aims at giving people faster access to publicly funded social and healthcare services and increasing their chances to choose the appropriate service for themselves.

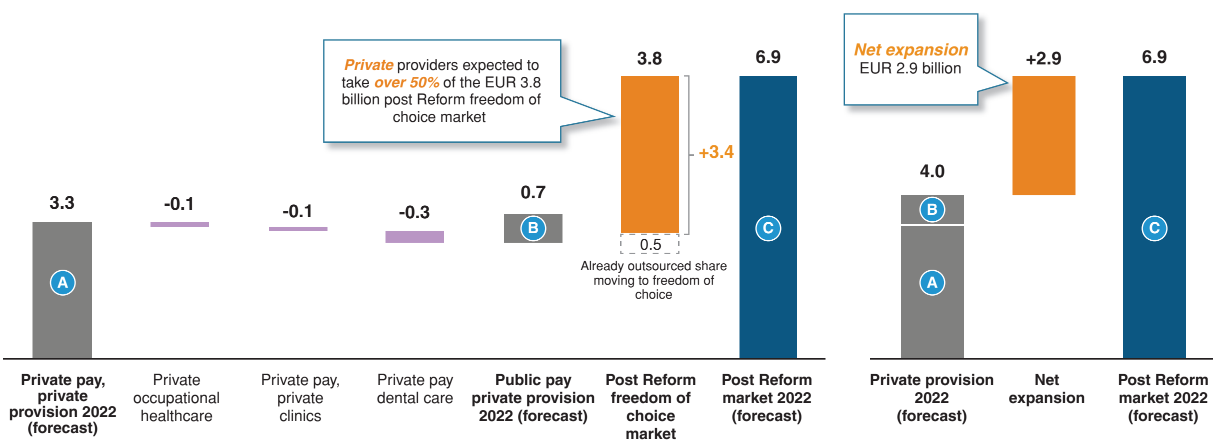
According to the Government, the Social and Healthcare Reform is estimated to reduce the public spending costs related to publicly funded social and healthcare services by cutting the growth of costs, from an estimated 2.4 percent in 2019 to 0.9 percent in 2029, resulting in total cost savings of approximately EUR 3 billion by the end of 2029. In addition, digitalization enhances opportunities to improve the efficiency of social and healthcare services by providing new ways of providing services and developing processes. Digital services also facilitate residents to maintain their functional capacity and health, and, therefore, digitalization has an essential role in preventive care. Further, digitalization is estimated to play an important role in reaching the cost saving goals of EUR 3 billion by 2029.[112]

In regard to the Social and Healthcare Reform, digitalization is deemed to provide opportunities to integrate service ecosystems with shared platforms and seamless dataflow from different service providers to support the provision of social and healthcare services. The customer data would be available in nationwide databases (Nationwide Electronic Medical Record System), which would require significant ICT investments in connection with the completion of the Social and Healthcare Reform (the estimated ICT investments would be EUR 1.5 to 2 billion in total).[113]

Market Impact

The freedom of choice framework is expected to open new public pay market potential for private sector service providers.

Figure 14 — Social and Healthcare- Reform's total impact on the addressable market 2022 (forecast), EUR billion



Source: NHG Report.

112 Source: Health, social services and regional government reform (Government reform packages), available at http://alueuudistus.fi/en/digital-transformation-programme.

113 Source: Health, social services and regional government reform (Government reform packages), presentation January 17, 2017, available at http://alueuudistus.fi/documents/1477425/2096487/Digitalisaatio+ja+sote-uudistus.pdf/e6f03071-7e04-412e-b321-ef22174c0fc5 and other presentations available at alueuudistus.fi.

According to the NHG Report, the total post-Reform social and healthcare addressable market for private provision in 2022 is estimated to amount to EUR 6.9 billion, of which the freedom of choice market's share is estimated to amount to EUR 3.8 billion. The freedom of choice reform, in connection with the proposed Reform, is expected to result in net expansion of EUR 2.9 billion for the markets of private provision in healthcare. Private providers for social and healthcare services are expected to have an opportunity to take over 50 percent of the post Reform freedom of choice market. The new publicly funded social and healthcare market that could be addressed by private providers is estimated to amount to EUR 3.4 billion in total in 2022. The addressable market for private providers in 2022 is estimated to consist partly of direct choice services (through Sote Centers and dental health units) representing publicly funded market of which EUR 2.4 billion would come through Sote Centers and EUR 0.6 billion through publicly funded dental care. The other addressable part of the total social and healthcare market for private providers is estimated to consist of customer voucher market estimated to create a new publicly funded market of a further EUR 0.4 billion in 2022.[114]

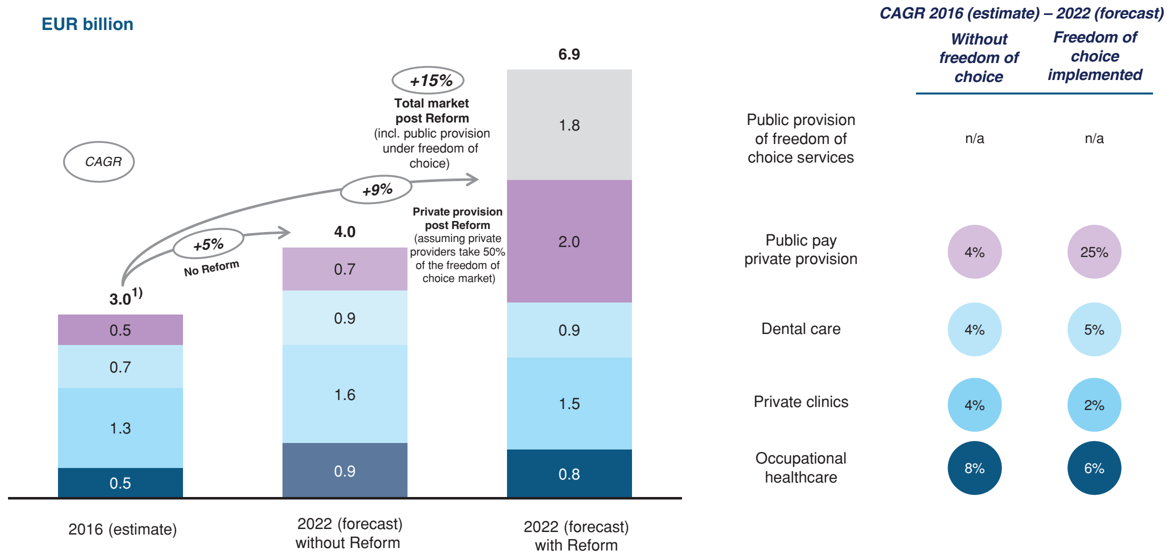
The Social and Healthcare Reform is also expected to facilitate transfer of certain services currently provided by private providers to be provided under the freedom of choice framework. The availability of social and healthcare services is expected to improve due to the Social and Healthcare Reform and therefore, it is estimated that the market for private occupational healthcare services would decrease by EUR 0.1 billion by 2022 as services would transfer from non-preventive occupational healthcare to services provided under the freedom of choice framework. Additionally, certain social and health services, mainly related to non-insured physician visits, that are currently provided by private clinics, could potentially transfer to the freedom of choice framework, which is estimated to result in an approximately EUR 0.1 billion decrease in the privately funded private clinics market in 2022. In addition, due to the expected lower customer fees and termination of Kela reimbursements following the Social and Healthcare Reform, a transfer from privately funded dental care to the dental care provided under the freedom of choice framework is estimated to result in a decrease of EUR 0.3 billion in the privately funded dental care market in 2022.

Currently, publicly funded social and healthcare services provided by private providers are estimated to represent approximately EUR 0.7 billion of the social and healthcare market in 2022, if the Social and Healthcare Reform would not be implemented. Following the implementation of the Social and Healthcare Reform, it is estimated that EUR 0.5 billion out of the outsourced services would be transferred to being provided under the freedom of choice framework. Taking into account the net effect on the private healthcare market resulting from the Social and Healthcare Reform as well as the estimates for the market share of private providers in the freedom of choice framework, the estimated net expansion of the private healthcare market totals to EUR 2.9 billion by 2022.

Total market growth between 2016 and 2022 is expected to increase up to a CAGR of 15 percent, which is expected to result in a total addressable market for private healthcare providers of approximately EUR 6.9 billion in 2022.

[114] Source: NHG Report. The Reform is currently estimated to come into effect and the renewed services under the Reform to commence on January 1, 2020.

Figure 15 — Total addressable market growth in 2016 (estimate)–2022 (forecast), EUR billion



Source: NHG Report

(1) In the estimate of the size of the addressable market for 2016, the portion of other private clinic services, as depicted in Figure 5, has not been taken into account due to lack of estimates.

Private Providers' Position in the Social and Healthcare Reform

The Social and Healthcare Reform would represent the most significant change in decades with respect to how publicly funded social and healthcare services are organized and operated in Finland, which provides new opportunities for private providers. According to the proposed freedom of choice framework, each county should treat all service providers in an equal and non-discriminatory manner. The county must comply with the principle of transparency and the principle of proportionality in the application of the freedom of choice framework.

Following the Social and Healthcare Reform, private providers for social and healthcare services are expected to build on their well-established positions and customer centric culture. Currently, approximately 50 percent of the Finnish population are using privately provided primary care, which together with a customer centric service culture, facilitates opportunities for private providers to be able to meet the prerequisites for a competitive social and healthcare market. According to the Company, brand recognition and customer satisfaction play an important role in attracting customers and private providers have developed their marketing and customer acquisition strategies for several years and at the same time improved their brand recognition. For example, in Pirkanmaa and Uusimaa, based on the internet search statistics, the word "Terveystalo" has been entered in Google searches on average over 50 percent more than the word "Terveysasema" (*primary health care center*) during June 2016 and May 2017. Private providers' customer satisfaction in healthcare and dental care services has also consistently been better compared to the customer satisfaction of public providers.[115]

Further, private providers, in many cases, operate in modern facilities, which are designed for patient-centric care, when, in turn, public operators typically operate in older facilities requiring renovation. Private providers often have established facility concepts that allow fast rollouts of new facilities to new locations. In addition, private care processes are primarily designed to support high quality and cost efficiency.[116] Management believes that the providers of occupational healthcare services benefit from their know-how regarding preventive care in the forthcoming market environment.

Digitalization has an important role in the Social and Healthcare Reform. In relative terms, Finnish private providers have more developed digital services that are an integrated part of the provision of healthcare services compared to the public providers. Digitalization of the healthcare services further promotes opportunities to provide cost efficient, 24 hour available service channels as well as customer-controlled log-in services to attract customers. For example, based on the internet search statistics, the word

115 Source: EPSI Rating, customer polls 2011–2016, available at http://www.epsi-finland.org/report/terveydenhuolto-2016/ (available in Finnish).

116 Source: NHG Report.

"Terveystalo ajanvaraus" (*Terveystalo booking*) has resulted 2.7 times more searches on Google compared to "Terveysasema ajanvaraus" (*primary health care center booking*) in the Uusimaa region during June 2016 and May 2017.[117]

With regard to productivity and cost efficiency in provision of healthcare services, private providers have demonstrated higher productivity compared to the public providers and the competitive market setting is expected to further streamline operations. Even though the estimated cost per visit for private providers is 20 to 25 percent below the current public production average, there is expected to be some room to further facilitate the profitability growth.

117 Source: NHG Report.

BUSINESS OF THE COMPANY

Overview of the Business

Terveystalo is a leading private healthcare service provider in Finland offering primary and outpatient secondary healthcare services to corporate, private and public sector customers. The Company's healthcare service offering includes general practice and specialist medical care, diagnostic services, outpatient surgery, dental services and other adjacent services, which together comprise its integrated healthcare care chain. The Company also offers a suite of digital healthcare services. Terveystalo is able to provide nationwide reach through its approximately 180 clinics, covering all 20 of Finland's largest cities, together with its digital platforms. Terveystalo's operations are driven by its scale and supported by centralized functions and standardized operating practices. At the core of Terveystalo's strategy is a focus on providing medical quality and positive customer experiences, maintaining a competent and satisfied base of healthcare professionals and developing a variety of customized digital tools.

In 2016, the Company had approximately 1.0 million individual customers as well as approximately 2.7 million doctor visits, accounting for twelve percent of the total doctor visits in Finland. The Company's customers are divided into three groups: corporate customers, who the Company partners with to provide, for example, occupational healthcare services to their employees, private customers and public customers, who the Company partners with to provide public healthcare services and occupational healthcare services to municipal employees. Terveystalo had approximately 4,445 employees[118] and approximately 4,400 private practitioners as at June 30, 2017.

The Company's revenue amounted to EUR 344.2 million for the six months ended June 30, 2017 and EUR 547.0 million for the year ended December 31, 2016. The Company's pro forma revenue amounted to EUR 379.9 million for the six months ended June 30, 2017 and EUR 708.7 million for the year ended December 31, 2016. For unaudited pro forma financial information presenting the effects of the acquisitions of Diacor and Porin Lääkäritalo, as well as certain other acquisitions in the dental sector completed during 2016 and 2017, see "*Unaudited Pro Forma Financial Information*".

In EUR million	Jan 1–June 30		Jan 1–Dec 31		
	2017	2016	2016	2015	2014
	(unaudited)		(unaudited, unless otherwise stated)		
Revenue	344.2	281.3	547.0[(1)]	505.6[(1)]	474.1[(1)]
Like-for-like in revenue of clinics from 2016 to 2017	263.1	249.1	-	-	-
Like-for-like in revenue of clinics from 2015 to 2016	-	-	478.4	463.7	-
Like-for-like in revenue of clinics from 2014 to 2015	-	-	-	473.9	448.3
Like-for-like growth in revenue of clinics, %	5.6%	-	3.2%	5.7%	(0.2)%
Profit/loss for the period	8.0	4.3	12.7	1.1	(82.9)
Operating profit / loss[(2)]	16.7	13.1	29.6[(1)]	19.3[(1)]	(59.1)[(1)]
Modified EBITDA[(2)(3)]	35.8	32.1	68.9[(1)]	59.0[(1)]	48.9[(1)]
Modified EBITDA, % of revenue[(2)(3)]	10.4%	11.4%	12.6%[(1)]	11.7%[(1)]	10.3%[(1)]
Adjusted EBITDA[(2)(3)]	45.8	37.5	72.9	67.2	58.1
Adjusted EBITDA, % of revenue[(2)(3)]	13.3%	13.3%	13.3%	13.3%	12.2%
Modified EBITA[(2)(3)]	26.6	24.4	52.7[(1)]	42.5[(1)]	32.3[(1)]
Modified EBITA, % of revenue[(2)(3)]	7.7%	8.7%	9.6%[(1)]	8.4%[(1)]	6.8%[(1)]
Adjusted EBITA[(2)(3)]	36.7	29.7	56.8	50.7	41.5
Adjusted EBITA, % of revenue[(2)(3)]	10.6%	10.6%	10.4%	10.0%	8.8%

1) Derived from the Company's audited consolidated financial statements.
2) EBITDA and EBITA figures have been modified by impairments and amortization (before impairments, which amounted to EUR 0.6 million in 2016, EUR 0.9 million in 2015 and EUR 69.3 million in 2014).
3) Adjustments are material items outside the ordinary course of business, such as expenses related to acquisitions and restructurings, gain on sale of assets, strategic projects, new operations and other items affecting comparability.

118 Includes part-time employees.

Key Strengths

The Company believes that the following key strengths provide competitive advantages and strengthen its customer relationships and operations:

A leading Finnish private healthcare service provider with a nationwide network

The Company is a leading private healthcare service provider in Finland with approximately 180 clinics as well as digital platforms providing nationwide access to approximately 689,000 occupational healthcare end customers as at June 30, 2017, as well as to numerous private and public sector customers. In 2016, the Company had approximately 4.5 million patient visits. The Company has coverage in all of Finland's 20 largest cities and in all Finnish cities with at least 50,000 inhabitants. Management believes that Terveystalo's scale, broad geographic network, pure focus on providing healthcare services as well as broad customer-centric offering allows it to serve its customers individually and locally, and to provide high quality healthcare in a customer-oriented process, which management believes enables a positive customer experience and improves customer loyalty. The Company believes that this scale, nationwide reach, customer-centric offering positions it well to continue to improve its market share and benefit from the potential growth of the Finnish healthcare market. See "*Market Overview — Healthcare market in Finland*" for more information about the expected growth of the private provision healthcare market in Finland.

The Company's extensive and fully integrated care chain includes ongoing preventive care, primary care appointments, diagnostic testing and imaging as well as specialist care, outpatient surgeries, physical therapy, after-care and dental care. The Company focuses purely on healthcare services (including dental care services), which allows it to better attract and retain specialized medical personnel. The Company seeks to develop, invest and maintain its streamlined efficient operations as well as emphasis on the quality of services that is ensured by specialized corporate functions.

Having the largest network of clinics in Finland for the private provision of healthcare allows the Company to be well-positioned to develop and provide services to nationwide corporate customers, who often seek coverage in all of their units in Finland in which their employees are located, as well as to the public sector. The Company's scale is a significant competitive advantage over smaller providers because it allows the Company to invest in new service offerings and state of the art medical equipment, and to purchase supplies on a centralized, efficient basis. The Company has been able to invest in digital tools that provide the latest data management capabilities that contribute, for example, to the Company's efficient allocation of resources, capacity and equipment utilization. The Company's scale also allows it to efficiently develop Terveystalo's brand, allowing patients to have a single, trusted source for their medical care. This brand is essential to the Company's operations and implementation of its strategy as it competes for both customers and professionally skilled personnel. For example, the Company was selected the most trusted private healthcare provider brand in 2017 in a reader survey by Reader's Digest. The Company's strong brand and nationwide network help it to attract and retain competent medical doctors, nurses and other healthcare professionals by providing them with a wide range of opportunities to specialize in different fields of medicine and allowing them to make and receive referrals efficiently within their own network. Furthermore, management believes that Terveystalo's network and broad existing customer base provide opportunities for synergies in potential acquisitions when acquired businesses are integrated to Terveystalo's centrally managed operating model and existing infrastructure.

Innovative suite of proprietary digital tools that facilitate medical quality, operational efficiency and customer satisfaction

The Company believes that it is at the forefront of the healthcare sector in developing and using digital technologies to drive impact of care, further value and efficiency in healthcare services for corporate customers, private customers and public sector customers. As a validation of its efforts, the Company was awarded the "Best use of digital health" award by European Healthcare Business Model Innovation in April 2017. Customers are increasingly demanding more information and flexibility in the delivery and scheduling of healthcare they receive, while physicians are increasingly using data collection to improve insights and outcomes and personalize care programs for patients. Healthcare providers are using digital tools in an effort to drive margin enhancement by improving the time use of doctors and nurses as well as the utilization of rooms and clinics, by automation of scheduling and by improving billing practices. The Company has invested in internally and externally developed state of the art digital systems over the last seven years, and believes that its current suite of digital platforms and tools provide it with a significant competitive advantage.

Oma Terveys, the Company's end-user facing platform that is available both online and as a mobile application, provides flexible access to healthcare services at the patient's convenience. Patients can book appointments online, renew prescriptions, access lab results and track their personal health metrics. Patients also have access to medical staff online, enabling an ongoing dialogue between the Company, the physician and the customer, for example via a 24/7 video and chat functionality. By digitizing information and many services that previously were labor intensive, Oma Terveys supports the Company's aim to provide superior medical care while increasing the Company's operational efficiency by, for example, increasing communication with patients, expanding the Company's health databases and reducing the Company's administrative costs, such as for staff to schedule appointments. Etydi, the Company's physician-facing digital platform, is a medical quality tool focused on analyzing healthcare data and impact of care. It supports early identification of healthcare related risks and enables more effective data-based care planning. In particular, Etydi supports early identification of chronic diseases, thereby facilitating preventive care. It also enables population health management by tracking health outcomes for different groups, such as the workforce of a company. Etydi also helps physicians design a personal health plan (*Oma Suunnitelma*) for the patient to mitigate identified risks and focus on proactive, preventive care. For example, Etydi facilitates the identification and early diagnosis of diabetes by using patient data to identify risk groups and early indicators of disease, and design personalized and preventative care programs. Sirius HR, the Company's tool for the corporate payer, is aimed at enhancing the productivity of its customers' workforce and saving pension and disability costs. Operational information technology tools that monitor internal KPIs help the Company provide its high-quality, centrally-managed services at competitive prices, as well as to improve such services.

The Company's digital tools have been very popular with patients. In 2016, 57 percent of the Company's centralized bookings were already made online. There were approximately 568,000 registered users of Oma Terveys online platform as at June 30, 2017. The Oma Terveys mobile application had been downloaded approximately 272,000 times as at June 30, 2017. Due to the Company's extensive network, the Company had approximately 3.4 million patient records from visits within its network, corresponding to approximately 60 percent of the Finnish population in 2016. The Company believes it can leverage the scale of its centrally-managed nationwide network and the data created in its operations to develop digital tools that facilitate preventive care and customer satisfaction, as well as provide measureable improvements in medical outcomes.

Diverse and innovative management team with strong performance orientation

The Company's Executive Team has an array of complementary experience from diverse backgrounds. They have extensive experience in consumer sales brand management, corporate and public sector sales, digitalization, operations and human resources management as well as leading know-how in healthcare and clinical services. The Executive Team has also completed numerous healthcare acquisitions for Terveystalo in recent years, and has significant experience in successfully integrating and developing acquired businesses.

The Company's Executive Team is led by the Chief Executive Officer ("**CEO**"), Yrjö Närhinen, who was appointed to such position in 2010. Previously, Mr. Närhinen was the Managing Director of Hartwall, a leading Finnish brewery, and previously the Country Manager for Procter & Gamble for Finland and Norway. The Chief Financial Officer ("**CFO**"), Ilkka Laurila, joined Terveystalo in 2012 and was appointed to this position in 2015, prior to which he held various finance roles at the Company including Head of Treasury and Finance and Head of Procurement. Dr., Docent Juha Tuominen was appointed Chief Medical Officer ("**CMO**") of the Company in 2010. Previously, Dr. Tuominen was the Medical Director and EVP and acted as a deputy for the CEO at HUS, the Hospital District of Helsinki and Uusimaa.

The Company's Executive Team is supported by a group of experienced managers leading the Company's relationships with its corporate, private and public customer groups. The Company also has a competent team of regional managers running the Company's operations.

For more information on the Executive Team, see "*Board of Directors, Management and Auditors*".

Diversified customer groups that provide a solid platform for growth

Terveystalo continues to pursue an active and differentiated approach in engaging with each of its customer groups in order to seize opportunities provided by the private healthcare market.

Corporate customers

The Company is the largest occupational healthcare provider in Finland based on sales and the number of occupational healthcare end-users. The Company's number of corporate customers has increased from 13,072 as at December 31, 2014 to 23,434 as at June 30, 2017. The Company believes that its combination of network, medical quality and value-added services for the customer are attractive for its corporate customers. The number of private clinics in the operational healthcare services market in Finland has grown from 324 in 2010 to 536 in 2016, as employers seek to improve their attractiveness to their employees by providing them with access to private, high-quality medical care networks. Employers generally see a significant cost benefit in providing healthcare services where they can monitor care and determine specific care plans for their employees. Terveystalo's advanced data monitoring platforms, such as Sirius HR, allow the Company to effectively interact with its corporate customers and provide them with real-time appointment, pension, sick leave and other data. The Company believes that its occupational healthcare services increase employee productivity by reducing sick days and costs related to early retirement. For example, in a recent study, occupational healthcare was found to have the potential to generate a return on investment of up to six times for corporate customers through lower pension costs, a reduction in sick days and increased productivity.[119] The Company continues to seek ways to develop innovative new services that add further value to corporate customers.

The Company aims to increase corporate customer spend per employee through provision of value-added preventive care for larger corporate customers in particular. The Company also aims to further grow its market share especially among small and medium-sized enterprises, where there is further opportunity for business penetration. In Finland, occupational healthcare service agreements usually remain in force until further notice and typically include a notice period of a few months. The Company recorded a contract renewal rate of 89.5 percent and a win rate of 44.2 percent with new tendered contracts with occupational healthcare customers in 2016.

Private customers

Terveystalo aims to be the comprehensive provider of healthcare for individuals and families. The Company's strong brand, easy access without long waiting times, leading service offering for private individuals, families and retirees and personalized, digital tools provide it with a competitive advantage over public care and incentivizes customers to invest in their own health. The Company works with all major Finnish insurance companies and aims to continue to develop cooperation models with the insurance industry that focus on leveraging its scale and strengths. The Company seeks to be an attractive option for its private customers by promoting early diagnosis by means of preventive care and increased frequency of patient visits. Management believes that digital tools, such as Oma Terveys, are essential in facilitating its private customer interaction, as they provide additional channels for active dialogue with individual customers. The Company has increased its visibility with private customers by focusing on incremental services in adjacent fields such as dental services and physiotherapy.

The Company also believes that there is significant potential for cross-selling to leverage customer flows from occupational healthcare and public customer groups to add new private customers and to serve its existing customers better. For example, as the approximately 689,000 individuals covered by Terveystalo's occupational healthcare offering use the Company's services, they become increasingly accustomed to Terveystalo's care experience. The Company believes that this may influence customers to consider the Company as their first option in connection with their healthcare needs outside occupational healthcare, and strengthens the Terveystalo brand, which in turn promotes the use of Terveystalo's services by private customers. The Company can direct cross-selling efforts, for example, to retiring end-users of its occupational healthcare services so that they can continue to receive care from the same provider after retirement.

Public customers

The Company believes that its nationwide network and good reputation make it a strong choice for municipalities that are seeking to outsource their healthcare services. The Company has increased the number of its public occupational healthcare end-customers from 12,004 as of December 31, 2014 to 22,134 as of December 31, 2016. In 2016, the Company completed approximately 200,000 annual patient

[119] Source: Tekemättömän työn vuosikatsaus 2015. In a sample group of ten companies which had deployed systematic work capacity management for at least five years, each invested euro after 2008 until 2014 generated a net return of almost six euros each year.

visits in 2016 for its public customers (excluding screening appointments).[120] The Company's public customers generally seek cost-efficient, high quality care model supported by digital tools, and look to partner with a customer-friendly provider that has a proven track record of taking over operational responsibility for health services. The Company's core strengths allow the Company to address these needs, and it is able to help its public customers focus on long-term sustainable solutions that reduce their costs and increase quality and efficiency. The Company offers its public customers the opportunity to monitor their costs and the use of services by providing them access to the Company's digital tools and by defining key efficiency measures and quality KPIs. The Company expects to continue to focus on public occupational healthcare outsourcing contracts, specialty care outsourcing contracts and specialty care vouchers.[121]

The Company seeks to offer cost-efficient long-term solutions, and the Company's extensive network provides the ability to support the public sector across Finland. The Company believes it will continue to be in a strong position to win contracts in the public sector by leveraging its network, digital offering, supply of physicians, reputation and brand recognition as well as its extensive knowledge and experience from healthcare services along the care chain.

Demonstrated platform for revenue growth

The Company has demonstrated a strong track record of revenue growth from 2014, both organically and through acquisitions. The Company's revenue grew at a CAGR of 7.4 percent in the period from 2014 to 2016. In the same period, the Company's profit for the period increased from a loss of EUR 82.9 million[122] in 2014 to a profit of EUR 12.7 million in 2016 and the Adjusted EBITA CAGR[123] was 17.0 percent. Management was able to expand Adjusted EBITA margins from 8.8 percent in 2014 to 10.4 percent in 2016, which was largely due to a reduction in fixed costs, *i.e*. other operating expenses, from 15.9 percent of revenue in 2014 to 12.9 percent in 2016. Modified EBITA margin increased in the same period from 6.8 percent in 2014 to 9.6 percent in 2016.

The Company's organic growth has historically been driven primarily by growth in occupational healthcare services and in services to public customers, and a key driver of the Company's business historically has been to win new and retain existing contracts with corporate and public sector customers. The Company has also been able to increase its rate of cross-selling, leveraging customer flows from its customer base in one customer group to inclusion in an additional customer group. The Company has created standardized processes for sales, created healthcare service concepts and focused on strategic price planning. Furthermore, the Company has an experienced sales organization and many members of the executive management have versatile experience from consumer sales and brand management.

The Company has completed several greenfield investments and over 150 bolt-on acquisitions since 2001, which have significantly contributed to the Company's revenue growth. The Company considers bolt-on acquisitions and greenfield investments to be key elements of the Company's growth strategy, using them to strengthen areas identified for further growth in its network and service offering. For example, in 2015 Terveystalo made a greenfield investment in the city of Lohja, which it subsequently complemented with the acquisition of the business operations of Lohjan Työterveys ry to increase the scale of its local operations.

Focus on operational efficiency

The Company's focus on operational efficiency combines centrally led initiatives with the development of independent activities at the unit level in order to ensure the efficient implementation of its development initiatives. Centrally-led target setting and guidance on implementing solutions are, in turn, refined based on feedback from the units through detailed KPI monitoring. These initiatives implemented at the group, regional and unit levels have included, for example, utilization initiatives from higher room, medical equipment and personnel utilization as well as procurement efficiency initiatives, group-wide implementation of best practices and the development of efficiency-oriented digital tools. On the

120 The figure comprises service sales to the public sector, outsourcing and occupational healthcare for municipalities.

121 Under the proposed legislation governing the Social and Healthcare Reform, service vouchers provided by municipalities are planned to be discontinued. Following the Reform, the payment obligations under the service vouchers would be transferred from municipalities to 18 new counties. Under the Reform, the new customer vouchers would constitute part of the freedom of choice framework. For more information, see "*Key Legislation Governing the Provision of Healthcare — Certain Legislative Proposals — The Social and Healthcare Reform*".

122 The figure for the year 2014 is not directly comparable because the results were significantly affected by a goodwill impairment of EUR 68.0 million recorded during said year.

123 Defined as Modified EBITA adjusted for material items outside the ordinary course of business as a percentage of revenue.

centralized level, the Company aims to increase its operational leverage by increasingly using standardization with regard to, for instance, contract management and using automatization in order to further drive its operational excellence, including for instance, insurance invoicing and supply forecasting.

The Company believes that its scale and investments made in digitalization provide it with the opportunity to continue to increase operating leverage. The Company's largest and most important costs related to materials and services and personnel are variable for the most part. However, the Company's existing infrastructure has significant capacity potential across its network. Incremental expansion in sales can therefore significantly contribute to improved profitability.

Extensive experience and process-oriented approach for expanding services and network through acquisitions and new establishments

After identifying a need for increase in the scale of its operations, the Company evaluates systematically, whether expanding in a particular case is most efficient through an acquisition or a new establishment. The Company has made 19 acquisitions since 2014, and in total over 150 acquisitions since 2001, which typically have led to the realization of significant synergies. The acquisitions have expanded the Company's network and complemented its patient care chain, amongst others in dental services. The Company has over the years established standardized internal processes for identifying acquisition targets, ensuring the efficient implementation of the acquisitions as well as, in particular, developed its integration processes for ensuring the successful integration and realization of anticipated synergies from the acquired businesses. For example, the Company's director responsible for acquisitions together with the Company's regional business manager are typically responsible for successfully integrating and realizing anticipated synergies from the acquired business. The Company believes that its experienced M&A team and developed M&A processes enable it to identify potential M&A targets, execute the acquisitions efficiently and integrate the acquired business successfully into that of the Company and continue the implementation of the Company's inorganic growth strategy.

Historically, Terveystalo's acquisitions have resulted in the realization of synergies due to, amongst others, the centralization of operations, the optimization of the utilization levels of facilities and personnel as well as an increased customer base. Operational cost synergies have been obtained, for example, through more efficient procurement processes, by removing overlapping facilities, equipment and personnel as well as by leveraging centrally-led functions. The Company has an extensive network of units across the country, and as a consequence, there are often existing Terveystalo units located relatively close to potential acquisition targets, which can contribute to obtaining further synergies and customer referrals. The Company has typically achieved synergies above the expected level. In regard to acquisitions, the Company will continue to target a post-synergy EV/ Adjusted EBITDA multiple of 5x for acquisitions, implying an average payback period of approximately five years.

In late March 2017, the Company acquired Diacor, which bolstered the Company's network in the Helsinki Metropolitan Area and in Turku with approximately 135,000 occupational healthcare end customers and approximately 700,000 annual patient visits in 2016. The estimated expected cost synergies from the Diacor acquisition are EUR 12.0 million, which are expected to be realized by the end of 2018. In January 2017, Terveystalo acquired Porin Lääkäritalo in Pori and Rauma, with a consolidated customer base of approximately 15,200 occupational healthcare end-customers and 1,030 occupational healthcare corporate customers. The estimated expected cost synergies from this acquisition are EUR 2.6 million, which are expected to be realized by the end of 2018. See "*Operating and Financial Review — Factors Affecting Comparability of Financial Information — The Diacor acquisition and related synergies and operational improvement*".

The Company has also expanded its operations along the healthcare care chain with 18 dental clinics across the Company's network over the past three years. The Company has achieved this through a combination of organic bolt-on acquisitions and new openings of dental clinics. The Company expects to continue to increase its presence in the dental service market, which it deems to complement its other healthcare businesses and contribute to a more comprehensive healthcare services offering.

Strong culture provides an attractive platform for healthcare professionals

The Company believes it has a strong culture that promotes quality and performance, provides an attractive platform for its healthcare professionals and reflects the Company's leadership in clinical quality. The Company aims to provide an optimal patient flow, competitive incentives to join and develop the Company, digital tools to support career development and training of staff and private practitioners as well as a broad range of tenure and specialization tracks and career alternatives. All physicians are also supported by a dedicated support person (*lääkäriasiakkuusvastaava*) to ensure optimal work flow and implementation of best practices throughout the organization. The Company has consistently improved workplace satisfaction for its employees for each of the past five years and has been voted the most attractive employer for physicians and healthcare students for the last four years according to Mediuutiset and Universum, respectively.[124] The Company believes that high workforce commitment, motivation and satisfaction further promote the Company's quality and customer-centric culture and results in higher customer satisfaction and loyalty.

Strategy

Strategic Goals

The Company aims to leverage its key strengths to continue to grow and increase its operational efficiency in the healthcare services sector in Finland. The Company has set the following strategic goals:

Medical quality at the core of strategy and operations

Maintaining high medical quality is a key driver of Terveystalo's growth and profitability. Terveystalo continues to focus on providing quality that cost-effectively delivers further value to its varied customer base. Management believes that high medical quality not only contributes to the general wellbeing of individuals, but also to the positive care experience of individual customers, which in turn creates and maintains customer loyalty; higher productivity of employees through fewer sick days, faster recovery times and less disabilities and early retirements for corporate customers; and efficient care chain and claims processing for insurers; as well as cost efficiency while maintaining quality for public sector customers.

At the center of the Company's medical quality development is digitalization and the use of large quantities of medical and operational data generated by the Company. Digitalization enables the transformation from measuring medical data to efficiently managing medical quality. Terveystalo plans to continue to develop the ways in which it uses data to effectively analyze, report and manage variations in medical quality and to provide physicians with a recommended care path tailored to individual patients, including by extending the uses for Etydi, the Company's physician-facing digital platform. The Company plans to continue to work with its physicians and internal and external care providers on monitoring outcomes such as time to recovery, patient safety and clinical performance of individual physicians in order to ensure consistent quality of care. To further develop quality of care, the Company is also planning to extend the scope of data to be reported in the quality book (the "**Quality Book**") published in 2017.

Capitalize Finnish market growth opportunity through focus on diversified customer groups

The size of the Finnish healthcare market is substantial and expected to grow at attractive rates across all customer groups (see "*Market Overview*"). Management believes that Terveystalo is well positioned to grow and continue to win market share. Over the long term and excluding effect of acquisitions, the Company aims to grow at least in line with the market with respect to the corporate customer market, to further exceed historical market growth in the private customer market and to exceed market growth in the public customer market. The Company continues to pursue an active and differentiated approach in engaging with each of its customer groups in order to seize opportunities provided by the private healthcare market. The Company continues to seek ways to develop innovative new services that add further value to corporate customers and to further grow market share especially among small and medium-sized enterprises, where there is further opportunity for business penetration. The Company seeks to attract private customers and to leverage customer flows from occupational healthcare and public customer groups to also add new private customers. With respect to public customers, the Company seeks to offer cost-efficient long-term solutions, and the Company's extensive network and other strengths provide the ability to support the public sector across Finland. See "*— Key Strengths — Diversified customer groups that provide a solid platform for growth*".

Provide customer-centric proactive care through the aid of digital tools and new channels for interaction

The Company focuses on further developing its care experience and service quality through its proprietary digital tools. The Company develops digital tools tailored to benefit physicians, customers, end-users and corporate customers in order to enable customer-centric delivery of care and provide new channels for

[124] Source: Mediuutiset, Employee Image Survey for Physicians 2014, 2015, 2016 and 2017; Universum Global Rankings 2014, 2015, 2016 and 2017.

increased interactions between the customer, Terveystalo's healthcare professionals and the Company. The Company sees significant potential particularly in the development of tools providing increased access to preventive care and improving the utilization of data to drive care planning. Management believes that the increased focus on the proactive use of preventive care drives near-term and long-term revenues for the Company and can also save long-term costs for the Finnish economy through improved health outcomes for the Finnish population.

Customer-facing tools, such as the Oma Terveys online platform and online video and chat consultation applications, provide various channels for interaction from which the customer can choose the most suitable in each situation. Together with Terveystalo's proprietary internal digital tools, they contribute to quality consistency across Terveystalo's clinics and services, which is essential for Terveystalo's brand and continued success. Digital tools developed for physicians can provide data-led assessment mechanisms for better medical outcomes for patients, and digital tools developed for central management can provide operational efficiency and accurate KPI monitoring for margin improvement.

Continue to grow in existing and complementary services through organic initiatives and value-accretive acquisitions to offer an integrated care chain for our customers

Terveystalo's growth strategy is founded on serving the needs of its broad and varied customer base. The Company aims to develop further its wide offering of services along the care chain. To this end, Terveystalo aims to grow through growth initiatives, greenfield investments and bolt-on acquisitions that strengthen Terveystalo's existing geographic network and service coverage along the care chain. As described above, Terveystalo has developed capabilities in dental services and other adjacent services within healthcare services, such as physiotherapy. The Company aims to continue to grow in these and other adjacent services to extract further scale benefits and develop its care chain. The Company expects to achieve this through improving utilization rates, expanding its existing facilities and through strategic bolt-on acquisitions.

The Company continues to seek bolt-on opportunities to further increase Terveystalo's scale and create further value through synergies. The Company views bolt-on acquisitions as an alternative for greenfield expansion and a key element of its growth strategy. The Finnish healthcare market remains relatively fragmented, and the Company believes the market has further consolidation potential. Terveystalo has a strong acquisition track record, an experienced M&A team and a proven process for implementation and integration of acquisitions and for the realization of synergies.

Capitalize on and further improve operational excellence to increase profitability and cash generation

Terveystalo continues to focus on operational efficiency at each of its organizational levels, from the corporate level through to the unit level, to implement measures that achieve efficiency gains and continued margin improvement. Management focuses on creating new, more efficient ways of working, and on identifying best working practices generated at individual units, which management seeks to execute in all of the Company's approximately 180 clinics. The Company's approach to enhancing efficiency combines centrally-led initiatives as well as independent activity on the unit level to achieve customized implementation of set targets. At the corporate level, the Company intends to continue to pursue efficiency initiatives relating to, for example, nursing staff efficiency, efficiency of laboratory operations and room utilization to generate cost savings. In addition, management has standardized working practices with respect to procurement and inventory management. Such initiatives, amongst others, can drive efficiencies at the unit level through customized implementation plans suited for the needs of each distinct unit. Terveystalo continues to seek to optimize its existing network and service offering through measures to improve patient flows and reduce overlap as well as through clinic-specific development initiatives.

The Company has invested significantly in its network and infrastructure, and aims to utilize its operational leverage by leveraging its well-invested fixed cost base and scalable costs related to central management team and IT investments.

Strategic Choices

The Company has defined the following strategic choices as mission critical in order to successfully pursue the above-mentioned strategic goals:

Superior care experience

A positive care experience promotes customer engagement and loyalty. Terveystalo aims to provide a superior care experience, which starts from the first customer encounter with the Company and is based on the Company's active recognition and meeting of the customer's individual expectations and needs.

The use of digital tools to enable customer-centric proactive care is a key aspect of the Company's care experience focus. See "*— Strategy — Strategic Goals — Provide customer-centric proactive care through the aid of digital tools and new channels for interaction".* Another key aspect in managing the care experience is the Company's integrated care chain, which is intended to provide rapid and centralized access to care and guarantee high quality services tailored to specific customer needs. In the integrated care chain, care is planned from start to finish, so that appointments with different professionals proceed in accordance with the care plan in a coordinated and integrated manner. The Company focuses on managing the overall customer experience across the care chain and providing ongoing preventive care and complementary health enhancing services alongside episodic customer encounters such as appointments and examinations.

The preferred partner to our customers

Terveystalo aims to be the preferred healthcare services provider for all customer groups. The Company develops its extensive service offering and network continuously and pursues an active and differentiated engagement approach in order to cater to the customers' individual needs. See "*— Key Strengths — Diversified customer groups that provide a solid platform for growth*".

The most desirable employer for professionals

The ability to attract and retain qualified and motivated medical personnel and private practitioners is vital for achieving the operational excellence, superior care experience and medical quality that together form the core of Terveystalo's strategy. The Company believes that high workforce satisfaction leads to improved care experience and thus increases customer satisfaction. Terveystalo has increased its employees' level of workplace satisfaction for each of the past five years and been voted the most attractive employer for physicians and healthcare students for the last four years according to Mediuutiset and Universum, respectively.[125]

Terveystalo's culture is supportive and rewards successful performance. The Company will continue to use a broad set of tools to promote well-being at work in furtherance of competences developed to serve Terveystalo's customers. Access to digital tools, such as the data-led Etydi platform developed by the Company, helps physicians monitor and develop their activities, and the Company continues to seek different ways to provide high-quality administrative support to enable healthcare professionals to concentrate on key clinical tasks.

Local quality leader with nationwide scale benefits

Terveystalo's extensive network and broad service offering provide a platform to effectively serve customers individually and locally, in addition to which they cater to the needs of the largest corporate and public sector customers in Finland. Management believes that Terveystalo's scale will enable it to continue to invest in the latest technologies, develop new services, increase process efficiency and improve reliability through the volume of its operations. Terveystalo's scale and the increased use of digital tools also provide large data volumes, which the Company seeks to analyze to drive medical quality outcomes and to identify best practices to improve efficiency. In procurement and inventory management, scale enables the Company to continue achieving volume benefits through centralized policies and standardized practices.

Measurable medical outcomes

Medical quality creates tangible value for each of the Company's customer groups through factors such as medical expertise of healthcare professionals, high quality facilities and effective training processes. The Company aims to remain at the forefront of developing the measurement of the quality, transparency and

[125] Source: Mediuutiset, Employee Image Survey for Physicians 2014, 2015, 2016 and 2017; Universum Global Rankings 2014, 2015, 2016 and 2017.

impact of treatment and publishing of results of medical quality in Finland. The Company's Quality Book published in 2017 is the first comprehensive quality book published by a healthcare provider in Finland, according to management information. See "— *Quality of Care*".

Responsible social innovator

Terveystalo is actively involved in developing healthcare services in Finland and promoting the well-being and health of the Finnish people. The Company focuses on building customer-centric cooperation models with the public sector and engaging in active public debate with decision-makers and leaders in the Finnish healthcare sector. The Company's CEO is the Vice Chairman of the Board of Directors of the Finnish Association of Private Care Providers (*Hyvinvointialan liitto ry*) and several members of management are actively involved in several of its subgroups. The Company's CMO has been involved in working groups preparing the legislation relating to the Social and Healthcare Reform and acted as a specialist with the National Supervisory Authority for Welfare and Health ("**Valvira**") in relation to private healthcare. In terms of cooperation with public sector healthcare, the Company has, among other things, built a new type of operating model to provide specialized services relating to eye surgery within the central hospital of South Karelia that is one of a kind in Finland, according to management information. The Company has also been a frontrunner in starting to publish a Quality Book with the aim to improve the transparency of healthcare and well-being in Finland.

Terveystalo intends to develop new ways to improve and increase preventive care efforts particularly for lifestyle diseases that have a significant impact on the national economy. Terveystalo is the largest private healthcare provider in Finland based on revenue and the number of clinics and has a strong presence in both cities and rural areas across the country. The Company provided approximately twelve percent of all doctor visits in Finland as of 2016, and approximately 27 percent of all employed persons in Finland as at June 30, 2017 is covered by Terveystalo's occupational healthcare services. This scale provides Terveystalo an opportunity to create tangible improvements in healthcare outcomes on a national level, especially in the early diagnosis and preventive care of chronic lifestyle diseases such as type 2 diabetes.

Financial Targets

The Board of Directors has adopted the following financial targets in connection with the Listing. These financial targets constitute forward-looking statements that are not guarantees of future financial performance and Terveystalo's actual results of operations could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under *"Certain Matters — Forward-Looking Statements", "Risk Factors",* and *"Operating and Financial Review — Key Factors Affecting the Company's Results of Operations".* Any financial targets discussed herein are targets only and are not, and should not be viewed as, forecasts, projections or estimates of the Company's future performance.

Terveystalo's long-term financial targets:

- *Growth: 6–8% annual growth in revenue in the long term through a combination of organic growth and bolt-on acquisitions;*
- *Profitability: An Adjusted EBITA margin[126] 12–13% of revenue in the medium to long term;*
- *Capital Structure: Interest-bearing Net Debt / Adjusted EBITDA[127] not to exceed 3 times. However, indebtedness may temporarily exceed the target level, for example, in conjunction with acquisitions; and*
- *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.*

Terveystalo's financial targets are based on a number of assumptions, including, among other factors, assumptions as to the development of the Finnish economy and the Company's business operations. Key assumptions regarding the development of the Company's business operations include growth in addressable market of the healthcare services as well as availability of the potential M&A targets. The assumptions underlying the Company's financial targets may prove to be incorrect and the results of the Company's operations may deviate materially from the financial targets due to these and other factors described under "*Certain Matters — Forward-Looking Statements*", "*Risk Factors*" and "*Operating and*

[126] Defined as Modified EBITA adjusted for material items outside the ordinary course of business as a percentage of revenue.
[127] Calculated by dividing Net Debt (defined as total interest bearing financial liabilities less interest-bearing receivables and cash and cash equivalents) by Adjusted EBITDA of twelve months.

Financial Review — Key Factors Affecting the Company's Results of Operations". The Company's ability to achieve these financial targets is subject to uncertainties and contingencies, some of which are beyond the Company's control, and no assurance can be given that the Company will achieve these targets or that the Company's financial condition or results of operations will not be materially different from the financial targets set out above.

For information regarding the Company's financial performance in 2014– 2016, see "*Selected Consolidated Financial and Other Information*" and "*Operating and Financial Review*".

Future Outlook

The following future outlook constitutes forward-looking statements that are not guarantees of future financial performance. Terveystalo's actual financial performance could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "Certain Matters — Forward-Looking Statements", "Risk Factors", and "Operating and Financial Review — Key Factors Affecting the Company's Results of Operations".

The Company expects the markets to continue to develop favorably and believes that the improvement in the domestic economy supports the corporate and private customer business.

History

The Company was founded in 2001 when the Suomen Terveystalo group was established following the merger of Medipa Oy and Vaajakosken Lääkäriasema Oy. In 2001, the Company had operations in four locations and employed approximately 60 healthcare professionals. Since 2001, the Company has executed over 150 acquisitions, including private clinics, laboratory operations as well as imaging and hospital units. These acquisitions contributed to the expansion and development of the Company's network and scale. The Company also has small operations through its subsidiary, AVA Clinic SIA, in Riga, Latvia in relation to fertility treatments.

The shares of the Company's former parent company, Terveystalo Healthcare Oy (first named Suomen Terveystalo Oyj, and later Terveystalo Healthcare Oyj during its public listing), were listed on the Helsinki Stock Exchange between 2007 and 2009. In 2009, Terveystalo Healthcare Oyj was acquired by Bridgepoint Capital in a public tender process and its shares were delisted from the stock exchange.

Between 2010 and 2013, the Company took steps in centralizing and standardizing its operations and investing in information technology while continuing to grow. The Company's Kamppi hospital was opened in 2010 and the Company's healthcare business was strengthened by the acquisitions of, for example, healthcare service providers such as Lääkäriasema Pulssi Oy and ODL Terveys Oy in 2011.

In 2013, Terveystalo was acquired by the EQT VI fund, managed by EQT VI (General Partner) LP, and its co-investors. Since its acquisition, the Company focused in particular on operating efficiency and further investments in digital development, consumer branding, development of medical quality and nationwide reach. In 2015, Terveystalo deployed a work ability management system and introduced both an early support model and work ability management training program for supervisors. The Company's Oma Terveys online platform was launched in 2013 and Oma Terveys mobile phone application in 2016. For further information on Terveystalo's digital offering, see "*— Business Operations — Digital Platforms".*

In 2015, Terveystalo expanded its service portfolio by introducing dental services to its selection, with the goal of building the first national dental network in Finland and providing versatile dental care services integrated in basic healthcare both to private and occupational healthcare customers. Terveystalo acquired the following dental clinics and companies in 2015: Turun Hammasplussa Oy operating in Turku and Loimaa, Liikekeskuksen Hammaslääkärit Oy in Kotka, DenSens Oy operating in Jyväskylä and Jämsä as well as Porin Hammaslääkäripalvelut Oy in Pori. In addition to introducing dental services to its selection, the number of occupational healthcare customers has continued to increase significantly over the years. For example, Terveystalo had approximately 13,266 occupational healthcare corporate customers in 2013 whereas as at June 30, 2017 it had 23,434 corporate customers. In expanding its service portfolio, the Company has also gained presence in other adjacent service offerings across the healthcare care chain, including physiotherapy, psychotherapy, eye care and diagnostics.

In November 2016, Terveystalo and the Helsinki Deaconess Institute Foundation agreed on a sale of Diacor to Terveystalo whereby the Helsinki Deaconess Institute Foundation also became a shareholder in the Company. The transaction was completed in late March 2017. Through the synergistic transaction, Terveystalo expanded its network significantly in the Helsinki Metropolitan Area and in Turku. In January 2017, Terveystalo expanded its healthcare services by acquiring Porin Lääkäritalo in Pori and Rauma. In addition to the above, the Company has also carried out a number of smaller acquisitions during recent years. For more information on the Company's acquisitions, see "— *Acquisitions and other Investments*".

Organizational Structure

Terveystalo Plc is the parent company of the Group. On August 31, 2017, the Company had a total of 21 subsidiaries. The following table presents the subsidiaries of the Company along with respective ownership shares of the Company as at August 31, 2017:

Subsidiaries of Terveystalo	Consolidated shareholding (percent)	Country of incorporation
Terveystalo Healthcare Holding Oy	100.0	Finland
Star Healthcare Oy	100.0	Finland
Terveystalo Healthcare Oy	100.0	Finland
Eloni Oy	100.0	Finland
Kiinteistö Oy Seinäjoen Lakeudentie	100.0	Finland
Suomen Terveystalo Oy	100.0	Finland
Turun Teknohammas Oy	100.0	Finland
Curia Oy	100.0	Finland
Kiinteistö Oy Porin Linnankulma	100.0	Finland
Porin Hammaslääkäripalvelu Oy	100.0	Finland
Densens Oy	100.0	Finland
Liikekeskuksen Hammaslääkärit Oy	100.0	Finland
Examinatio Magnetica Fennica Oy	60.0	Finland
Bitewell Oy	100.0	Finland
Tampereen Hammaslääkäriasema Oy	100.0	Finland
Vimadent Oy	100.0	Finland
Forssan Erikoishammaslääkärit Oy	100.0	Finland
Hammaslääkäriasema Kymppihammas Oy	100.0	Finland
Ky Läkkitorin Hammaslääkäriasema	100.0	Finland
Fertility Clinic Holding Oy	100.0	Finland
AVA Clinic SIA	95.0(1)	Latvia

(1) AVA Clinic SIA holds 5.0 percent of its shares in treasury.

As at August 31, 2017, the Group had one associated company, Medix Laboratoriot Oy, of which the Company owned 25.0 percent. Associated companies are entities in which the Group has significant influence that is principally presumed to arise when the Group owns over 20 percent of the voting rights, or otherwise has significant influence, but no control over the entity.

Business Operations

Service Offering

Terveystalo's service offering consists of services in nearly all medical specialities and extensive and integrated care chains based on the service offering, including appointments, diagnostics such as laboratory and imaging services, surgeries and other services, such as physiotherapy, dental services and well-being services. The Company's service offering covers nearly all medical specialties.

The development of new and improved service concepts is a particular focus area for the Company. The Company aims to continue to launch new innovative services to respond to customer needs. The Company's personnel and the private practitioners working for the Company are in a key position to develop and introduce new services to the market.

The Company's principal offering of medical and health improving services is described in brief below:

Appointments: The Company offers general practitioner appointments and specialist physician appointments for people of all ages. The Company offers appointments for internal disease care and gynecology, among others.

Diagnostics: The Company's imaging and diagnostics service offering covers a variety of services in a number of medical specialties. The Company's imaging and diagnostics services are operated on a standalone basis, provided directly to customers and support the diagnostics needs of the Company's operations. The Company's imaging and diagnostics service offering includes laboratory services as well as X-ray, computed tomography and MRI imaging services, among others.

Surgeries: The Company's 18 clinic-hospital units provide outpatient surgeries and short-term post-surgery care and recovery services. The Company's surgery offering includes general surgeries, orthopedics and eye surgeries, among others.

Other services: The Company offers a variety of adjacent services closely related to healthcare that support and have synergies with the Company's core healthcare service offering. Other services offered by the Company include physiotherapy, psychology, vaccination services, well-being services and dental services. For example, the Company's 18 dental units around the country offer general and specialist dentistry as well as dental hygienist services.

Facilities

The Company has a network of approximately 180 clinics, which operate as hospitals, full-service clinics or occupational healthcare clinics across all 20 of Finland's largest cities and in total approximately 100 municipalities. The following map shows the geographic distribution of the Company's facilities as at April 30, 2017.

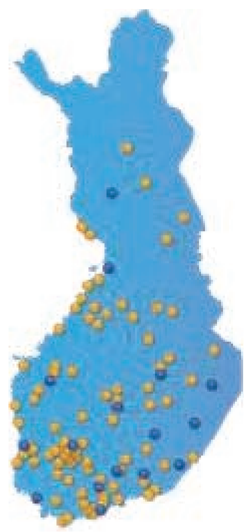


Figure 16. The distribution of the Company's facilities as at April 30, 2017. The Company has approximately 180 clinics, of which 18 are clinic-hospitals. On the map, clinic-hospitals are presented in blue and other clinics in yellow (the map is approximate).

The Company also offers healthcare services at the customers' premises, especially in occupational healthcare services and specialty care outsourcing.

Customers

Terveystalo offers its primary and outpatient secondary healthcare services to three distinct customer groups: corporate customers, private customers and public customers.

The following table presents the Company's revenue by customer group for the six months ended June 30, 2017 and 2016 and the years ended December 31, 2016, 2015 and 2014.

Revenue by customer group In EUR million	January 1 – June 30		January 1 – December 31		
	2017	2016	2016	2015	2014
	(unaudited)			(audited)	
Corporate customers	189.5	153.8	292.3	280.8	276.9
Private customers	128.5	101.1	197.6	170.1	160.2
Public customers	26.2	26.4	57.1	54.7	37.0
Total	**344.2**	**281.3**	**547.0**	**505.6**	**474.1**

The Company's ten largest customers consist mainly of large insurance companies, public institutions and large occupational healthcare customers. Sales to the Company's ten largest customers represented 18.6 percent of the Company's revenue in the year ended December 31, 2016.

Set forth below are brief descriptions of the Company's three customer groups.

Corporate Customers

The Company's corporate customer group comprises Terveystalo's occupational healthcare customers, excluding municipal occupational healthcare customers. The customers in the corporate customer group include private sector corporations, associations, foundations and public sector institutions and represent all main industries, such as construction, retail, manufacturing and professional industries. The Company offers services to corporate customers of all sizes, from entrepreneurs and small companies to medium and large-sized companies, including some of the largest employers in Finland. The Company is the largest occupational healthcare provider in Finland based on sales and the number of occupational healthcare end-users; the approximately 689,000 employees of the Company's corporate customers represented approximately 27 percent of all employed persons in Finland as at June 30, 2017. As at June 30, 2017, the Company had 23,434 corporate customers[128] and the corporate customers group accounted for 55 percent of the Company's revenue. The 20 largest occupational healthcare customers by revenue represented 17 percent of the Company's revenue for the corporate customer group in 2016.

The Company provides both statutory occupational healthcare services and other occupational healthcare services to its corporate customers. In Finland, all employers must arrange statutory occupational healthcare for their employees. The required minimum scope for occupational healthcare offering covers basic-level preventive care, assessment of work ability and workplace health and safety guidance. In addition to statutorily required preventive care, the Company offers a wide variety of services to employers who want to invest in further care for their employees. For the employee's part, the level of occupational healthcare services offered by an employer can be a factor in attracting and retaining a competent workforce and for increasing work satisfaction whereas for the employer's part, occupational healthcare services increase employee productivity by reducing sick days and early retirement costs. For example, in a recent study, occupational healthcare was found to have the potential to generate a return on investment of up to six times for corporate customers through lower pension costs, a reduction in sick days and increased productivity.[129] The Company's offering for non-mandatory occupational healthcare services covers specialist consultations, advanced diagnostics and imaging as well as dental care. In addition to the Company's service offering to occupational healthcare customers, the corporate customers group includes the Company's clinical drug research operations, which operates in Turku, Tampere, Jyväskylä, Helsinki, Kuopio, Lahti and Oulu.

Terveystalo works with its corporate customers to develop more effective and convenient preventive care. The Company's goal is to produce a personalized approach to transfer from reactive to more proactive healthcare. Preventive occupational healthcare services include occupational health examinations (including exposure-based, statutory, targeted and age-based examinations), assessments of working ability and ability to function, guidance in first aid preparedness at the workplace, referrals to rehabilitation as well as provision of information and counseling. Services promoting well-being at work and coaching services are complementary services to the Company's occupational healthcare services. They include well-being assessments, fitness reviews, stop-smoking programs, work supervision and the arrangement of

[128] Management estimates that the number of corporate customers is to some extent subject to seasonality during the year due to, among other things, timing of negotiations with corporate customers for concluding or renewing agreements.

[129] Source: Tekemättömän työn vuosikatsaus 2015. In a sample group of ten companies which had deployed systematic work capacity management for at least five years, each invested euro after 2008 until 2014 generated a net return of almost six euros each year.

workplace community surveys. In addition, modern digital solutions support follow-up, reporting and employee engagement. The Company offers its occupational healthcare customers a suite of digital tools aimed at enabling efficiency gains for both the corporate customers and Terveystalo. The proprietary Sirius HR employer reporting tool is one of the Company's key digital platforms for occupational healthcare customers. Approximately 40 percent of the Company's corporate end-user customer base was covered by Sirius HR as at December 31, 2016. Sirius HR collects and facilitates the combination of data on sick leaves, pension and time management, among others. Sirius HR analyzes such data and provides various reports and alerts that can be used by doctors and the corporate customer's management and HR functions to plan and follow corrective measures to improve outcomes of occupational healthcare. For more information on the Company's digital tool offering, see "— *Digital Platforms*".

Private Customers

The Company's private customers group comprises private individuals, families and retirees. Some of the Company's occupational healthcare end-users also use the Company's services as private customers, such as occupational healthcare end-users with children. The Company had approximately 570,000 private customers at the end of 2016 that together completed approximately 1,200,000 annual patient visits in 2016. The private customers group accounted for 37 percent of the Company's revenue as at June 30, 2017.

The Company serves its private customers in the Company's clinics, focusing on factors that are likely to influence a customer's decision to use private instead of public healthcare services in order to improve customer loyalty and increase its customer base in the private sector. Such factors include, among others, comparatively short waiting times, treatment chain integration and integration of offered services with occupational healthcare, dental services and various ancillary services as well as access to specialist doctor services and laboratory and imaging services without a doctor's referral and convenient locations. For example, THL estimates that approximately half of the patients had to wait over a week for public primary healthcare services in Helsinki[130] when more immediate access was available under private healthcare. In addition, digital tools for integrated managing and tracking of preventive care, healthcare needs and healthcare related data form an essential part of the Company's service offering to private customers. The initiatives to increase the customer loyalty of individuals who already have used the Company's services are built in particular around the Company's digital Oma Terveys platform. The Oma Terveys mobile application enables personalized communication with customers and has various features such as video doctor appointments. For more information on the Company's digital tool offering, see "— *Digital Platforms*".

The provision of incremental value-added services to Terveystalo's existing loyal customer base is a key factor in driving the growth of the Company's private customer base. In particular, the end-users of the Company's occupational healthcare services constitute an important group of existing and potential customers for the Company's services to private individuals as it offers an integrated service offering. The Company had approximately 689,000 occupational healthcare end customers as at June 30, 2017. Such occupational healthcare end-users become accustomed to Terveystalo's care experience because they have frequent and long-standing interactions with Terveystalo through its primary care offering together with its digital tools offering. As a result, management believes such occupational healthcare end-users are more likely to think of the Company first for their healthcare needs and thus would use the Company's services when looking for private healthcare services. For example, for the first quarter of the year 2017, 18 percent of Terveystalo's occupational healthcare customers used private-pay services.

Public Customers

The Company's public customers group comprises public sector organizations in Finland, such as municipalities, municipal federations, hospital districts and state administration and includes municipal occupational healthcare customers. The Company completed approximately 200,000 annual patient visits in 2016 for its public customers (excluding screening appointments).[131] The public customers group accounted for eight percent of the Company's revenue as at June 30, 2017. No single public customer contributed more than 2.7 percent of the Company's revenue in 2016.

The Company serves its public customers focusing on factors that are likely to support the public sector across the country even in remote areas, provide competitive solutions and generate cost savings in order to improve customer loyalty and increase the Company's customer base in the private sector. Such factors

130 Source: THL: Waiting times in public primary healthcare services in Finland (March 2017).
131 The figure comprises service sales to public sector, outsourcing and occupational healthcare for municipalities.

include the Company's extensive network of clinics and hospitals, its digital tools and its staff resources and training in both primary care and specialty care.

The Company has a long history of service arrangements with public sector organizations and aims at long-term partnerships with public sector customers. The Company's offering to the public sector consists of several different types of services, including service sales, specialty care outsourcing, complete outsourcing services, freedom of choice services and occupational healthcare services to public sector employers. These service areas are described in further detail below.

- *Service sales*, the largest service area within the Company's public services offering, are typically provided on a fee-for-service basis and is tailored to specific customer needs. The service offering can range from general practitioner appointments, diagnostics and screenings to imaging and hospital services, such as outpatient visits, surgeries and hip and knee replacements. Service sales are usually provided at the Company's own local clinics. For example, the Company provides the municipality of Kirkkonummi with mammography services for a contract period of four years until the end of 2019. A wide variety of service sales may be provided based on service vouchers granted by a municipality or a municipal federation, which may use service vouchers to acquire public social and healthcare services from the private sector.[132] Under the service voucher system, a private healthcare provider, such as the Company, can provide a public sector customer with specified individual services or services covering an entire care chain. Service vouchers may be granted to a person who is, based on a municipal social and healthcare representative's assessment, in need of such services or services determined by the municipality or municipal federation. Service vouchers can be used for example in dental services or services provided to the elderly, persons with a disability, children or families.
- *Staffing services* consist of the provision of healthcare professionals for secondary care services for the Company's existing customer municipalities as an additional service in certain specialty areas. In accordance with the Company's current strategy, its presence in staffing services is relatively limited.
- *Specialty care outsourcing services* are usually provided at the customer's premises based on long-term service agreements. For example, the Company provides the South Karelia social welfare and healthcare area with eye surgery services until April 2020. The Company also provides the city of Varkaus and the municipality of Joroinen with specialized outpatient clinic services in orthopedics, gastroenterology and urology as well as plastic and vascular surgery for a period of ten years until October 2025.
- *Complete outsourcing services* involve a public entity handing over full responsibility for the provision of its social and healthcare services, excluding official duties, to a private operator. Complete outsourcing services are usually provided at the customer's premises. The Company has entered into long-term contracts with certain municipalities regarding the comprehensive outsourcing of the provision of all their social and healthcare services. As the Company does not extensively provide social care services, it usually subcontracts necessary social care services from third parties. For example, the Company currently provides the municipality of Rantasalmi with the statutory healthcare services of the Rantasalmi inhabitants, either itself or through its subcontractors. The agreement is valid until December 31, 2020, but it may be terminated to end, under a notice period of 12 months, on December 31, 2018 or December 31, 2019. Following the implementation of the proposed legislation governing the Social and Healthcare Reform, complete outsourcings would likely be changed. The Company's revenue for complete outsourcing contracts amounted to approximately EUR 14.9 million for the year ended December 31, 2016.
- *Public sector occupational healthcare services* comprise the occupational healthcare services that the Company provides to municipalities. Such services can be provided either at the premises of the Company or the customer. For example, the Company provides the municipality of Kirkkonummi with occupational healthcare services to approximately 2,500 employees as well as local entrepreneurs and corporations for a period of four years until February 2018. In addition, the Company provides the cities of Pori and Ylöjärvi with occupational healthcare services for a period of two years until 2018, with a one-year option to extend, and for a period of four years until 2020, respectively.

[132] Under the proposed legislation governing the Social and Healthcare Reform, service vouchers provided by municipalities are planned to be discontinued. Following the Reform, the payment obligations under the service vouchers would be transferred from municipalities to 18 new counties. Under the Reform, the new customer vouchers would constitute part of the freedom of choice framework. For more information, see "*Key Legislation Governing the Provision of Healthcare — Certain Legislative Proposals — The Social and Healthcare Reform*".

- *Freedom of choice services* concern the proposed Social and Healthcare Reform, under which the provision of primary care services and general dental care services in Finland would be based on a capitation model. Under the capitation model, a customer could choose the service provider, location and doctors to provide services included within the scope of customer freedom of choice. Such services will be provided in units called social and healthcare centers and dental health units, which can be privately or publicly operated. The reimbursement payable to the service provider for the provision of primary care would be principally based on a fixed fee, determined based on the number of treated customers and other factors, such as their age. In addition, a customer could also choose to procure certain special care services based on a customer voucher from his or her Sote Center if the Sote Center has been approved as a provider for such services based on a customer voucher. All service providers delivering services under the customer voucher would receive the same compensation for the same service. The freedom of choice legislation is expected to enter into effect in the beginning of 2020. For more information, see "*Key Legislation Governing the Provision of Healthcare — Certain Legislative Proposals — The Social and Healthcare Reform".*

  The Company is participating in selected freedom of choice pilot programs, which are intended to provide first-hand information and data on how this service framework would work in practice and how it should be implemented once the responsibility of coordinating the offering of primary care in Finland through freedom of choice is transferred to the 18 new counties. The Company has agreed on ongoing freedom of choice pilot programs with the cities of Hämeenlinna and Hyvinkää, the Iisalmi region (including the town of Kiuruvesi as well as the Sonkajärvi and Vieremä municipalities) as well as the municipality of Mäntsälä. The services relating to freedom of choice pilot programs are provided at the Company's own local clinics.

Funding and Payment for Services

For many of the Company's customers, the funding of healthcare service purchases is complex and involves several different payors. Reimbursement mechanisms vary across the Company's three separate customer groups.

Corporate Customers

In the corporate customers group, the Company's services are funded partly by corporate customers directly and partly by the Finnish Social Insurance Institution, Kela, from earned income insurance payments. Kela funds a broad range of health and social care services and is a part of the multi-channel financing model that characterizes the Finnish healthcare system. In 2016, approximately 59 percent of the private occupational healthcare costs are estimated to have been financed by employers and 41 percent through Kela. For more information on the financing of occupational healthcare in Finland, see "*Market Overview — Healthcare market in Finland — Multi-Channel funding*".

Private Customers

In the private customers group, the Company's services are paid either by a private individual through an out-of-pocket payment or through an insurance company if the service is covered by a private insurance package. The private healthcare services market can be divided into Kela-reimbursed services, non-reimbursed private clinic services (including, for example, plastic surgery and non-reimbursed physiotherapy) and Kela-reimbursed rehabilitation. Under the current reimbursement framework, Kela offers reimbursements to private customers up to a statutorily specified portion of the cost for certain privately provided healthcare services. The Kela reimbursement level varies depending on the type of service. For more information on Kela reimbursements, see "*Key Legislation Governing the Provision of Healthcare — Current Legislation*".

In 2016, 71 percent of Kela-reimbursed services were funded through private medical insurance, 18 percent by out-of-pocket payments and twelve percent through Kela. In the Kela-reimbursed rehabilitation market, 18 percent was paid by out-of-pocket payments, 68 percent by Kela and 14 percent by the state and municipalities. In the private clinic market excluding Kela reimbursed rehabilitation, 53 percent of the market was funded by insurance reimbursements, 38 percent by out-of-pocket payments, while the remaining nine percent was covered by Kela. See "*Market Overview — Healthcare market in Finland — Multi-Channel funding*".

Public Customers

In the public customers group, the Company's services are primarily paid from the municipality budget and state budget. Under certain agreements, the Company may also be entitled to receive a portion of the service fees paid by patients. The proportion of such fees is typically low in relation to the total compensation received by the Company under such agreement. Under the proposed legislation governing the Social and Healthcare Reform, the responsibility for organizing social and healthcare services would be shifted from municipalities to the 18 new counties. Under the proposed laws, counties' sources of financing would consist of government funding and the customer and usage fees charged for providing the services. See "*Key Legislation Governing the Provision of Healthcare — Certain Legislative Proposals — Financing reform*".

Suppliers

Management believes the Company is not dependent on any single source supplier for any material part of its business. The Company's main suppliers are laboratory subcontractor Synlab Finland Oy, medicine providers Yliopiston Apteekki, Oriola Oyj and Tamro Oyj, and the healthcare supply provider Mediq Suomi Oy. In addition, several other suppliers can supply the Company with the supplies required to perform its operations. Accordingly, management believes that the Company does not depend on any one supplier and therefore losing one of its current suppliers is not likely to have a material adverse effect on its business. In connection with the Company's contracts for certain equipment and tools, the Company agrees to buy maintenance services from such equipment and tools providers for the agreed period.

Digital Platforms

Digitalization is a key element of the Company's strategy. Terveystalo's scale has enabled it to invest in information technology systems and partner-developed digital tools and to develop its proprietary digital tools. The Company has been an early adopter in the Finnish healthcare sector of an operating model based on a centralized enterprise resource planning. The centrally managed operating model allows the Company to utilize and develop its digital platforms with respect to quality management, efficiency tracking and reporting purposes. Management believes that Terveystalo's reporting and other digital systems are well-developed and that the Company will be able to continue developing its existing systems and to invest in new digital platforms in the future, including both internally developed and partner-developed tools.

Digital platforms are integrated in the working processes of Terveystalo's medical professionals. The Company's digital platforms provide tools, for example, for developing a joint business plan between the corporate customer and Terveystalo, scheduling health check-ups and follow-ups for individuals as well as gathering information via questionnaires. The digital tools also assist Terveystalo's medical professionals in assessing an individual's health risk and developing preventive treatment plans.

Management believes that digital tools have a fundamental role in the move from the level of measurement of health and care related variables towards a comprehensive management of quality of care and medical outcomes. Through the use of digital platforms, the Company is able to collect, analyze and measure a large amount of aggregated patient health data from its extensive nationwide network.

Digitalization is also in the core of the way the Company communicates with its customers, by fostering an ongoing dialogue. Consumers are increasingly demanding more control and information on available healthcare services and how those services can be integrated and managed. Digital tools are a key driver for customer engagement and loyalty, as they enable personalization of services provided by the Company for its customers and the use of tailored and personalized marketing. The Company believes its digital platform and tools are well equipped to add value by meeting these customer demands.

Digital tools for end-users

The Company's comprehensive Oma Terveys platform for end-users can be used to track and view a patient's medical history, personal health plan, lab results and wellness goals. Oma Terveys users can book appointments and obtain laboratory results through an app or on the internet. The platform provides access to an e-clinic with 24/7 video and chat functionality for receiving medical advice from a healthcare professional within seconds. There were approximately 568,000 Oma Terveys online platform registrations as at June 30, 2017, and the Oma Terveys mobile application had been downloaded approximately 272,000 times by June 30, 2017. End-users completed in average approximately 6,000 video and chat visits in the month of June 2017, and the monthly video and chat visits increased by 38 percent from January 1, 2017 to June 30, 2017.

Digital tools for employers

The Company's main offering to employers is the Sirius HR integrated occupational healthcare platform. Sirius HR was initially developed by Hoffmanco Intl. Ltd ("**Hoffmanco**"), which Terveystalo acquired in 2013. Sirius HR is a comprehensive payer management tool, whose functions include tracking of workforce productivity and compiling of sickness-related predictive analytics. The platform facilitates in particular preventive occupational healthcare both at group level and the level of a particular employee. Approximately 40 percent of the Company's corporate end-user customer base was covered by Sirius HR in December 2016. The Company estimates that the consistent and optimized use of Sirius HR can result in enhancements in workforce productivity and reductions in pension and disability costs.

In the ongoing workflow for the Sirius HR platform, employee data are collected from multiple sources. Such data are then analyzed with Sirius HR tools and the results of the analysis are converted into customized alerts and reports that can be tailored to inform the doctors responsible for occupational healthcare as well as the management and human resources functions of the employer.

Digital tools for physicians

The Company's main physician-facing multi-use platform is called Etydi. This data-led assessment tool owned by the Company is aimed at improving medical outcomes and quality through data-driven analysis. The main elements of the Etydi system have been developed internally at the Company in cooperation with the Company's physicians and nursing staff.

Etydi functions as a quality register, provides support for clinical decision making and contains tools for integrated care management and planning. Many of Etydi's key functions are particularly suitable for supporting preventive care and personalized treatment planning. For example, Etydi is used in prevention and early diagnosis of chronic diseases such as diabetes, where it facilitates risk identification based on benchmarking against risk groups, preventive care, regular check-ups as well as creating a care plan supported by Terveystalo's patient facing applications.

Etydi allows the monitoring of the effectiveness of care and managing multiple health risks with comparison to established best practices. These results can be used as the basis for reporting to occupational healthcare and other customers, for example to demonstrate the overall costs of insufficient treatment. Etydi also provides insight into how a physician treats patients, as it features tools for comparison and benchmarking with other physicians, clinics and customer groups.

Digital tools for management of the Company

The Company's reporting and management tools are vital for the manner management runs Terveystalo's operations. The Company's KPI monitoring covers all organizational levels of the Company and all payor groups. KPIs tracked by the Company include clinic-level sales and Adjusted EBITDA[133] as well as doctor, nurse and laboratory efficiency and room utilization, among others. The Company's internal operational tools for monitoring KPIs aim at improving efficiency and providing high quality across the Company's clinics and regions. The Company uses "traffic light" follow-up and variance analysis to improve processes by analyzing measured outcomes data and trends, conducting clinic-level benchmarking and utilizing the results of the analysis in a continuous feedback and learning framework. In addition, the Company uses various project management tools for monitoring project-specific KPIs.

Personnel

The Company believes that high workforce satisfaction leads to improved care experience and thus increases customer satisfaction. Terveystalo has increased its employees' level of workplace satisfaction for each of the past five years and been voted the most attractive employer for physicians and healthcare students for the last four years according to Mediuutiset and Universum, respectively.[134] See "*— Strategy — Strategic Choices — The most desirable employer for professionals*". The following table sets

[133] The Company also uses the Modified and Adjusted EBITDA as an alternative performance measure. See "*Certain Matters — Presentation of Financial and Certain Other Information — Alternative Performance Measures*".

[134] Source: Mediuutiset, Employee Image Survey for Physicians 2014, 2015, 2016 and 2017; Universum Global Rankings 2014, 2015, 2016 and 2017.

forth the number of the Company's employees and private practitioners as at June 30, 2017 and 2016 and December 31, 2016, 2015 and 2014:

	As at June 30,		As at December 31,		
	2017	2016	2016	2015	2014
Employees[(1)]	4,445	3,518	3,463	3,416	3,115
Private practitioners	4,440	3,321	3,448	3,100	3,000

(1) Figures are based on the number at period-end. Includes part-time employees.

Management believes that the provisions of the employment agreements entered into with the Company's healthcare professionals are generally customary in the Finnish healthcare sector. Healthcare professionals working as employees are paid hourly or monthly wages.

Management believes that the provisions of the agreements that the Company has entered into with private practitioners are generally customary in the Finnish healthcare sector. Private practitioners may operate as private traders or through a company and they are paid on the basis of the number of completed procedures or appointments. Private practitioners work on the Company's premises and pay rent to the Company, which is defined as a certain proportion of his or her total billing. Private practitioners attend independently to their tax and pension payments and other statutory obligations related to working as an entrepreneur and are liable personally and through their personal insurance for any medical malpractice they may commit. Under the prevailing practice in the Finnish healthcare sector, private practitioners are typically not subject to non-compete obligations. Private practitioners working for the Company may therefore also work for the Company's competitors or for the public sector.

The Group considers its relations with employees and unions to be satisfactory and has not had any significant labor issues during the past three years. The Company is a member of the Finnish Association of Private Care Providers, which is a member of the Confederation of Finnish Industries *(Elinkeinoelämän keskusliitto EK ry*). The Finnish Association of Private Care Providers negotiates the main collective agreement applicable to the Company. The Company's nurses and other assisting personnel are covered by collective bargaining agreements. The current collective agreement for healthcare services is in effect until January 31, 2018.

Quality of Care

The Company is subject to the national legislation that defines the mandatory quality standards for the Company's operations. The Company is focused on providing services that achieve high quality and patient satisfaction certifications and rankings. At the center of the Company's medical quality development is digitalization and the use of large quantities of medical and operational data generated by the Company. Digitalization enables the transformation from measuring medical data to efficiently managing medical quality. Terveystalo plans to continue to develop the ways in which it uses data to effectively analyze, report and manage variations in medical quality and to provide physicians with a recommended care path tailored to individual patients. See "*— Strategy — Medical quality at the core of strategy and operations*" and "*— Strategy — Measurable medical outcomes*".

The Company was awarded the revised ISO 9001:2015 quality certificate in 2017. Terveystalo was the first private healthcare company to obtain the certificate, which covers all of the Company's services except oral healthcare services. The original ISO 9001:2008 certificate was awarded to Terveystalo in 2008. In addition, Terveystalo holds the ISO 14001 environmental management certification for clinics in Oulu, Joensuu and Rauma and in Porin Lääkäritalo and, in addition, the Company has an environmental programme in effect from 2017 to 2020 covering the whole Company.

The Company's Quality Book, published in 2017, is the first comprehensive quality book published by a healthcare provider in Finland, according to management information. The purpose of the Quality Book is to evoke discussion on the quality of healthcare. The Quality Book describes the Company's own quality work in provision of healthcare services. Terveystalo describes the improvement of quality of healthcare services through the quality triangle, which consists of clinical, operational and experienced quality. The Quality Book also presents results of the Company's quality work. The Quality Book is a description of quality in healthcare services from the Company's perspective, and there are no general guidelines or recommendations concerning the content of the Quality Book.

Sales and Marketing

Terveystalo's sales organization works with the Company's corporate and public customer accounts. The sales organization consists of a national key account manager team for the Company's largest customers and three regional account manager teams that focus in particular on knowledge on local market conditions. The Company also has a digital focused sales team concentrating in particular on small and medium-sized enterprises, which are targeted primarily by telesales and digital channels. The Company's sales representatives cover both new client acquisitions and customer care.

Terveystalo's marketing activities are focused in particular on private customers and smaller corporate customers. The Company has adopted a multi-channel approach to marketing, which utilizes both more established channels, such as TV, radio, outdoor, print and digital channels as well as e-mail and social media. The Company has adopted one of the leading cloud services for marketing automation, which enables more cost-efficient campaigns and individually targeted offerings and is aimed at creating customer loyalty through increased dialogue directly with customers. Interaction with customers can be further built upon through the Company's other digital channels such as online chats and the Oma Terveys platform, for example.

Under Finnish law, electronic direct marketing to consumers requires a permit from the target of the marketing measures in the form of a specific consent given in advance. The Company has a marketing permit database that as at June 30, 2017 contained approximately 621,000 permits whereby customers have opted in to receive marketing information from Terveystalo. Management believes that the growing marketing permit base has a key role in enabling marketing efforts to drive further customer engagement and loyalty.

Research and Development

The Company's research and development activities are mainly focused on clinical drug research operations for corporate customers and other healthcare related research as well as development of new operating models and customer facing applications. The Company's research and development costs represent a minor portion of the Company's operating costs.

Terveystalo has also contributed to collaborative research projects. For example, Terveystalo has been participating for several years in the preparation of the annual review of total expenses for lost work capacity in Finland due to factors such as costs relating to sick leaves, disability and accident insurance payments and occupational healthcare expenses (*Tekemättömän työn vuosikatsaus*). The research was conducted in cooperation with, amongst others, Confederation of Finnish Industries (EK), The Central Organization of Finnish Trade Unions SAK, Finnish Institute of Occupational Health and several insurance companies. A total of 76 corporations and 16 municipal employers participated in the research.

Mergers and Acquisitions

Acquisitions and other Investments

Since its founding in 2001, the Company has implemented a selective growth strategy aimed at developing its network for the benefit of its customers. The Company regularly reviews acquisition opportunities and has grown both organically and through strategic acquisitions and a large number of bolt-on acquisitions. Revenue growth during the period from 2014 to 2016 has mainly been driven by the effects of acquisitions as set out in the table below, and in 2017, particularly the acquisitions of Porin Lääkäritalo and Diacor. Management estimates that the annual organic growth of revenue during the period from 2014 to 2016, excluding acquisitions and divestments, has been 3.0 to 4.0 percent.

The following table presents the acquisitions carried out by the Company between January 1, 2014 and the date of this Prospectus:

Acquisition	Location	Date of Closing	Principal Business
Crossdental Oy (oral health operations)[(1)]	Iisalmi	May 2017	Dental
Data Plaza Oy (oral health operations)[(1)]	Turku	April 2017	Dental
Diacor	Helsinki metropolitan area and Turku	March 2017	Healthcare
Ky Läkkitorin Hammaslääkäriasema	Espoo	March 2017	Dental
Porin Lääkäritalo	Pori and Rauma	January 2017	Healthcare
Forssan Erikoishammaslääkärit Oy	Forssa	December 2016	Dental
Hammaslääkäriasema Kymppihammas Oy	Lahti	December 2016	Dental
Vimadent Oy	Lahti	October 2016	Dental
Hammasklinikka Dent Oy (business operations of the city center clinic)[(1)]	Oulu	April 2016	Dental
Tampereen Hammaslääkäriasema Oy	Tampere	April 2016	Dental
Bitewell Oy	Hämeenlinna	January 2016	Dental
Porin Hammaslääkäripalvelut Oy	Pori	December 2015	Dental
DenSens Oy	Jyväskylä and Jämsä	December 2015	Dental
Seinäjoen Lääketieteellinen Tutkimuslaitos Oy (“**Seinäjoen Lääkäritalo**”)	Seinäjoki	December 2015	Healthcare
Lohjan Työterveys ry (healthcare operations)[(1)]	Lohja	November 2015	Occupational healthcare
Liikekeskuksen Hammaslääkärit Oy	Kotka	September 2015	Dental
Jokilaaksojen Työterveys Oy	Northern Ostrobothnia	August 2015	Healthcare
Turun Hammasplussa Oy	Turku and Loimaa	May 2015	Dental
Lääkäriasema Syke Oy	Lahti and Heinola	February 2015	Healthcare

(1) Business acquisition

Financial Year 2017 until the Date of this Prospectus

In January 2017, Terveystalo expanded its healthcare services by acquiring Porin Lääkäritalo in Pori and Rauma. Terveystalo also further strengthened its dental business by acquiring the dental service provider, Ky Läkkitorin Hammaslääkäriasema, located in Espoo, in March 2017 as well as by acquiring the oral health operations of Data Plaza Oy, located in Turku, in April 2017 and the oral health operations of Crossdental Oy, located in Iisalmi, in May 2017.

In November 2016, Terveystalo and the Helsinki Deaconess Institute Foundation entered into an agreement for the sale of Diacor to Terveystalo. The transaction was completed on March 24, 2017. As part of the transaction, LocalTapiola General Mutual Insurance Company and LocalTapiola Mutual Life Insurance Company sold all of their shares in Diacor to Terveystalo and the Helsinki Deaconess Institute Foundation became a shareholder of the Company. The transaction expanded the Company’s network significantly in the Helsinki Metropolitan Area and in Turku.

Financial Year 2016

During 2016, Terveystalo strengthened its dental business services by acquiring Bitewell Oy, located in Hämeenlinna, in January, and Tampereen Hammaslääkäriasema Oy, located in Tampere, and the business operations of the city center clinic of Hammasklinikka Dent Oy, in Oulu, in April. In addition, in the Lahti area, the Company acquired Vimadent Oy in October and Hammaslääkäriasema Kymppihammas Oy in December, as well as Forssan Erikoishammaslääkärit Oy, located in Forssa, in December.

In addition, Terveystalo’s Porvoo, Seinäjoki, and Imatra clinics and the Linnanmaa clinic in Oulu moved to new premises and the Company expanded its clinics in Hämeenlinna, Jyväskylä, and Rauma.

Financial Year 2015

During 2015, the Company acquired several businesses to expand its network and service offering. Terveystalo strengthened its occupational healthcare and private healthcare business in February 2015 by acquiring Lääkäriasema Syke Oy, located in Lahti and Heinola. In August 2015, Terveystalo acquired

Jokilaaksojen Työterveys Oy, located in Northern Ostrobothnia. In November 2015, Terveystalo acquired the healthcare operations of Lohjan Työterveys ry, located in Lohja, which focus on providing occupational healthcare services. In December 2015, Terveystalo acquired Seinäjoen Lääkäritalo, located in Seinäjoki.

Terveystalo extended its service offering to dental services in 2015, at the time a new addition to its healthcare care chain, by acquiring Turun Hammasplussa Oy, located in Turku and Loimaa, in May, Liikekeskuksen Hammaslääkärit Oy, located in Kotka, in September, DenSens Oy, located in Jyväskylä and Jämsä, in December and Porin Hammaslääkäripalvelut Oy, located in Pori, in December.

In addition, other large investments included the opening of new clinics in Rauma, Lohja and Mäntyharju. Additionally, the Fertinova clinic in Jyväskylä and the Company's clinics in Terveystalo Pori, Mäntsälä and Hamina moved to new premises and the Company expanded the size of its clinics in Tampere, Kuopio and Joensuu.

Financial Year 2014

In 2014, Terveystalo did not make any business acquisitions. The Company's largest investments were in expanding its network by opening new clinics in Tampere Lielahti, Vaasa, Joensuu, Kotka, Vantaa and Vantaa Tikkurila. In addition, the Company expanded its clinics in Lappeenranta, Hämeenlinna, and Espoo Leppävaara as well as its customer service center in Kristiinankaupunki.

For more information on the Company's recent investments, see "*Operating and Financial Review — Liquidity and Capital Resources — Capital expenditure*".

Divestments

In recent years, the Company has also divested certain assets not related to the Company's core business. The Company sold the fertility business operations of Fertinova in Tampere in November 2015, and in Helsinki and Jyväskylä in August 2017. In addition, the Company sold the shares in Caritas Lääkärit Oy owned by Diacor in June 2017 as well as in March 2016 the shares in EP-Magneetti Oy owned by Seinäjoen Lääkäritalo, which was merged into Suomen Terveystalo Oy. Furthermore, in 2016 the Company sold the shares of joint-stock property companies Kiinteistö Oy Seinäjoen Lääkäritalo and Kiinteistö Oy Seinäjoen Marttilankulma obtained as part of the acquisition of Seinäjoen Lääkäritalo.

Material Agreements

Except as set forth below, the Company has not entered into (i) any material agreements outside of its ordinary course of business during the two financial years immediately preceding the date of this Prospectus or (ii) any other agreements outside its ordinary course of business based on which a company belonging to the Group would have obligations or rights as at the date of this Prospectus that are material from the Company's perspective. For further information on transactions carried out by the Company with its related parties, see "*Major Shareholders and Related Party Transactions — Related Party Transactions*".

Senior Facilities Agreement

On September 15, 2017, the Company as guarantor and Terveystalo Healthcare Holding Oy as borrower and guarantor entered into a five-year EUR 320 million Senior Facilities Agreement with Skandinaviska Enskilda Banken AB (publ) and OP that will be available for draw downs after the Listing, subject to customary conditions precedent. The Company is expected to refinance its indebtedness under the existing EUR 400 million senior facilities agreement, originally entered into on September 23, 2013 with Nordea Bank AB (publ) as agent and security agent, and certain other lenders, by borrowing under the Senior Facilities Agreement. The facilities under the Senior Facilities Agreement comprise two Term Loan Facilities in the total amount of EUR 280 million that are available for a maximum of five months following the signing date of the Senior Facilities Agreement, and a EUR 40 million Revolving Credit Facility, which is available until one month before the termination of the Senior Facilities Agreement. In addition to the aforementioned Term Loan Facilities and the Revolving Credit Facility, the Company may request an establishment of a term loan facility in the maximum amount of EUR 130 million in accordance with the terms of the Senior Facilities Agreement. Such additional facility or a share thereof can be offered by one or several existing or new lenders, but the existing lenders under the Senior Facilities Agreement have not committed to such lending. The margin of each additional facility will be agreed separately between a lender and the Company, but the margin must be within the specified limits during the first year when the Senior Facilities Agreement is in force. The Senior Facilities Agreement includes a customary financial covenant relating to the Company's leverage ratio, or total Net Debt to Adjusted EBITDA.

Interest rates for the loans under the Senior Facilities Agreement comprise a floating or fixed interest rate margin, depending on the loan, and EURIBOR, which is floored at zero. The margin of the loans will be in the range of 1.25 and 2.25 percent, partly depending on the leverage ratio.

Further, the Senior Facilities Agreement includes other customary covenants, including covenants concerning compliance with laws and sanctions; negative pledge; restrictions on mergers, acquisitions and disposals; restrictions on granting loans and guarantees; change of business; as well as restrictions on the Company's and its subsidiaries' indebtedness. Furthermore, the Senior Facilities Agreement includes customary events of default, including non-payment, breach of financial covenants (including the leverage ratio), change of control clauses or other obligations under the Senior Facilities Agreement and cross-default. In addition, the Senior Facilities Agreement includes customary representations and information undertakings.

Placing Agreement

In connection with the Listing, the Company will enter into the Placing Agreement with the Managers on customary terms and conditions. The Placing Agreement is expected to be entered into on or about October 10, 2017. See "*Plan of Distribution in the Offering — Placing Agreement*" for further information on the Placing Agreement.

Diacor Agreement

In November 2016, Terveystalo and the Helsinki Deaconess Institute Foundation entered into an agreement for the sale of Diacor to Terveystalo. The transaction was completed on March 24, 2017. As part of the transaction, Terveystalo granted a specific indemnity, subject to certain conditions, to the Helsinki Deaconess Institute Foundation relating to (a) possible tax liabilities relating to deductibility of interests for certain loans granted for the Company, (b) possible competition law related liability relating to the Company's operations on the market of mammography screenings, and (c) restoration obligations relating to the Company's rented premises in the Helsinki metropolitan area for a maximum of twelve months occurring after the completion of the transaction. The Company has, subject to certain limitations, committed to compensate the Helsinki Deaconess Institute Foundation for any costs and tax burden incurred by the Company due to the above-mentioned issues, pro rata to the ownership of the Helsinki Deaconess Institute Foundation in the Company. In the Company's financial reporting, the commitment regarding a specific indemnity is parallel to a conditional purchase price. For more information on the acquisition of Diacor, see "*— Acquisitions and other Investments — Financial Year 2017 until the Date of this Prospectus*" and on pending legal proceedings and official proceedings, see "*— Legal Proceedings*".

Deferred Purchase Price

The interest free long-term liabilities of the Company include a deferred purchase price of EUR 25 million, which relates to the acquisition of the Group's operational functions from Bridgepoint Capital in 2013. The deferred purchase price becomes payable immediately after the completion of the Listing. Based on commitments by the Company's current shareholders, the current shareholders will make an investment without consideration of EUR 25 million, corresponding to the deferred purchase price, to the Company's reserve for invested non-restricted equity in connection with the Listing prior to the repayment of the deferred purchase price.

Property, Plant and Equipment

As at June 30, 2017, the Company owned property, plant and equipment with a carrying amount equal to EUR 90.8 million, which mainly consists of real property, machinery and equipment and other tangible fixed assets as described below.

Real Property

As at the date of this Prospectus, the Company operates approximately 180 clinics, including 18 clinic-hospitals across Finland. The Company's operations are carried out in premises it either owns or leases.

Owned Premises

The Company owns a real estate property located at Itsenäisyydenkatu 33, FI-28100 Pori, Finland, which is used as an operational clinic. The Company also owns other real estate properties, the value of which is not considered material for the Company.

Leased Premises

The Company leases most of the premises on which it operates. The terms of such leases typically vary in length between seven years and twenty years and usually include an option for extending the lease after its original expiry date. Such leases typically include an index clause to adjust for inflation. The terms of continued leases typically vary in length between three to five years, or they are in force until further notice.

Some of the Company's lease agreements also include a clause under which the Company pays, in addition to the basic payment of rent, maintenance rent and rent relating to extra work resulting from adjustments to the premises required by Terveystalo for its own business purposes while it is a lessee. If a lease agreement ends before the Company has paid the total amount of rent related to such extra work, the remaining amount must be paid by the Company in one instalment. In addition, some of the Company's lease agreements include an obligation to restore the premises to their original purpose of use.

The table below presents the minimum lease payments payable by the Company under its operating lease liabilities for June 30, 2017 and 2016 and the years ended December 31, 2016, 2015 and 2014.

In EUR million(1)	June 30, 2017	June 30, 2016	2016	2015	2014
Less than one year	30.1	24.2	22.4	23.6	23.2
Between one year and five years	97.9	80.4	70.3	73.0	70.6
Later	77.8	73.2	64.0	77.6	77.7
Total	**205.7**	**177.8**	**156.7**	**174.2**	**171.5**

(1) The minimum lease payments of the rented facilities. The minimum lease payments from temporary contracts are accrued by multiplying the remaining term of lease and the lease amount. Until further notice, contracts are accrued using the minimum rents for notice.

The Company's headquarters are located at Jaakonkatu 3, Helsinki, Finland. The property is leased from Ilmarinen Mutual Pension Insurance Company and can be terminated to end no earlier than December 31, 2025.

The Company has also leased operational premises through sale and leaseback arrangements.

Machinery and Equipment

The Company's machinery and equipment consist mainly of machinery such as laboratory, X-ray and MRI equipment. The Company has acquired machinery, equipment and other material assets primarily through installment agreements. In addition, some of the procurements have been made through finance lease agreements that have been agreed with several counterparties. The amount of rental payments in such agreements is based on the interest rate level at the inception of the lease. In addition, most of the finance lease agreements include purchase options. The lease agreements do not include limitations in relation to dividends, increasing the amount of liabilities or entering into new lease agreements. Some of the procurements made by the Company are also paid from the Company's cash reserves.

Other Tangible Fixed Assets

The Company's other tangible fixed assets consist mainly of improvements to premises. Significant improvement initiatives that have recently been conducted include expansions made in the Hämeenlinna, Jyväskylä and Rauma clinics in 2016, in the Tampere, Kuopio and Joensuu clinics in 2015 and in the Lappeenranta, Hämeenlinna, and Espoo Leppävaara clinics and the Kristiinankaupunki customer service center in 2014.

Intellectual Property

Terveystalo owns several trademarks, including "Terveystalo", "Suomen Terveystalo" and "Terveystalo Työterveyspalvelut". The Company's trademarks are mainly registered in Finland. Terveystalo's subsidiaries generally use the Terveystalo trademark in their businesses, but acquired companies may also use their previous brands during a transition period following the completion of an acquisition.

Terveystalo owns one patent registered in Russia and one utility model registered in Finland, which both are related to a monitoring system. A European patent application of the monitoring system is pending. In addition, the Company owns the rights to various domain names, including terveystalo.com.

Terveystalo has issued and maintains a set of guidance materials for employees on the Company's intellectual property rights. Furthermore, the Company employs coders who produce copyright-protected computer code, for example in relation to Etydi and Sirius HR platforms. Under the applicable copyright legislation, the rights for such code are automatically transferred to the Company. The Company also owns the proprietary computer code written by external partners contained in some of its customer-facing applications, such as the Oma Terveys platform, the Company's online booking system, and the Occupational Healthcare Extranet provided to corporate customers. See also "— *Business Operations — Digital Platforms*".

Information Technology

In order to deliver quality, efficiency and good customer experiences, the Company makes extensive use of and continuously invests in information technology systems. For more information on the Company's digital service offering to its customers, see "— *Business Operations — Digital Platforms*". The healthcare IT systems used by the Company process, for example, patient data, including medical records, receive patient referrals and feedback as well as provide online booking systems. In addition to the healthcare IT systems, the Company utilizes business IT systems for tasks such as financial reporting, KPI monitoring, personnel resource planning and administrative activities. The IT systems used by the Company are mainly procured and licensed from third parties.

The Company uses a centralized patient data system that integrates the patient data of the Company's operating units and private practitioners. The patient system also serves as the primary source of information for the Company's invoicing. The patient data system is used for the administration and transfer of significant quantities of data within the Company. In addition, the Company has joined the national data system services for healthcare services, commonly known as Kanta Services. The Kanta Services include electronic prescription, pharmaceutical database, "My Kanta" pages and patient data repository.

Protection of data is governed by legislation that sets out provisions on the requirements for processing personal data and on data security, and specifies the responsibilities of the controller and the processor of personal data. Terveystalo's data security processes aim to appropriately protect and process the customer and patient data information it possesses, to comply with the relevant laws, regulations and contractual provisions, to identify possible threats and data security risks as well as to safeguard the accuracy and correctness of data and reliability and efficiency of data processing. The Company has sourced backup for the data in the systems it regards as critical to its business operations with data backed up in real time or on a daily basis. In addition, as required by applicable legislation, the Company has in place a self-supervision plan and policies regarding maintaining and development of data protection and data security, including information on duties of the Company's data protection group led by the data protection officer. For more information on legislation governing data protection, see "*Key Legislation Governing the Provision of Healthcare — Current Legislation — Legislation Governing the Handling of Patient Data*".

The Company protects its IT systems from unauthorized access through the internet or other means by using a variety of firewalls, and the Company regularly retains external experts to verify the Company's IT security and to evaluate investments in and upgrades to the Company's IT systems. The Company has contractually required its most critical IT suppliers to comply with the relevant quality and data security standards, such as ISO 9000:2000 and ISO/IEC 27001:2005 or equivalent standards.

See also "*Risk Factors — Risks Related to the Company's Business and Operations — The Company is dependent on its key technology, data systems and equipment and a breakdown in the Company's information technology system could result in a significant disruption of its business*" and "*Risk Factors — Risks Related to the Company's Business and Operations — The Company processes sensitive patient data and other personal data in the ordinary course of its business, and any failure to maintain the confidentiality of that data could result in legal liability for the Company and reputational harm to its business.*".

Environment, Health and Safety

Environment, Social and Governance

High ethical standards, transparent governance, quality management and social responsibility elements manifesting in, for example, product responsibility, society relations, labor practices and conditions for decent work, are at the core of the Company's business model and strategy. The Company is committed to a high level of quality and continuous development in its operations, with the aim to be a Nordic quality leader in the healthcare sector. Terveystalo continuously measures and monitors the quality and effectiveness of treatment, and is committed to transparent reporting of these results. In addition to clinical and operational quality, the Company monitors customer satisfaction in order to develop its services to meet changing customer needs and expectations. See "— *Quality of Care*".

The Company was awarded the SFS-EN ISO 9001:2015 quality certificate in 2017, which covers all of the Company's services except oral health services. The Company has in place policies for Code of Conduct, procurement (including sustainable procurement issues), data protection and occupational safety. The Company has also reported its tax footprint since 2011.

In addition, Terveystalo aims to implement its environmental policy and the environmental certificate ISO 14001:2015 in all of its clinics during 2017 and 2018. The purpose of the program is to continuously develop organizational practices to reduce the environmental impact in all operations by, for example, reducing waste volumes and increasing energy efficiency. The Company operates in accordance with the principles of sustainable development and strives to comply with applicable legislation, regulations and industry practices. The Company holds the ISO 14001 environmental management certification for clinics in Oulu, Joensuu and Rauma as well as Porin Lääkäritalo.

See "*Risk Factors — Non-compliance with environmental, health and safety regulations could lead to fines, penalties and increased operating costs.*"

Health and Safety

The safety of the Company's patients and the satisfaction of the Company's customers form the core of Terveystalo's operations. Terveystalo monitors and assesses patient safety and clinical quality by, for example, measuring the number of infections, anomalies and dangerous situations, and complying with official requests for clarification and decisions of the Finnish Patient Insurance Centre. The number of patient injuries as a proportion of physician visits associated with Terveystalo is below the national average for the sector.[135] Furthermore, Terveystalo follows a self-monitoring plan prepared according to guidelines issued by Valvira, which is supplemented by Terveystalo's own operating manual and process charts with work instructions. Terveystalo also complies with occupational safety guidelines and instructions set for hygiene and infection prevention. Terveystalo aims to guarantee quality, safety, customer-orientation and results through the Company's standard operating methods, continuous training offered to healthcare professionals, and modern facilities and technologies. The Company's patient safety team works under the Chief Medical Officer and monitors the fulfillment of patient safety at Terveystalo.

The Company is required to comply with certain regulatory requirements regarding the disposal of special waste, which is generated in the Company's ongoing activities and may be harmful to the Company's patients, employees or the environment. Such special waste consists of, among others, pharmaceutical, biological and other medical waste, electrical waste such as X-ray and MRI equipment and related materials and data protection waste containing patient information and other confidential patient data.

See "*Risk Factors — Risks Related to the Company's Business and Operations — Non-compliance with environmental, health and safety regulations could lead to fines, penalties and increased operating costs.*"

Insurance

The Company maintains insurance against various risks related to its business, primarily including statutory insurance against potential medical malpractice committed by its own personnel in accordance with the Patient Injury Act, property insurance and business interruption insurance. In addition, private practitioners are personally liable and hold personal insurance in accordance with the Patient Injury Act for any medical malpractice they commit. The Company believes that its existing insurance policies are adequate, in terms of both amounts covered and conditions of coverage, to cover the major risks of its business, taking into account the cost of insurance coverage and potential risks to business operations, and

[135] Source: Finnish Patient Insurance Centre, patient injury statistics 2016.

that the insurance policies are in line with industry practice. However, there can be no assurance that no losses will be incurred or that this coverage will be sufficient to cover the cost of defense or damages in the event of a significant claim. See "*Risk factors — Risks Related to the Company's Business and Operations — The Company's insurance cover may prove insufficient*".

Legal Proceedings

The Company becomes involved from time to time in various claims and lawsuits arising in the ordinary course of its business, such as employee claims, disputes with suppliers and clients, and proceedings initiated by public authorities. Except for as stated below, the Company is not and, has not been within the past twelve months, party to any material administrative, legal or arbitration proceeding that may have or have had a significant effect on the financial position or profitability of the Company, and the Company is not aware of any such proceedings being pending or threatened. The Company notes, however, that the outcome of legal proceedings can be extremely difficult to predict, and the Company offers no assurances in this regard.

Investigations by the FCCA

In August 2017, the FCCA initiated an investigation extending to the Company. The FCCA is investigating whether certain companies, including Terveystalo and/or its subsidiaries, have possibly engaged in cooperation prohibited in the Finnish Competition Act in calls for tenders concerning social and healthcare services organized by municipalities and federations of municipalities. The investigation concerns bids made by the Company starting from at least 2014 onwards, including both joint bids and bids that have been submitted individually. If the Company were to be found to have infringed the Competition Act, this could according to the Competition Act ultimately result in a penalty payment of up to ten percent of the Company's turnover and a remote risk of private action being brought against the Company. Management is confident that the Company has complied with applicable laws and regulations in its tenders. Management does not expect the investigation to have a material effect on the Company. See "*Risk Factors — Risks Related to the Company's Business and Operations — Public procurement related cooperation may involve a risk of prohibited cooperation, and the Finnish Competition and Consumer Authority has initiated an investigation in relation to certain calls for tenders*."

In addition, a request for action has been filed with the FCCA in 2016 with respect to the Company. The FCCA has been requested to investigate whether the Company has abused a dominant position on the market of mammography screenings in Finland in contravention of the Competition Act. The Company has responded to inquiries in relation to the proceedings and maintains that the request is without merit. The proceedings are not deemed material for the Company.

Audit by the Finnish Tax Authorities

The Finnish tax authorities are currently performing a tax audit concerning the Company and investigating, amongst other, tax deductibility of the Company's shareholder loans, which were part of the Company's financing structure in and prior to 2013, as well as tax deductibility of interests for the Company's loans granted by a financial institution. The audit is pending and the results of the tax audit are not yet known to the Company. See "*Risk Factors — Risks Related to the Company's Business and Operations — The Company's tax burden could increase as a result of changes to tax laws or their application or as a result of the ongoing tax audit or future tax audits, and the Company may not be able to utilize its tax loss carry-forwards.*"

KEY LEGISLATION GOVERNING THE PROVISION OF HEALTHCARE

Overview

This section contains an overview of key regulation applicable to the provision of healthcare services in Finland. Such legislation concerns, in particular, the provision and organization of healthcare services, the conduct of healthcare professionals as well as the rights of patients. This overview is not exhaustive, as acts and regulations other than those described hereunder are applicable to the Company and its operation. The order of presentation does not represent the respective order of importance of the reviewed legislation.

The section is divided into two parts. The first part includes an overview of certain acts and regulations in force as at the date of this Prospectus. In the second part, key features of certain proposed changes in legislation are reviewed. Risks related to changes in legislation are described in more detail in the section "*Risk Factors*".

Current Legislation

Under legislation in force, municipalities are responsible for organizing the statutorily required social and healthcare services. ***The Primary Healthcare Act*** (66/1972, as amended) sets out the municipalities' duties in this respect. The Primary Healthcare Act requires that there is a public healthcare center in every municipality. The provisions regarding the contents of healthcare are currently included in the Healthcare Act (1326/2010, as amended), which is reviewed below. Based on ***the Act on Planning and Government Grants for Social Welfare and Healthcare*** (733/1992, as amended) a municipality may, in order to organize the services required by the Primary Healthcare Act, provide the services itself or together with another municipality, join a joint municipal authority that provides the services, procure the services from a private sector operator or issue service vouchers to those who need the services.

The Healthcare Act (1326/2010, as amended) defines the requirements set for public healthcare and social welfare services. The provisions of the Healthcare Act on the time limits, under which the treatment of a patient must commence, are called the statutory care guarantee. The statutory care guarantee was introduced in 2005 to counteract long waiting times. The statutory care guarantee emphasizes the patient's role in the planning of treatment and improves the patient's opportunities to decide by whom they are treated and where treatment takes place. Urgent care must be provided immediately, regardless of the patient's domicile. Non-urgent cases must be examined within three days, and treatment must be started within three months. Hospitalization must be provided within six months of evaluating the need for treatment. The provision of healthcare must be based on scientific evidence and recognized treatment and operating practices. The provision of healthcare must be of high quality, safe and appropriately organized.

Since 2014, patients have had the right to choose a health center unit and a specialized medical care unit as their place of care among all public health centers and hospitals in Finland. A transfer from one health center unit to another may be completed once a year by a written notice. The patient also has the right to choose their desired place of specialized healthcare, although a referral is needed from the patient's physician. A patient may also use private healthcare services, in which case Kela reimburses some of the costs.

The Act on Specialized Medical Care (1062/1989) regulates the obligation of public authorities to organize specialized medical care services, which refers to the healthcare services that, according to the specialty fields within medicine and dentistry, are part of the prevention of illnesses, examination, treatment, emergency treatment, on-call duty and medical rehabilitation. Specialized medical care services are provided at hospitals. University hospitals and central hospitals within hospital districts are responsible for providing the most complex treatments. The municipalities are mainly responsible for arranging and funding specialized medical care.

The Act on Social Welfare and Healthcare Service Vouchers (569/2009, as amended) regulates the use of service vouchers in social welfare and healthcare services organized by the municipalities. The service voucher is one of the means available to municipalities for organizing the provision of statutorily required services. Service vouchers promote freedom of choice for users of healthcare services and their opportunities to procure the services they need directly from the private sector. If a municipality arranges such services, the municipality must in its budget designate resources for paying the services arranged through service vouchers. Furthermore, the municipality must accept the operating principles of service vouchers regarding, for example, what services vouchers can be used for, what the value of service vouchers is and to what extent service vouchers will be taken into use. Service providers must fulfil all the approval terms and conditions, both those that are statutorily required and those set by the municipality. Having received a service voucher, the customer has the right to choose a service provider from among the operators approved by the municipality.

The Private Healthcare Act (152/1990, as amended) stipulates that the provision of private healthcare services requires a license issued by the competent authority. Licenses are granted either by the Regional State Administrative Agencies (*aluehallintovirasto)* or **Valvira** depending on the geographic scope of the provided services. Valvira is responsible for coordinating and supervising social and healthcare nationwide, while the Regional State Administrative Agencies are for the most part responsible for such supervision on a regional level. In municipalities, service supervision is carried out by the municipal social and health administration or a corresponding body. Private healthcare service providers may sell their services either to municipalities, joint municipal authorities or directly to customers.

The provider of private healthcare services must have appropriate premises and equipment, including an appropriate ambulance for transporting patients when providing patient transport services. Moreover, the staff of the service provider must have adequate education. The provider of healthcare services must also have a director, authorized by the license authority, who is responsible for the provision of healthcare services.

The Decree on Private Healthcare (744/1990, as amended) contains detailed provisions concerning certain aspects of the Private Healthcare Act. In the Decree, it is, for example, regulated that the director responsible for healthcare services shall be a healthcare professional under the Act on Healthcare Professionals and shall have a suitable education and adequate experience that covers the scope of the operations and the services offered by a private healthcare service provider.

The Decree of the Ministry of Social Affairs and Health on Private Healthcare (7/2006, as amended) sets out more detailed regulations on the content, formula and preparation of license applications, notifications and operational reports stipulated in the Private Healthcare Act.

The Occupational Healthcare Act (1383/2001, as amended) regulates the obligation of an employer to arrange occupational healthcare and the content and provision of the occupational healthcare. The purpose of the Occupational Healthcare Act is to promote, *inter alia*, the health of the employees, and the working and functional capacity of employees at different stages of their working careers and to prevent work-related illnesses and accidents. An employer may organize the services referred to in the Occupational Healthcare Act by acquiring the services from a health center, arranging the required services itself or together with other employers or by acquiring the required services from another unit or person entitled to provide occupational healthcare services. In addition, the Act sets out provisions on good occupational healthcare practice and the content of the occupational healthcare and the mandatory and voluntary healthcare services organized for employees. Kela compensates a part of the occupational healthcare related costs incurred to employers, entrepreneurs and other self-employed persons.

The Government Decree on the Principles of Good Occupational Healthcare Practice, the Content of Occupational Healthcare and the Qualifications of Professionals and Experts (708/2013, as amended) provides certain detailed requirements for the provision of occupational healthcare. The Decree defines good occupational healthcare practice and stipulates that an occupational healthcare unit must have a written quality system that complies with good occupational healthcare practice.

The Health Insurance Act (1224/2004, as amended) sets out provisions on the right of the insured to compensation for necessary costs incurred from treatment, among other things. Kela compensates patients in accordance with the compensation system set out in the Health Insurance Act for a part of the fees patients pay to private doctors and dentists.

The Act on Healthcare Professionals (559/1994, as amended) regulates the rights and responsibilities of healthcare professionals and the supervision of their professional activity. The purpose of the Act is to promote patient safety and the quality of healthcare services by ensuring adequate professional skills of the healthcare professionals, and by organizing their supervision. Healthcare professionals must employ in their professional activities generally accepted, empirically justified methods in accordance with their training, which shall be continually supplemented. In addition, the Act contains provisions on, among other things, healthcare professionals' non-disclosure obligations.

The Act on the Status and Rights of Patients (785/1992, as amended, the "**Patients Act**") sets out basic provisions on the right to good healthcare and medical care as well as on patients' right to self-determination and to the right to be informed. Pursuant to the Patients Act, every person who is a permanent resident in Finland is without discrimination entitled to health and medical care required by his or her state of health, within the resources available to public healthcare from time to time. The Patients Act also includes provisions on patient documents and the non-disclosure obligations pertaining to them.

The Patient Injury Act (585/1986, as amended) sets out the requirement that healthcare units must have patient insurance to cover any injuries to patients. The patient insurance indemnifies against personal injury suffered by patients in connection with healthcare and medical care in certain situations. The patient insurance is administered by the Patient Insurance Center.

The Act on Supporting the Functional Capacity of the Older Population and on Social and Healthcare Services for Older Persons (980/2012, as amended) is based on the objective of supporting the wellbeing, health, functional capacity and independent living of the elderly. With the Act, the elderly are encouraged and provided with the opportunity to take part in the preparation of decisions influencing their living conditions and in developing the services they need in their municipality. The Act also sets out quality, personnel and facility requirements for healthcare services for the elderly. The municipality also has to determine to what extent it would be possible to respond to the need for services to the elderly by means of social and healthcare services that are provided in the person's private home or other home-like place of residence.

Legislation Governing the Handling of Patient Data

National and EU legislation, decrees, regulations and orders issued by authorities apply to the operations of Terveystalo. Nationally, for example, the Personal Data Act (523/1999, as amended), the Act on the Protection of Privacy in Working Life (759/2004) and other regulations regarding data protection are applicable. The processing of personal data is strictly regulated. For example, collecting and using personal data and outsourcing the processing of personal data require compliance with the obligations set out in legislation. In addition, the provisions related to the protection of mobile and other electronic communications also apply.

The Act on the Electronic Handling of Customer Data in Social Welfare and Healthcare (159/2007) sets out provisions on the handling of customer data in social welfare and healthcare. The purpose of the Act is to promote data security in the electronic handling of customer data. The Act also calls for the implementation of a common electronic patient data handling and archiving system. The Act obliged all public providers of healthcare to join the national electronic patient documentation archiving service by September 2014. The Act also contains provisions on the confidentiality, disclosure, archiving of data and on customers' right to be informed on their personal customer data.

The directly applicable GDPR becomes enforceable on May 25, 2018. GDPR will apply generally to the processing of personal data, i.e. information concerning an identified or identifiable natural person with regard to persons residing within the EU. Once the GDPR becomes enforceable, it will apply to the collection, processing, storage and disposal of personal data and related activities by healthcare providers and private practitioners.

The Act on Temporary Restrictions to Certain Legal Proceedings by Municipalities and Joint Municipal Authorities in Social Welfare and Healthcare (548/2016) is intended to secure the conditions for the preparatory stage of the Social and Healthcare Reform. The Act temporarily limits the rights of municipalities and joint municipal authorities to conclude certain extensive and long-term outsourcing agreements or make large investments for the organizing of social welfare and healthcare services. During the validity of this temporary Act, a termination clause must be included in extensive agreements and long-term agreements. The Act entered into effect on July 1, 2016 and will remain in force until December 31, 2019.

The Act on Public Procurement and Concession Contracts (1397/2016, as amended) sets out the competition procedures and the obligations for public tender processes which must be followed by public authorities and other parties falling within the scope of the Act. The purpose of the Act is to promote free competition and ensure the realization of equality, nondiscrimination, openness and proportionality in public contracting and it is based on EU directives regulating public procurement. Public and private actors must be treated equally in public contracts. The national threshold value for the requirement to arrange a public tender on healthcare services is EUR 400,000.

Certain Legislative Proposals

The Social and Healthcare Reform

Background and key objectives

The Social and Healthcare Reform is a public sector reform initiative aimed at improving the availability of social and healthcare services, ensuring equal access to such services, offering service providers equal opportunities to provide such services, streamlining public administration as well as offering citizens increased opportunities to directly influence which social and healthcare services they receive and how. According to the Finnish Government, the need for the Reform is rooted in the municipal sector's weak financial situation and the increased costs of publicly funded social and healthcare services in Finland, which the Reform aims to curb. The aim of the Reform is also to simplify the multisource social and healthcare funding system, enhance cost-efficiency and promote economic growth. The public administration relating to publicly funded social and healthcare services would be based on a three-level structure: state, county and municipality.The responsibility for organizing publicly funded social and healthcare services would be transferred from municipalities to counties, which would plan and manage social and healthcare services in their region. The responsibility for providing publicly funded social and healthcare services would be, depending on the type of services, on the Sote Centers, the counties or other service providers. The Government's stated aim of the Reform is to reduce the sustainability gap in public finances by a total of three billion euros by 2029.

Government proposals

The implementation of the Reform is a key initiative in the program of Prime Minister Juha Sipilä's Government. The Reform consists of health and social services reform, regional government reform and financing reform. The main acts relating to the proposed Reform are the proposed Act on Organizing Health and Social Services, the proposed Act on Implementing the Counties Act, the Act on Organizing Health and Social Services and the Act on Organizing Rescue Services ("**Implementation Act**"), the proposed Act on the Customer's Freedom of Choice in Health and Social Services (the "**Freedom of Choice Act**"), the proposed Counties Act and the proposed Act on the Financing of the Counties.

The Government proposal on legislation for establishing counties and the organizing of health and social services was submitted to the Finnish Parliament on March 2, 2017. The proposal included a proposal for the Counties Act, the Act on Organizing Health and Social Services, the Implementation Act and the Act on the Financing of the Counties, among other things.

The proposed Counties Act would set the prerequisites for county's autonomy and residents' participation and influence opportunities in the county. The Counties Act would regulate, for example, the county's responsibilities and administration structure, management of finances and decision-making. The counties would assume publicly funded social and healthcare, rescue and environmental healthcare duties, as well as other tasks. The Act on Organizing Health and Social Services would transfer the organization responsibility for publicly funded social and healthcare services to the counties. Furthermore, the Government submitted to Finnish Parliament a supplementary proposal concerning the financing reform for the counties. In addition, the Government proposed amendments to several other acts required by the new legislation. The Government also proposed that a declaration in accordance with Articles 12 and 13 of the European Charter of Local Self-Government be issued regarding the application of the charter in Finland's municipalities and counties in Finland. The Charter defines, among other things, the concept of local self-government and sets the principles and scope of local self-government, financial resources of the local authorities and appropriate administrative structures and resources for the tasks of the local authorities.

The above-mentioned legislative proposals for implementing the Reform are currently under revision by the Government. The description of the Reform presented herein is based on proposals presented by the Government, and such proposals could be amended or withdrawn. For more information on the Reform, see "*— Parliamentary review and estimated timetable of the Reform*" below.

Freedom of choice

General

Under the customers' freedom of choice framework, social and healthcare customers would have the right to choose their service provider and the place of care, as well as the professionals who would provide the services. Publicly funded health and social services could be provided by public, private and third-sector operators. The freedom of choice would consist of direct choice services, the right to choose the unit of the unincorporated county enterprise and services provided on a customer voucher and with a personal budget.

The first freedom of choice pilot projects have been introduced in 2017 in certain areas by experimenting with health and social services centers and granting personal budgets. Piloting on health and social services centers will focus on how often a customer can change the center of his or her choice. The freedom of choice pilot projects are intended to be implemented as a part of the new freedom of choice legislation. In addition to freedom of choice pilot projects, also certain service voucher experiments have been introduced. However, the on-going service voucher experiments are intended to be extended as of December 2017. The aim is to arrange an application process for subsidies for extended service voucher experiments through which the current experimental areas could apply for extendending their experiments. Also new areas could apply.

Direct choice services

Following the proposed Reform, the responsibility for direct choice services, such as public primary social and healthcare guidance and advice, would be transferred to the Sote Centers. In addition, direct choice services would include dental care services primarily for adult population through dental health units. The Sote Centers would replace the current public healthcare centers. Direct choice services would consist of non-urgent services as well as urgent services within the limits of the opening hours of Sote Centers and dental health units. Direct choice services would include public primary level healthcare and social care services and selected secondary care consultations. It would be optional for the counties to decide whether or not the provision of maternity and child health clinic services would be included in direct choice services. Based on the Government's proposal, the Sote Centers and dental health units could also specialize in providing services to specific customer groups.

Sote Center could be operated by public, private or third-sector operators, such as foundations. The provider of direct choice services may provide the services offered by Sote Center itself, together with other service provider or by acquiring services from another service provider. If customer fees were collected from the use of such services, the amount of customer fee would be the same, regardless of the service provider.

Counties would be responsible for the provision of services not available in Sote Centers or dental health units, such as urgent and emergency care services as well as most of specialized medical care and social services. Moreover, a county would be responsible for providing direct choice services if such services would not be operated by Sote Centers. The counties would also conclude the agreements with the service providers of direct choice services.

Following the proposed Reform, customers would be given more variety than currently when choosing their service providers. Customers would be able to register with a Sote Center of their choice and choose their dental health unit for a period of one year at a time. As a main rule, a customer could change the service provider not earlier than one year after the latest election of the service provider. If a customer would not elect or could not elect a service provider, the county would appoint a provider the services of which would be most easily available for the customer. If the Sote Center or the dental health unit the customer has chosen would have units in several locations, the customer could visit any one of these units.

The assessment of the customer's need for services would be done with a customer plan, which would be compiled either by the Sote Center or by the unincorporated county enterprise. The customer plan would include all social and healthcare services needed by the customer, including the services provided by Sote Center as well as the unincorporated county enterprise.

The provider of the direct choice services would be responsible for assessing the customer's need for the direct choice services, which the service provider provides itself or which it acquires through a customer voucher from another service provider.The service provider should compile a customer plan for the customer. If the service provider assesses that a customer is in need of such services, which the county is responsible for providing, the service provider should direct the customer to an unincorporated county enterprise for assessment of the customer's need for services.

In services, for which the county is responsible for providing, a customer could go directly to the unit of the unincorporated county enterprise. However, with regard to non-urgent hospital healthcare, a referral from a doctor or a dentist is required. Depending on the need for services, the customer would receive the services directly from the county or a customer voucher or personal budget through which the customer may acquire the needed services. If a county assesses that the customer is in need of services provided by a direct choice service provider, the county should direct the customer to the Sote Center or dental health unit chosen by the customer.

The direct choice services provided in the Sote Centers and dental health units would be mainly funded by payments made by the county, which would pay the service provider a fixed compensation (capitation fee). The Sote Centers would receive a capitation fee for each customer determined on the basis of the customer's characteristics, such as age and employment status, in which case the fee would be higher for, for example, senior citizens than for working-age customers. The county should decide on the compensations to be paid to the service providers of direct choice services in accordance with guidelines set by the state. For more information on the financing of publicly funded social and healthcare services under the proposed Reform, see "— *Financing reform*".

Customer vouchers and personal budget

Under the proposed Reform, the Sote Centers, dental health units and unincorporated county enterprises could grant the customer a customer voucher[136] or a personal budget by which a customer can procure specific care from a service provider based on the customer's own choice.

A customer voucher refers to an undertaking to compensate the costs of the service the customer has received up to a fixed value. Customers could use the voucher for procuring individual services from other service providers than their own Sote Centers and dental health units or county. In addition, a customer may choose to procure services provided on the basis of a customer voucher from his or her Sote Center if the Sote Center is approved as a provider of such customer voucher services. Both the direct choice service provider and the county would define the value of the customer voucher granted by it and compensate the provider for the costs of the services provided on the basis of the customer voucher up to the fixed value. The provider of the customer voucher service would not be allowed to charge fees from the customer for providing the service covered by a customer voucher. A service provider of customer vouchers and service provider acting under personal budget should notify the county that it agrees with the terms of the service provision and provide the service according to the customer plan.

Sote Centers and dental health units would be obligated, based on their assessment of the customer's need for services under a customer plan to grant a customer voucher for such direct choice separate procedures and services, which are separable into independent parts. Such separate parts could include, for example, services provided by specialist doctors or specialist employees such as nutritional therapists. Therefore, for such services, the service provider of direct choice services would be obligated to grant a customer voucher even though it would provide such services itself. The service provider of direct choice services could also give a customer voucher regarding other direct choice services. However, the service provider of direct choice services would at all times have the responsibility for those who have registered as customers with the Sote Centers or other service providers. The service provider of direct choice services should give information to the customer on the service providers from whom the customer could acquire services based on a customer voucher.

Counties would be mainly responsible for the provision of publicly funded services not available in Sote Centers or dental health units. For such services, the county would determine the services for the organization of which a customer voucher has to be granted. Such customer voucher would be mainly used in non-urgent social and healthcare services, which are based on the customer plan. The county would be obligated to use customer vouchers sufficiently in the organization of services in order to ensure that customer freedom of choice would also be implemented in other than direct choice services. The county would carry out an assessment of the customer's need for social and health services regarding the services provided through customer vouchers.

Elderly and disabled customers or customers who have a long-term need for care services could be granted a personal budget, which would enable them to choose services which are defined in a customer plan and suitable for their individual circumstances within the limits of the budget allocated to them. The amount of the personal budget should cover the expenses related to the customer's need for the services. The customer could decide where he or she acquires the services which have been defined in the customer plan, and he or she could also influence the content of the services. If the prerequisites for both customer voucher and personal budget are fulfilled, the customer would have the right to choose whether the service

[136] As estimated, customer vouchers would replace the service vouchers currently in use and granted by the municipalities from January 1, 2020.

is provided through a customer voucher or a personal budget. The county would pay the compensation relating to the personal budget directly to the service provider.

Requirements for service providers

The proposed legislation on the freedom of choice would set certain requirements for the service providers of freedom of choice services. Sote Centers, dental health units and service providers approved to deliver services paid by customer vouchers would be obligated to, for example, issue annual reports on revenue, taxes paid and place of taxation, profit and loss as well as management salaries and bonuses and corporate social responsibility.

The Reform would also introduce a registration procedure that will apply to all service providers equally and a self-supervision model based on mutual trust between the service providers and the authorities. Valvira and the Regional State Administrative Agencies would serve as the supervisory and registration authorities. A service provider should ensure that the provided services are of quality, customer-oriented and safe, and that its operations are appropriate. Service providers should also implement a comprehensive self-supervision plan. The social and healthcare services should be organized both in Finnish and in Swedish if a county contains bilingual municipalities or municipalities with different languages.

The proposed legislation also includes several obligations for the service providers concerning the duty to provide information into the national data systems, among others. For example, the service provider of direct choice services should report on the internet its maximum amount of customers as well as real-time information on the maximum number of customers the service provider may treat as well as waiting times.

Regional government reform

A regional government reform is planned to be implemented in connection with the social and healthcare reform. Following the regional government reform, 18 new counties would be established. The responsibility for organizing publicly funded social and healthcare services would be transferred to the counties from municipalities on January 1, 2020. According to the new guidance given by the Government, the new counties are intended to be established as of June 2018. The counties would be public bodies that enjoy regional autonomy. As a general rule, all public social and healthcare services would be centralized under the counties. Each county would plan and manage social and healthcare services in its region and determine the need for services as well as their quantity and quality and the manner in which they are provided.

The counties' administration should include a county council, a county government and an inspection committee. The highest power in a county would lie with the county council, whose members would be directly elected. The county council would be responsible for the operation and finances of the county. The county government would lead the operation, administration and finances of the county. According to the new guidance given by the Government, a temporary administration is intended to be set up in each county as of June 2018.

The counties would be responsible for organizing services not available in Sote Centers or dental health units, such as urgent and emergency care services as well as most of specialized medical care and social services. In addition, if direct choice services would not be otherwise available, a county would be responsible for providing such services. A county could also by itself provide services of Sote Centers or the dental health unit as well as services provided on the basis of customer vouchers.

A county could provide the services, the organization of which it is responsible for, itself or in cooperation with other counties, or procure them from other service providers. For more information on the financing of publicly funded social and healthcare services under the proposed Reform, see "— *Financing reform*".

Counties would also be responsible for rescue services and environmental healthcare, as well for various other tasks. The provision of rescue services and pre-hospital emergency care would be assigned to the five counties that maintain a university hospital in the counties' collaborative catchment areas. The counties of each collaborative catchment area would draw up a cooperation agreement for publicly funded health and social services.

On the date of this Prospectus, under the proposed Reform, a county should in its operations separate the organizing and provision of publicly funded social and healthcare services. For this purpose, the county should establish an unincorporated public enterprise. The counties' own service provision would be the responsibility of the counties' public enterprises, which would be operationally and financially separated from the counties' other operations.

In regard to the procurement of direct choice services, the county would conclude agreements directly with the service provider. When a county procures services from other service providers, the responsibility for organizing the services remains with the county. The county would be responsible for the supervision of the service providers who provide direct choice services or services of customer vouchers or personal budget. The counties would bear the responsibility, for example, for ensuring that the statutory rights of their residents are fulfilled and that their residents receive services on an equal basis. In order to fulfill these responsibilities the county could also, for example, request reports on how the service in individual cases is provided as well as obtain relevant information regardless of non-disclosure provisions. The county would also have the right to conduct inspections in the facilities of service providers in order to guarantee the service standards. For example, the service provider of direct choice services should cooperate with the county and municipalities in order to promote health as defined in the agreement with the county.

Only a provider who fulfills the requirements set out in the legislation could act as a service provider. In addition to the statutory requirements, a county could set other terms for service providers of direct choice services as well as for service providers of customer vouchers and personal budgets. The requirements could concern quality, resources and availability of services as well as terms concerning service chain and reconciliation of services. The requirements shall be uniform to all companies, societies and professionals who offer the same type of services. In addition, a county would be able to set requirements to cover only Sote Centers and dental health units that operate in a certain region within the county.

The county would act as the registrar of the customer and patient data register for social and healthcare services in its area. The providers of social and healthcare services should save the customer and patient data into the register maintained by the county.

Financing reform

Following the Reform, the counties' sources of financing would consist of central government funding and the customer and usage fees charged for providing publicly funded social and healthcare services. The proposed Reform would not in its current form grant counties the right to levy taxes. The general funding of the counties would be governed by the proposed Act on the Financing of the Counties. The basic principle of the Act is that central government funding would as extensively as possible cover the funding needs for the services the organization of which the counties would be responsible for. The counties would independently decide on the use of their financing and how to allocate it in performing their responsibilities. The central government funding would not include a separate quota for investments, but the county could use the funding also for investments. Aside from the general funding, the counties would also receive specific funding.

The Government would set targets for central government financing of social care and healthcare in the General Government Fiscal Plan and determine measures to achieve these targets. The decision on central government spending limits is included in the General Government Fiscal Plan. The obligations of the counties and their financing will be evaluated in connection with the preparation of the General Government Fiscal Plan. Central government funding to counties would be reviewed annually. The key tools used by the central government to steer counties are the General Government Fiscal Plan, state budget and legislation concerning the counties. The preparation and annual review of the General Government Fiscal Plan would be supported by negotiations between the central government and the counties. The negotiations would be conducted on a county basis and the counties' finances, cost trends and any need for adjustment measures would be assessed and the counties' investment plans would be addressed. In the course of the evaluation, the central government and counties would assess the counties' financial capacity to discharge their duties successfully.

Central government steering would also extend to investments that are substantial in scope in terms of shaping the service structure or organizing the services of more than one county. Aside from direct investments, the central government would also influence long-term commitments comparable to investments as well as investments implemented by the counties' joint service centers.

Of the funding to be granted to the counties by the central government for the purposes of providing publicly funded social and healthcare, environmental healthcare and rescue services, 89 percent would be based on the residents' need for social and healthcare services as well as the conditions in which the services are provided and ten percent would be based on the size of the population. In addition, one percent of the total central government funding would be for the purpose of promoting the health and wellbeing of county residents. The amount of funding allocated to counties to finance social and healthcare services would be determined by the size of the population, demographic structure of the population, residents' need for health, elderly care and social services, factors representing growing services, population density, farm businesses, insular geography and number of residents speaking a foreign language or Swedish. To determine the amount of funding required to meet the need for social and healthcare services, a number of criteria would be used, such as the demographic structure of the country as well as the morbidity and socio-economic position of the residents.

The counties would have the right to charge customer fees. The customer fees would not directly affect the central government funding, but they would be taken into account as a deduction when defining the national operating costs of publicly funded social welfare and healthcare. The provisions concerning customer fees would also be reformed, with the reforms intended to enter into force at the same time as the Reform.

A county would have to budget its expenses primarily based on the available funding. However, if a county would be in financial difficulties it could receive a short-term loan or state guarantee from the Government in order to prevent or repair liquidity problems. A county could receive government subsidy if the county's financial problems would be long-lasting and would threaten the prerequisites of the county to survive its obligations regarding organization of the financial and social welfare and healthcare services.

The county should decide on the compensation to be paid to the service providers of direct choice services in accordance with guidelines set by the state. The basis for the compensation shall be the same for all providers of the same direct choice service. The county will pay the service provider a fixed compensation (capitation fee). However, the capitation fee would by definition not be linked to the realized use of services provided by the Sote Centers but rather only to the number of customers registered with a particular Sote Center. Factors such as the age, gender and working status of the customer as well as the customer's need for treatment could be taken into account when determining the size of the capitation fee.

In addition, performance-based compensation may be paid to Sote Centers and dental health units. A county would have the authority to decide on more specific criteria for fixed compensation and performance-based compensation. In addition, the county could pay incentive-based compensations as well as other compensations, such as compensation to service providers operating in remote areas. For customer vouchers granted by the county, the county would compensate the costs of services provided to the customer up to the fixed value of the voucher. For customers with a personal budget, the county would compensate the costs of services provided to the customer up to the predetermined size of the personal budget.

As at the date of this Prospectus, all residents of Finland are insured against costs of illness through the statutory national health insurance of Kela which is responsible for statuory insurance. The statutory national health insurance provides Finnish residents with an option to obtain healthcare services from the private sector at a reasonable cost. A part of medical and travel expenses provided at outpatient care units, doctor's and dentist's fees charged by private healthcare and occupational healthcare providers and examinations and treatments prescribed by a doctor are paid through the statutory national health insurance.

Kela's national health insurance compensation has been proposed to be discontinued in connection with the Reform. However, according to the current form of the Reform, reimbursements paid for in connection with occupational healthcare would remain. Kela would also be responsible for the administration of payments traffic and technical implementation regarding the compensations in the freedom of choice framework, among other things. However, there has been no final political decision regarding the matter yet.

Parliamentary review and estimated timetable of the Reform

The Parliament's Constitutional Law Committee published its review of the Reform proposal on June 29, 2017. The Constitutional Law Committee stated as its finding that the proposed framework regarding the regional autonomy of the counties and the financing of public healthcare was not, in general, unconstitutional. However, the Constitutional Law Committee deemed certain aspects of the proposed Freedom of Choice Act unconstitutional and required that the Government prepares a revised proposal for the Parliament to review.

The first key issue brought up by the Constitutional Law Committee was the proposed obligation of counties to incorporate the provision of direct choice services and services provided on the basis of a customer voucher to a limited liability company. The Constitutional Law Committee found that such an incorporation obligation was unconstitutional, as it would not sufficiently guarantee the equal right to adequate social and health services as required by the Constitution; and that no sufficient justification had been provided for imposing such an incorporation obligation.

The Constitutional Law Committee also stated that the proposed timetable for the freedom of choice reform must be amended in order to guarantee sufficient continuous availability of publicly funded social and healthcare services in connection with the implementation of the Reform. The Committee therefore stated that the freedom of choice reform must be completed in phases and that the revised Government proposal must generally provide safeguards to ensure continuous, equal and sufficient availability of healthcare services throughout Finland. Pursuant to the Constitutional Law Committee's review, the freedom of choice is intended to be extended according to separate phasing.

Following the statement by the Constitutional Law Committee described above, the Government decided to postpone the implementation of the Reform by one year. According to a Government statement, the Reform is expected to enter into force and the reformed Sote operations organized by the counties to start on January 1, 2020. The first county elections are expected to be held in October 2018. The freedom of choice pilot projects are intended to be implemented as a part of the new freedom of choice legislation. In addition, the on-going service voucher experiments are intended to be extended as of December 2017.

According to the Government, the proposed Act on Organizing Health and Social Services and the proposed Counties Act will be amended in Parliamentary committees to implement the amendments required by the Constitutional Law Committee. The legislative proposals on health and social services and regional government reform would not be revised in any other respects. In the continued drafting of the freedom of choice framework, the key amendments to the previous proposal would include the following: a county is not under an incorporation obligation regarding its own service provision, the assigning of public administrative duty to others than public authorities are defined, the tasks of providers in social care services are limited and the provisions on piloting are defined. In accordance with the Constitutional Law Committee's statement, the proposed Counties Act, the proposed Act on Organizing Health and Social Services, and the proposed Freedom of Choice Act would be considered by the Parliament concurrently as a unified whole. According to the guidance given by the Government, all acts regarding the Reform would be ratified in the summer of 2018, in addition to which, part of the acts would come into force in the summer of 2018 when new counties are also expected to be established.

The Ministry of Social Affairs and Health announced on July 14, 2017 that it had appointed a ministerial working group to prepare a revised freedom of choice legislation proposal. The proposal for the Freedom of Choice Act originally submitted to Parliament by the Government on May 9, 2017 will be amended in accordance with the amendments required by the Constitutional Law Committee, in addition to which certain other necessary amendments will be made. According to a Government statement a revised proposal is expected to be submitted for consultation in November 2017, after which the revised proposal would be expected to be presented to Parliament in March 2018.

The Constitutional Law Committee will conduct a complete review and assessment of the revised Government proposal on the Freedom of Choice Act and the other legislative proposals related to the Reform as a whole once these have been provided to Parliament by the Government.

For information on risks related to future changes in legislation, see "*Risk Factors — The proposed Social and Healthcare Reform in Finland, possible delays in the implementation of the Reform and its legal interpretations could have a material adverse effect on the Company's business and results of operations.*"

Temporary Amendment to the Competition Act

The Finnish Government has in June 2017 published a proposal for a temporary amendment to the Competition Act (948/2011), which would extend the FCCA's merger control jurisdiction to cover in essence all M&A transactions in the field of social and health services in Finland. According to the Competition Act, the provisions regarding merger control are applied to corporate acquisitions in which at least two corporate acquisition parties' Finnish turnovers each exceeds EUR 20 million. According to the proposed Government's act, provisions of merger control would be applied to all transactions in which at least one party operates in the field of social and health services, with certain exceptions made, for example, for private equity firms that have health or social services providers in their portfolio, and corporate acquisitions when the target company operates in another field. The amendment would not concern the substantive merger control test used by the FCCA which aims at examining whether a transaction would bring about a significant impediment to effective competition. The amendment proposal, which is currently pending in the Finnish Parliament, would come into effect as soon as possible, and it would remain valid until January 1, 2020.

Permanent Sector-Specific Merger Regime in the Field of Social and Healthcare Services

A working group established by the Ministry of Economic Affairs and Employment has in June 2017 proposed an establishment of a permanent sector-specific merger control regime in the field of social and healthcare services. According to the proposal, the turnover-based merger control thresholds in the field of providing social and healthcare services in Finland by at least two parties would be at least that the two parties generate either aggregate revenues exceeding EUR 20 million or at least two parties both generating Finnish revenue exceeding EUR 2 million. In addition, the proposed amendment would empower the FCCA to review at its discretion mergers in which at least two parties each generate turnover exceeding EUR 1 million, provided that the merger in question has not been completed or has been completed within the past six months. The proposed amendment would not alter the applicable substantive merger control test. According to the proposal of the working group, the amendment and the Social and Healthcare Reform would come into effect simultaneously.

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables present selected consolidated financial information for the Company as at and for the six months ended June 30, 2017 and 2016 and as at and for the years ended December 31, 2016, 2015 and 2014. The selected consolidated financial information presented below has been derived from the Company's unaudited consolidated financial information as at and for the six months ended June 30, 2017 prepared in accordance with "IAS 34 – Interim Financial Reporting", including the unaudited comparative consolidated financial information as at and for the six months ended June 30, 2016, and the Company's audited consolidated financial statements as at and for the years ended December 31, 2016 and 2015, including comparative audited consolidated financial information as at and for the year ended December 31, 2014, prepared in accordance with IFRS as adopted by the EU, all of which are included in the F-pages to this Prospectus. Certain of the historical financial information as at and for the years ended December 31, 2016, 2015 and 2014 presented herein differs from the historical financial information in the Company's audited statutory consolidated financial statements adopted by the annual general meeting due to the adoption of IFRS 15 *Revenue from Contracts with Customers* in 2017. The restated audited consolidated financial statements have been prepared for inclusion in this Prospectus and they have not been considered or adopted at the Company's annual general meeting.

The selected financial information provided herein should be read together with "*Certain matters — Presentation of Financial and Certain Other Information*", "*Operating and Financial Review*" and the Company's audited consolidated financial statements and unaudited consolidated financial information included in the F-pages to this Prospectus.

Consolidated Statement of Income Data

	January 1 to June 30,		January 1 to December 31,		
In EUR million	**2017**	**2016**	**2016**	**2015**	**2014**
	(unaudited)		**(audited)**		
Revenue	**344.2**	**281.3**	**547.0**	**505.6**	**474.1**
Other operating income	0.9	0.9	7.1	2.9	2.6
Materials and services	(160.7)	(133.6)	(259.3)	(234.0)	(212.1)
Employee benefit expenses	(98.6)	(81.9)	(155.5)	(145.6)	(140.4)
Depreciation, amortization and impairment losses	(19.1)	(19.0)	(39.3)	(39.7)	(108.0)
Other operating expenses	(50.0)	(34.6)	(70.4)	(70.0)	(75.4)
Operating profit/loss	**16.7**	**13.1**	**29.6**	**19.3**	**(59.1)**
Financial income	0.1	0.8	1.9	0.7	0.1
Financial expenses	(10.0)	(11.2)	(22.0)	(22.1)	(24.6)
Net finance expenses	**(9.9)**	**(10.4)**	**(20.1)**	**(21.4)**	**(24.5)**
Profit/loss before taxes	6.8	2.7	**9.5**	**(2.1)**	**(83.6)**
Income taxes	1.2	1.6	3.2	3.2	0.7
Profit/loss for the period	**8.0**	**4.3**	**12.7**	**1.1**	**(82.9)**
Profit/Loss attributable to					
Owners of the parent company	8.0	4.3	12.6	1.1	(82.9)
Non-controlling interest	0.0	0.1	0.1	0.0	0.0
Earnings per share for profit attributable to the shareholders of the parent company (EUR per share)					
Basic earnings per share	0.02	0.01	0.04	0.00	(0.27)
Diluted earnings per share	0.02	0.01	0.04	0.00	(0.27)

Consolidated Statement of Comprehensive Income Data

In EUR million	January 1 to June 30, 2017	January 1 to June 30, 2016	January 1 to December 31, 2016	January 1 to December 31, 2015	January 1 to December 31, 2014
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Profit for the period	8.0	4.3	12.7	1.1	(82.9)
Total comprehensive income for the period	8.0	4.3	**12.7**	**1.1**	(82.9)
Total comprehensive income attributable to:					
Owners of the parent company	8.0	4.3	12.6	1.1	(82.9)
Non-controlling interest	0.0	0.1	0.1	0.0	0.0
Earnings per share for profit attributable to the shareholders of the parent company (EUR per share)					
Basic earnings per share	0.02	0.01	0.04	0.00	(0.27)
Diluted earnings per share	0.02	0.01	0.04	0.00	(0.27)

Consolidated Statement of Financial Position Data

In EUR million	January 1 to June 30, 2017	January 1 to June 30, 2016	January 1 to December 31, 2016	January 1 to December 31, 2015	January 1 to December 31, 2014
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
ASSETS					
Non-current assets					
Property, plant and equipment	90.8	69.0	65.5	70.6	57.4
Goodwill	582.9	447.7	449.1	444.3	409.9
Other intangible assets	116.9	123.2	113.9	132.2	149.0
Investment properties	0.6	0.6	0.6	0.6	0.6
Investments in associates	0.0	0.0	0.0	0.0	0.0
Other receivables	0.0	0.0	0.0	0.1	0.0
Deferred tax assets	6.6	6.3	6.0	5.6	5.7
Total non-current assets	**797.8**	**646.8**	**635.1**	**653.5**	**622.6**
Current assets					
Inventories	5.6	4.7	4.4	4.6	4.5
Trade and other receivables	73.7	51.5	53.7	47.6	43.8
Cash and cash equivalents	20.4	4.0	39.1	16.6	19.9
Total current assets	99.7	60.2	97.3	68.8	68.2
Assets held for sale	2.0	1.1	1.7	1.3	1.6
Total assets	**899.5**	**708.1**	**734.1**	**723.6**	**692.4**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	0.0	0.0	0.0	0.0	0.0
Invested non-restricted equity reserve	401.9	308.0	308.0	308.0	308.0
Retained deficit	(68.2)	(84.5)	(76.2)	(88.7)	(89.9)
Non-controlling interest	0.1	1.2	0.4	1.1	0.4
Total equity	**333.8**	**224.7**	**232.3**	**220.4**	**218.5**
Non-current liabilities					
Non-current financial liabilities	353.5	320.9	315.7	328.9	307.8
Deferred tax liabilities	25.6	27.0	25.0	28.1	31.4
Provisions	5.2	3.8	4.5	2.3	0.4
Other liabilities	29.8	29.1	29.5	29.1	27.2
Total non-current liabilities	**414.1**	**380.8**	**374.7**	**388.3**	**366.6**
Current liabilities					
Provisions	2.3	1.1	0.7	0.2	1.1
Trade and other payables	118.1	79.3	94.9	92.7	88.3
Current tax liabilities	0.2	0.4	0.0	0.4	0.0
Current financial liabilities	31.0	21.8	31.5	21.6	17.9
Total current liabilities	**151.7**	**102.6**	**127.1**	**114.8**	**107.3**
Total liabilities	**565.7**	**483.4**	**501.8**	**503.2**	**473.9**
Total equity and liabilities	**899.5**	**708.1**	**734.1**	**723.6**	**692.4**

Consolidated Statement of Cash Flows Data

In EUR million	January 1 to June 30, 2017	January 1 to June 30, 2016	January 1 to December 31, 2016	January 1 to December 31, 2015	January 1 to December 31, 2014
	(unaudited)		(audited)		
Cash flows from operating activities					
Profit/ Loss before income tax	6.8	2.7	9.5	(2.1)	(83.6)
Adjustments for					
Non-cash transactions					
Depreciation, amortization and impairment losses	19.1	19.0	39.3	39.7	108.0
Change in provisions	(1.3)	2.5	2.8	1.0	0.2
Other non-cash transactions	0.4	(0.1)	(0.3)	(0.6)	0.8
Gains and losses on sale of property, plant, equipment and other changes	0.0	(0.1)	(4.7)	(0.0)	0.1
Net finance expenses	9.9	10.4	20.1	21.4	22.7
Change in					
Trade and other receivables	(2.5)	(3.3)	(5.4)	0.3	0.7
Inventories	(0.2)	0.0	0.3	0.5	0.4
Trade and other payables	3.1	(11.9)	3.6	(0.5)	9.1
Interest received	0.1	0.0	0.1	0.1	0.1
Income taxes paid	(0.4)	(0.2)	(0.6)	0.1	(0.1)
Net cash from operating activities	**34.9**	**19.0**	**64.7**	**59.9**	**58.3**
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	(56.6)	(3.7)	(4.7)	(40.3)	0.0
Acquisition of property, plant and equipment	(6.1)	(3.9)	(7.9)	(9.6)	(5.7)
Acquisition of intangible assets	(2.1)	(2.0)	(3.8)	(3.2)	(2.3)
Proceeds from the disposal of subsidiaries, net of cash disposed of	0.0	0.0	4.8	0.0	0.0
Proceeds from sale of available-for-sale financial assets	0.1	0.2	1.8	0.2	0.1
Proceeds from sales of business operations	0.0	0.0	0.0	0.7	0.0
Acquisition of business operations, net of cash acquired	(0.6)	(1.0)	(1.0)	0.0	0.0
Repayment of borrowings	(5.1)	(0.3)	(0.3)	0.0	0.0
Proceeds from sale of property, plant and equipment	0.0	0.8	2.2	0.0	1.1
Dividends received	0.0	0.0	0.0	0.0	0.0
Net cash from investing activities	**(70.4)**	**(10.0)**	**(9.0)**	**(52.1)**	**(6.8)**
Cash flows from financing activities					
Proceeds from non-current borrowings	40.8	0.0	0.0	29.0	0.0
Repayment of non-current borrowings	0.0	(7.0)	(14.1)	(12.9)	(7.9)
Proceeds from current borrowings	11.6	8.5	25.4	18.2	8.0
Repayment of current borrowings	(22.6)	(8.0)	(14.9)	(18.2)	(13.0)
Payment of finance lease liabilities	(3.1)	(2.8)	(6.0)	(6.7)	(7.0)
Payment of hire purchase liabilities	(1.8)	(0.9)	(2.1)	(0.8)	(0.4)
Interests and other financial expenses paid	(7.7)	(11.5)	(21.3)	(19.7)	(19.4)
Proceeds from sale of financial assets and other financial income	0.0	0.0	0.0	0.0	0.0
Acquisition of non-controlling interests	(0.3)	0.0	(0.2)	(0.0)	0.0
Net cash from financing activities	**16.8**	**(21.6)**	**(33.2)**	**(11.1)**	**(39.7)**
Net change in cash and cash equivalents	**(18.7)**	**(12.6)**	**22.5**	**(3.3)**	**11.8**
Cash and cash equivalents at the beginning of the period	39.1	16.6	16.6	19.9	8.1
Cash and cash equivalents at the end of the period	**20.4**	**4.0**	**39.1**	**16.6**	**19.9**

Key Figures

In EUR million, except for percentages and personnel numbers	January 1 to June 30, 2017 (unaudited)	January 1 to June 30, 2016 (unaudited)	January 1 to December 31, 2016 (unaudited, unless otherwise indicated)	January 1 to December 31, 2015 (unaudited, unless otherwise indicated)	January 1 to December 31, 2014 (unaudited, unless otherwise indicated)
Revenue	344.2	281.3	547.0[(1)]	505.6[(1)]	474.1[(1)]
Like-for-like in revenue of clinics from 2016 to 2017[(2)]	263.1	249.1	-	-	-
Like-for-like in revenue of clinics from 2015 to 2016[(2)]	-	-	478.4	463.7	-
Like-for-like in revenue of clinics from 2014 to 2015[(2)]	-	-	-	473.9	448.3
Like-for-like growth in revenue of clinics, %[(2)]	5.6%	-	3.2%	5.7%	(0.2)%
Modified EBITDA[(2),(3)]	35.8	32.1	68.9[(1)]	59.0[(1)]	48.9[(1)]
Modified EBITDA, % of revenue[(2),(3)]	10.4%	11.4%	12.6%[(1)]	11.7%[(1)]	10.3%[(1)]
Adjusted EBITDA[(2),(3),(4)]	45.8	37.5	72.9	67.2	58.1
Adjusted EBITDA, % of revenue[(2),(3),(4)]	13.3%	13.3%	13.3%	13.3%	12.2%
Modified EBITA[(2),(3)]	26.6	24.4	52.7[(1)]	42.5[(1)]	32.3[(1)]
Modified EBITA, % of revenue[(2),(3)]	7.7%	8.7%	9.6%[(1)]	8.4%[(1)]	6.8%[1)]
Adjusted EBITA[(2),(3),(4)]	36.7	29.7	56.8	50.7	41.5
Adjusted EBITA, % of revenue[(2),(3),(4)]	10.6%	10.6%	10.4%	10.0%	8.8%
Operating profit (EBIT)[(2)]	16.7	13.1	29.6[(1)]	19.3[(1)]	(59.1)[(1)]
Operating profit (EBIT), % of revenue[(2)]	4.9%	4.7%	5.4%[(1)]	3.8%[(1)]	Negative[(1)]
Adjusted Net Income[(2),(4)]	21.8	15.8	30.3	21.9	(61.4)
Return on Equity (ROE), %[(2)]	5.7%	3.9%	5.6%[(1)]	0,5%[(1)]	Negative[(1)]
Return on Capital Employed (ROCE), %[(2)]	2.6%	2.4%	5.5%	3.6%	(10.0)%
Equity Ratio, %[(2)]	37.2%	31.8%	31.7%[(1)]	30.5%[(1)]	31.6%[(1)]
Earnings per share, €	0.02	0.01	0.04[(1)]	0.00[(1)]	(0.27)[(1)]
Net Debt[(2)]	364.1	338.7	308.1	333.9	305.8
Gearing, %[(2)]	109.1%	150.7%	132.6%[(1)]	151.5%[(1)]	140.0%[(1)]
Net Debt / Adjusted EBITDA (LTM)[(2)]	4.5	4.7	4.2	5.0	5.3
Net Working Capital[(2)]	(39.0)	(23.5)	(36.8)	(40.9)	(40.0)
Total Cash Capex[(2)]	65.3	9.7	8.6	52.1	6.8
Total Capex[(2)]	163.9	11.8	18.1	67.4	15.3
Total Capex excluding M&A[(2)]	12.8	7.0	17.2	27.8	15.3
Total assets, EUR million	899.5	708.1	734.1[(1)]	723.6[(1)]	692.4[(1)]
Average personnel FTE[(5)]	3,209	2,618	2,605[(1)]	2,480[(1)]	2,401[(1)]
Personnel at the end of the financial period[(6)]	4,445	3,518	3,463[(1)]	3,416[(1)]	3,115[(1)]

(1) Derived from the Company's audited consolidated financial information.

(2) Alternative performance measures. The Company presents alternative performance measures as additional information to financial measures presented in the consolidated statement of income, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In the Company's view, the alternative performance measures 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.

(3) Modified EBITDA and Modified EBITA performance measures have been modified with impairment losses (excluding impairment losses, 2016 EUR 0.6 million, 2015 EUR 0.9 million and 2014 EUR 69.3 million).

(4) Adjustments are material items outside the ordinary course of business, such as expenses related to acquisitions and restructurings, gain on sale of assets, strategic projects, new operations and other items affecting comparability.

(5) The number of the Company's employees translated to full time employees.

(6) Includes part-time employees.

Calculation of Key Figures

Calculation of financial ratios

Earnings per share, EUR	=	$\dfrac{\text{Profit for the period attributable to owners of the parent company}}{\text{Average number of shares during the period}} \times 100$

Calculation of alternative performance measures

Like-for-like in revenue of clinics	=	Revenue – revenue of clinics for which the effect of business acquisitions have had an effect
Like-for-like growth in revenue of clinics	=	$\dfrac{\text{Like-for-like in revenue of clinics – like-for-like in revenue of clinics from previous year}}{\text{Like-for-like in revenue of clinics from previous year}} \times 100$
Modified EBITDA	=	Earnings Before Interest, Taxes, Depreciation, Amortization and impairment losses
Modified EBITDA, %	=	$\dfrac{\text{Earnings Before Interest, Taxes, Depreciation, Amortization and impairment losses}}{\text{Revenue}} \times 100$
Adjusted EBITDA(*)	=	Earnings Before Interest, Taxes, Depreciation, Amortization, impairment losses and adjustments
Adjusted EBITDA, %(*)	=	$\dfrac{\text{Earnings Before Interest, Taxes, Depreciation, Amortization, impairment losses and adjustments}}{\text{Revenue}} \times 100$
Modified EBITA	=	Earnings Before Interest, Taxes, Amortization and impairment losses
Modified EBITA, %	=	$\dfrac{\text{Earnings Before Interest, Taxes, Amortization and impairment losses}}{\text{Revenue}} \times 100$
Adjusted EBITA(*)	=	Earnings Before Interest, Taxes, Amortization, impairment losses and adjustments
Adjusted EBITA, %(*)	=	$\dfrac{\text{Earnings Before Interest, Taxes, Amortization, impairment losses and adjustments}}{\text{Revenue}} \times 100$
Operating profit (EBIT)	=	Earnings Before Interest and Taxes
Operating profit (EBIT), %	=	$\dfrac{\text{Earnings Before Interest and Taxes}}{\text{Revenue}} \times 100$
Adjusted Net Income(*)	=	Profit (loss) for the period + amortization of intangible assets identified in business combinations (purchase price amortization) (net of tax) + adjustments (net of tax)
Return on Equity (ROE), %	=	$\dfrac{\text{Profit for the period (annualized)}}{\text{Equity (including non-controlling interest) (average)}} \times 100$
Return on Capital Employed (ROCE), %	=	$\dfrac{\text{Profit/loss before taxes + financial expenses}}{\text{Equity (including non-controlling interest) (average) + current and non-current financial liabilities (average)}} \times 100$
Equity Ratio, %	=	$\dfrac{\text{Equity (including non-controlling interest)}}{\text{Total assets – advances received}} \times 100$

Net Debt	=	Interest-bearing liabilities – interest-bearing receivables and cash and cash equivalents
Gearing, %	=	$\dfrac{\text{Interest-bearing liabilities – interest-bearing receivables and cash and cash equivalents}}{\text{Equity}} \times 100$
Net Debt / Adjusted EBITDA (LTM)	=	$\dfrac{\text{Interest-bearing liabilities – interest-bearing receivables and cash and cash equivalents}}{\text{Adjusted EBITDA (LTM)}}$
Net Working Capital	=	Inventories, trade and other receivables – trade and other payables and current tax liabilities
Total Cash Capex	=	Acquisition and sale of property, plant and equipment, intangible assets and available-for-sale financial assets + acquisition and sale of subsidiaries and business operations, net of cash acquired, as presented in consolidated statement of cash flows
Total Capex	=	Total Cash Capex + non-cash capex, including hire purchase and financial leases and M&A
Total Capex excluding M&A	=	Total Capex – acquisition and sale of subsidiaries and business operations, net cash acquired – non-cash M&A

(*) Adjustments are material items outside the ordinary course of business, such as expenses related to acquisitions and restructurings, gain on sale of assets, strategic projects, new operations and other items affecting comparability.

Reconciliation of Alternative Performance Measures

In EUR million, except for percentages and personnel figures	January 1 to June 30,		January 1 to December 31,		
	2017	2016	2016	2015	2014
	(unaudited)		(unaudited, unless otherwise indicated)		
Like-for-like in revenue of clinics					
Revenue	344.2	281.3	547.0[(1)]	505.6[(1)]	474.1[(1)]
Revenue for units excluded, from 2016 to 2017	81.1	32.2	-	-	-
Revenue for units excluded, from 2015 to 2016	-	-	68.5	41.9	-
Revenue for units excluded, from 2014 to 2015	-	-	-	31.7	25.8
Like-for-like in revenue of clinics from 2016 to 2017	263.1	249.1	-	-	-
Like-for-like in revenue of clinics from 2015 to 2016	-	-	478.4	463.7	-
Like-for-like in revenue of clinics from 2014 to 2015	-	-	-	473.9	448.3
Like-for-like growth in revenue of clinics, %	**5.6%**	**-**	**3.2%**	**5.7%**	**(0.2)%**
Modified EBITDA					
Profit (loss) for the period	8.0	4.3	12.7[(1)]	1.1[(1)]	(82.9)[(1)]
Income taxes	(1.2)	(1.6)	(3.2)[(1)]	(3.2)[(1)]	(0.7)[(1)]
Net finance expenses	9.9	10.4	20.1[(1)]	21.4[(1)]	24.5[(1)]
Depreciation, amortization and impairment losses	19.1	19.0	39.3[(1)]	39.7[(1)]	108.0[(1)]
Modified EBITDA	**35.8**	**32.1**	**68.9**[(1)]	**59.0**[(1)]	**48.9**[(1)]
Modified EBITDA, %					
Modified EBITDA	35.8	32.1	68.9[(1)]	59.0[(1)]	48.9[(1)]
Revenue	344.2	281.3	547.0[(1)]	505.6[(1)]	474.1[(1)]
Modified EBITDA, %	**10.4%**	**11.4%**	**12.6%**[(1)]	**11.7%**[(1)]	**10.3%**[(1)]
Adjusted EBITDA					
Profit (loss) for the period	8.0	4.3	12.7[(1)]	1.1[(1)]	(82.9)[(1)]
Income taxes	(1.2)	(1.6)	(3.2)[(1)]	(3.2)[(1)]	(0.7)[(1)]
Net finance expense	9.9	10.4	20.1[(1)]	21.4[(1)]	24.5[(1)]
Depreciation, amortization and impairment losses	19.1	19.0	39.3[(1)]	39.7[(1)]	108.0[(1)]
Adjustments(*)	10.0	5.4	4.0	8.2	9.2
Adjusted EBITDA	**45.8**	**37.5**	**72.9**	**67.2**	**58.1**
Adjusted EBITDA, %					
Adjusted EBITDA	45.8	37.5	72.9	67.2	58.1
Revenue	344.2	281.3	547.0[(1)]	505.6[(1)]	474.1[(1)]
Adjusted EBITDA, %	**13.3%**	**13.3%**	**13.3%**	**13.3%**	**12.2%**
Modified EBITA					
Profit (loss) for the period	8.0	4.3	12.7[(1)]	1.1[(1)]	(82.9)[(1)]
Income taxes	(1.2)	(1.6)	(3.2)[(1)]	(3.2)[(1)]	(0.7)[(1)]
Net finance expense	9.9	10.4	20.1[(1)]	21.4[(1)]	24.5[(1)]
Amortization and impairment losses	9.9	11.3	23.1[(1)]	23.2[(1)]	91.4[(1)]
Modified EBITA	**26.6**	**24.4**	**52.7**[(1)]	**42.5**[(1)]	**32.3**[(1)]
Modified EBITA, %					
Modified EBITA	26.6	24.4	52.7[(1)]	42.5[(1)]	32.3[(1)]
Revenue	344.2	281.3	547.0[(1)]	505.6[(1)]	474.1[(1)]
Modified EBITA, %	**7.7%**	**8.7%**	**9.6%**[(1)]	**8.4%**[(1)]	**6.8%**[(1)]
Adjusted EBITA					
Profit (loss) for the period	8.0	4.3	12.7[(1)]	1.1[(1)]	(82.9)[(1)]
Income taxes	(1.2)	(1.6)	(3.2)[(1)]	(3.2)[(1)]	(0.7)[(1)]
Net finance expense	9.9	10.4	20.1[(1)]	21.4[(1)]	24.5[(1)]
Amortization and impairment losses	9.9	11.3	23.1[(1)]	23.2[(1)]	91.4[(1)]
Adjustments(*)	10.0	5.4	4.0	8.2	9.2
Adjusted EBITA	**36.7**	**29.7**	**56.8**	**50.7**	**41.5**

Adjusted EBITA, %					
Adjusted EBITA	36.7	29.7	56.8	50.7	41.5
Revenue	344.2	281.3	547.0(1)	505.6(1)	474.1(1)
Adjusted EBITA, %	**10.6%**	**10.6%**	**10.4%**	**10.0%**	**8.8%**
Adjusted Net Income					
Profit (loss) for the period	8.0	4.3	12.7(1)	1.1(1)	(82.9)(1)
Purchase price amortizations	7.2	9.0	18.0	17.7	17.7
Tax related to purchase price amortization	(1.4)	(1.8)	(3.6)	(3.5)	(3.5)
Adjustments(*)	10.0	5.4	4.0	8.2	9.2
Tax related to adjustments	(2.0)	(1.1)	(0.8)	(1.6)	(1.8)
Adjusted Net Income	**21.8**	**15.8**	**30.3**	**21.9**	**(61.4)**
(*)Adjustments					
Acquisition related expenses(2)	6.6	0.5	0.2	1.7	1.1
Restructuring related expenses(3)	3.2	4.5	6.2	4.7	3.9
Gain on sale of asset	-	-	(4.6)	-	-
Strategic projects, new operations and other items affecting comparability	0.3	0.4	2.2	1.9	4.3
(*)Adjustments in total	**10.0**	**5.4**	**4.0**	**8.2**	**9.2**

(2) Including transaction costs and expenses from integration of acquired businesses.

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

Return on Equity, %					
Profit (loss) for the period (annualized)	16.0	8.6	12.7(1)	1.1(1)	(82.9)(1)
Equity (Average)	283.0	222.5	226.3(1)	219.4(1)	259.9(1)
Return on Equity %	**5.7%**	**3.9%**	**5.6%(1)**	**0.5%(1)**	**(31.9)%(1)**
Return on Capital Employed, %					
Profit/loss before taxes	6.8	2.7	9.5(1)	(2.1)(1)	(83.6)(1)
Financial expenses	10.0	11.2	22.0(1)	22.1(1)	24.6(1)
Non-current and current borrowings (Average)	365.9	346.6	348.9	338.1(1)	330.9
Equity (Average)	283.0	222.5	226.3	219.4	259.9
Return on Capital Employed, %	**2.6%**	**2.4%**	**5.5%**	**3.6%**	**(10.0)%**

	June 30,		**December 31,**		
	2017	**2016**	**2016**	**2015**	**2014**
	(unaudited)		**(unaudited, unless otherwise indicated)**		
Net Debt					
Interest-bearing liabilities	384.5	342.7	347.2(1)	350.5(1)	325.7(1)
Cash and cash equivalents	20.4	4.0	39.1(1)	16.6(1)	19.9(1)
Net Debt	**364.1**	**338.7**	**308.1(1)**	**333.9(1)**	**305.8(1)**
Gearing, %					
Net Debt	364.1	338.7	308.1(1)	333.9(1)	305.8(1)
Equity	333.8	224.7	232.3(1)	220.4(1)	218.5(1)
Gearing, %	**109.1%**	**150.7%**	**132.6%(1)**	**151.5%(1)**	**140.0%(1)**
Net Debt / Adjusted EBITDA (LTM)					
Net Debt	364.1	338.7	308.1(1)	333.9(1)	305.8(1)
Adjusted EBITDA (LTM)	81.2	72.4	72.9	67.2	58.1
Net Debt / Adjusted EBITDA (LTM)	**4.5**	**4.7**	**4.2**	**5.0**	**5.3**
Net Working Capital					
Inventories	5.6	4.7	4.4(1)	4.6(1)	4.5(1)
Trade and other receivables	73.7	51.5	53.7(1)	47.6(1)	43.8(1)
Trade and other payables	118.1	79.3	94.9(1)	92.7(1)	88.3(1)
Current tax liabilities	0.2	0.4	0.0(1)	0.4(1)	0.0(1)
Net Working Capital	**(39.0)**	**(23.5)**	**(36.8)**	**(40.9)**	**(40.0)**
Equity Ratio %					
Equity	333.8	224.7	232.3(1)	220.4(1)	218.5(1)
Total assets	899.5	708.1	734.1(1)	723.6(1)	692.4(1)
Advances received	1.2	0.8	1.0(1)	0.9(1)	0.2(1)
Equity Ratio %	**37.2%**	**31.8%**	**31.7%(1)**	**30.5%(1)**	**31.6%(1)**

	January 1 to June 30,		January 1 to December 31,		
	2017	2016	2016	2015	2014
	(unaudited)		(unaudited, unless otherwise indicated)		
Total Capex					
Cash capex					
Acquisition of property, plant and equipment	6.1	3.9	7.9[(1)]	9.6[(1)]	5.7[(1)]
Acquisition of intangible assets	2.1	2.0	3.8[(1)]	3.2[(1)]	2.3[(1)]
Proceeds from sale of available-for-sale financial assets	(0.1)	(0.2)	(1.8)[(1)]	(0.2)[(1)]	(0.1)[(1)]
Proceeds from sale of property, plant and equipment	0.0	(0.8)	(2.2)[(1)]	0.0[(1)]	(1.1)[(1)]
Cash capex	**8.0**	**4.9**	**7.7**	**12.5**	**6.8**
M&A cash capex					
Acquisition of subsidiaries, net cash acquired	56.6	3.7	4.7[(1)]	40.3[(1)]	0.0[(1)]
Acquisition of business operations, net of cash acquired	0.6	1.0	1.0[(1)]	0.0[(1)]	0.0[(1)]
Proceeds from disposal of subsidiaries, net of cash	0.0	0.0	(4.8)[(1)]	0.0[(1)]	0.0[(1)]
Proceeds from sale of business operations	0.0	0.0	0.0[(1)]	(0.7)[(1)]	0.0[(1)]
M&A cash capex	**57.2**	**4.7**	**0.9**	**39.6**	**0.0**
Total Cash Capex	**65.3**	**9.7**	**8.6**	**52.1**	**6.8**
Non cash capex					
M&A	93.9	0.0	0.0	0.0	0.0
Other	4.7	2.1	9.4	15.3	8.5
Non cash capex	**98.6**	**2.1**	**9.4**	**15.3**	**8.5**
Total Capex	**163.9**	**11.8**	**18.1**	**67.4**	**15.3**
Total Capex excluding M&A					
Total Capex	163.9	11.8	18.1	67.4	15.3
M&A cash capex	57.2	4.7	0.9	39.6	0.0
Non-cash M&A	93.9	0.0	0.0	0.0	0.0
Total Capex excluding M&A	**12.8**	**7.0**	**17.2**	**27.8**	**15.3**

(1) Derived from the Company's audited consolidated financial information.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma financial information below has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore, does not represent the Company's actual results of operations. The following tables present unaudited pro forma financial information giving effect to the acquisitions, described below, as if they had been completed on January 1, 2016. The following tables present:

- the unaudited pro forma statement of income for the year ended December 31, 2016; and
- the unaudited pro forma interim statement of income for the six months ended June 30, 2017.

The acquisitions are included in the Company's unaudited interim statement of financial position for the six months ended June 30, 2017, due to which no pro forma statement of financial position is presented.

The Company acquired Diacor on March 24, 2017 for a consideration of EUR 113.7 million from Helsinki Deaconess Institute Foundation, LocalTapiola Mutual Life Insurance Company and LocalTapiola General Mutual Insurance Company. Of the purchase price EUR 19.8 million was paid in cash and the remaining EUR 93.9 million was equivalent to the value of new Shares in Terveystalo Plc by which Helsinki Deaconess Institute Foundation became a substantial shareholder of Terveystalo Plc. The Company acquired Porin Lääkäritalo on January 2, 2017 for a consideration of EUR 43.4 million paid in cash. The Company has also made several acquisitions in the dental healthcare sector during 2016 and 2017, which are listed below in the notes.

The unaudited pro forma financial information below has been prepared in accordance with Annex II to the Commission Regulation (EC No. 809/2004), as amended. The unaudited pro forma financial information below has also been prepared in a manner consistent with the accounting principles applied in the Company's audited consolidated financial statements as at and for the year ended December 31, 2016 included in this Prospectus.

The acquisitions have been accounted for under the acquisition method in accordance with IFRS 3 "*Business Combinations*". Under the acquisition method, the consideration paid as well as the identifiable net assets are recorded at their fair values on the date of acquisition. The fair values of assets acquired of Diacor and Porin Lääkäritalo are still provisional pending the completion of the fair value measurements of customer relationships. Therefore, the completed accounting for the acquisitions may differ from the provisional accounting presented in this unaudited pro forma financial information.

The financial information of the acquired entities has been prepared on a basis consistent with the Finnish Accounting Standards ("**FAS**"). In these pro forma statements of income the information is adjusted to IFRS as applied to the Company in order to achieve comparability. The effects of the IFRS adjustments are explained in Note 5 regarding the pro forma statement of income for the year ended December 31, 2016 and in Note 4 regarding the pro forma interim statement of income for the six months ended June 30, 2017.

The unaudited pro forma financial information is based on the financial information derived from the following sources:

- The Company's audited consolidated financial statements (IFRS) for the year ended December 31, 2016;
- Diacor's audited consolidated financial statements (FAS) for the year ended December 31, 2016;
- Porin Lääkäritalo's audited consolidated financial statements (FAS) for the year ended December 31, 2016;
- The Company's interim statement of income for the six months ended June 30, 2017;
- Diacor's income statement for the three months ended March 31, 2017; and
- For dental acquisitions, the financial information is based on the latest audited financial statements as well as the respective entities' and the Company's internal reporting in cases where the acquisition has taken place during the calendar year.

This unaudited pro forma financial information does not purport to represent what the Company's results would have been had the acquisitions of Diacor, Porin Lääkäritalo and the dental entities been completed on the dates indicated nor do they purport to represent the Group's results of operations for any future period. The unaudited pro forma financial information does not reflect the effect of estimated synergies and cost savings associated with the acquired entities.

The unaudited pro forma financial information presented below should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016 of the Company, Diacor and Porin Lääkäritalo, as well as the Company's unaudited consolidated interim report for the six months ended June 30, 2017.

Diacor's audited consolidated financial statements for the year ended December 31, 2016 have been incorporated by reference to this Prospectus. These financial statements have been prepared on a basis consistent with the FAS and are not comparable with financial information prepared in accordance with IFRS, as adopted by the EU.

The Company's auditor, KPMG Oy Ab, has, as required by the Commission Regulation (EC) No. 809/2004, item 7 of Annex II, issued an auditor's statement on the pro forma financial information stated below. The auditor's statement on pro forma financial information is included in Annex C of this Prospectus. The auditor's statement on the pro forma financial information is issued solely to comply with the requirements of the Commission Regulation referred to above. The unaudited pro forma financial information of the Company has not been prepared with a view toward complying with the requirements of Article 11 of Regulation S-X under the U.S. Securities Act or the guidelines of the American Institute of Certified Public Accountants. The work by KPMG Oy Ab has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

Unaudited Pro Forma Statement of Income for the year ended December 31, 2016

In EUR thousand	Group for the year ended December 31, 2016 (IFRS)(1)	Diacor Group for the year ended December 31, 2016 (FAS)(2)	Porin Lääkäritalo Group for the year ended December 31, 2016 (FAS)(3)	Dental acquisitions in total(4)	Differences in accounting policies FAS to IFRS(5)	Other differences in accounting policies(6)	PPA adjustments(7)	Impact of financing(8)	Other adjustments(9)	Pro forma Group (IFRS)
Revenue	**546,964**	**79,711**	**14,183**	**5,764**	62,123	-	-	-	-	**708,745**
Other operating income	7,142	51	9	154	-	-	-	-	-	7,355
Materials and services	(259,343)	(15,508)	(1,467)	(1,289)	(62,123)	-	-	-	-	(339,730)
Employee benefit expenses	(155,519)	(34,446)	(7,397)	(2,661)	-	-	-	-	-	(200,022)
Depreciation, amortization and impairment losses	(39,257)	(2,230)	(802)	(278)	(1,927)	(234)	(1,343)	0	0	(46,071)
Other operating expenses	(70,390)	(25,958)	(2,604)	(1,503)	2,495	556	-	-	(3,226)	(100,630)
Share of profits in associated companies	-	(347)	-	-	-	-	-	-	-	(347)
Operating profit	**29,597**	**1,273**	**1,922**	**187**	**568**	**322**	**(1,343)**	**0**	**(3,226)**	**29,301**
Financial income	1,918	736	12	6	-	-	-	-	-	2,672
Financial expenses	(22,029)	(169)	(22)	(17)	(228)	-	-	(1,146)	-	(23,612)
Profit before taxes	**9,486**	**1,840**	**1,911**	**176**	**340**	**322**	**(1,343)**	**(1,146)**	**(3,226)**	**8,361**
Income taxes	3,237	(558)	(400)	(54)	36	(64)	269	229	-	2,695
Profit for the period	**12,723**	**1,282**	**1,512**	**122**	**377**	**258**	**(1,074)**	**(917)**	**(3,226)**	**11,055**

Notes to the unaudited pro forma statement of income

(1) This column reflects the Company's audited restated consolidated statement of income (IFRS) for the year ended December 31, 2016. The Company's financial year is the calendar year. The Company has not had any items of other comprehensive income during the year ended December 31, 2016.

(2) This column reflects Diacor's audited consolidated income statement (FAS) for the year ended December 31, 2016. Diacor's financial year is the calendar year.

(3) This column reflects Porin Lääkäritalo's audited consolidated income statement (FAS) for the year ended December 31, 2016. Porin Lääkäritalo's financial year is the calendar year.

(4) This column reflects the twelve months financial information of all the acquisitions in the dental healthcare sector made during the year ended December 31, 2016 and the six months ended June 30, 2017 as if the acquisitions had been made on January 1, 2016 as presented in the table below. In 2016, there were a total of six acquisitions, including one asset deal and in 2017, there were three

acquisitions, of which two were asset deals. Two dental entities have been included by annualizing their eight month internal reporting to twelve months since no twelve month financial data was available. It was also concluded that these annualized figures best represent twelve month period as the sales and profit in these entities cumulate evenly during the year. These entities were Forssan Erikoishammaslääkärit Oy, where the annualizing was prepared based on interim financial statements for the period from August 1, 2016 to December 31, 2016 and Dent Oulu, where the annualizing was prepared based on eight months between May 1, 2016 and December 31, 2016 consolidated in the Company's results since May 2016.

Company	Acquired	Period not included in the audited financial statements of Group as of December 31, 2016	Revenue for the period not included in the audited financial statements of Group as of December 31, 2016 (EUR thousand)	Operating profit for the period not included in the audited financial statements of Group as of December 31, 2016 (EUR thousand)	Source of information
Bitewell Oy	January, 2016	January 1, 2016 to January 31, 2016	50	(37)	Monthly reporting from the company
Tampereen Hammaslääkäriasema Oy	April, 2016	January 1, 2016 to April 30, 2016	716	(79)	Monthly reporting from the company
Hammasklinikka Dent Oy (asset deal)	April, 2016	January 1, 2016 to April 30, 2016	353	(75)	Internal reporting for the 8 months period ending December 31, 2016 have been annualised
Vimadent Oy	October, 2016	January 1, 2016 to October 30, 2016	609	129	Monthly reporting from the company
Forssan Erikoishammaslääkärit Oy	December, 2016	January 1, 2016 to December 31, 2016	866	113	Interim financial statements for the 5 months period ending December 31, 2016 have been annualised
Hammaslääkäriasema Kymppihammas Oy	December, 2016	January 1, 2016 to December 31, 2016	450	30	Audited financial statements 2016
Ky Läkkitorin Hammaslääkäriasema	March, 2017	January 1, 2016 to December 31, 2016	1,351	76	Audited financial statements for the period July 1, 2015 to June 30, 2016
Data Plaza Oy (asset deal)	April, 2017	January 1, 2016 to December 31, 2016	128	18	Audited financial statements for the period July 1, 2015 to June 30, 2016
Crossdental Oy (asset deal)	May, 2017	January 1, 2016 to December 31, 2016	1,242	12	Monthly reporting from the company
			5,764	**187**	

(5) This column reflects the impact of accounting policy alignment of historical financial information between the Company and the acquired businesses. In this column, differences between FAS and IFRS are presented in order to achieve comparability.

As of 2017, the Company has adopted IFRS 15 "Revenue from contracts with customers" and presents revenue on gross basis. The Company has elected to apply IFRS 15 standard retroactively and has adjusted its consolidated financial statement for the year ended December 31, 2016 accordingly. In this pro forma financial information, this policy change has also been reflected for the acquired entities, resulting in an increase of EUR 62.1 million in revenue and a corresponding increase in costs for materials and services.

Under FAS, the acquired units treated lease agreements as operating leases whereas according to IFRS, contracts are classified as finance leases when the risks and rewards incidental to ownership have been transferred to the lessee. Therefore, rents of EUR 2.5 million under FAS are reversed, and instead depreciations and finance expenses amounting to EUR (2.1) million and EUR (202) thousand respectively have been recognized. The related deferred tax effect amounted to EUR (41) thousand. Of these adjustments, rents of EUR 1.9 million, depreciations of EUR (1.5) million and finance charges of EUR (144) thousand related to Diacor's finance lease agreements. The deferred tax effect related to Diacor's finance lease agreements amounted to EUR (38) thousand.

In some of Diacor's rented premises, major renovations have been made. These renovations have been expensed in the Diacor financial statements prepared according to FAS. In this pro forma financial information, the renovation costs are capitalized under IFRS and depreciated during the lease period resulting in depreciations of EUR (160) thousand. The related deferred tax effect amounted to EUR 32 thousand.

For one of the rented premises Diacor has an obligation to dismantle and reconstruct the premises after the lease period. Under FAS, Diacor has not recorded this obligation in the financial statements. The present value of this asset retirement obligation has been capitalized in this pro forma financial information leading to a depreciation of EUR (199) thousand and finance charge of EUR (26) thousand in the unaudited pro forma statement of comprehensive income. The related deferred tax effect amounted to EUR 45 thousand.

Diacor's goodwill amortizations of EUR 453 thousand and Porin Lääkäritalo's goodwill amortizations of EUR 69 thousand have been reversed as under FAS goodwill is amortized over a period of five years. However, under IFRS goodwill is not amortized.

(6) This column reflects differences in capitalization criteria and useful lives of fixed assets. Some medical and office equipment purchases that have been expensed in Diacor's financial statement would have been capitalized according to the Company's accounting policies had they been applied. There have also been some differences in the useful lives of licenses, office equipment and medical devices applied in Diacor and the Company. The analysis of these differences resulted in a EUR (234) thousand adjustment in depreciations and EUR 556 thousand in other operating expenses. The related tax effect amounted to EUR (64) thousand.

(7) This column reflects the effects of the provisional purchase price allocation of Diacor and Porin Lääkäritalo. The effects consist mainly of amortizations of the intangible assets. Intangible assets identified comprise customer relationship related intangibles in occupational healthcare at Diacor and Porin Lääkäritalo as well as intangibles related to insurance customers at Porin Lääkäritalo.

Under IFRS 3 "Business Combinations" the Company provisionally recorded goodwill of EUR 101.7 million from the Diacor acquisition. In the provisional purchase price allocation, customer relationships amounting to EUR 7.4 million were identified. Amortization in the twelve month period amount to EUR 1.1 million and the estimated average remaining useful life is seven years.

From the acquisition of Porin Lääkäritalo, Terveystalo provisionally recorded goodwill of EUR 30.9 million. In the provisional purchase price allocation, customer relationships amounting to EUR 1.9 million were identified, which included EUR 1.7 million regarding occupational healthcare and EUR 225 thousand regarding insurance customers. Amortization in the twelve month period amount to EUR 284 thousand and the estimated average remaining useful life is seven years in occupational healthcare and five years in insurance.

The Company has recognized the identifiable assets acquired and the liabilities assumed as of the completion dates. The provisional amounts recognized at the completion dates, based on the provisional purchase price allocation including the determination of fair values, may be adjusted within twelve months after the completion date, to reflect new information obtained about facts and circumstances that existed as at the completion date.

(8) This column reflects the reversal of Diacor's financing with Helsinki Deaconess Institute Foundation, LocalTapiola Mutual Life Insurance Company and LocalTapiola General Mutual Insurance Company. These convertible bonds have been paid as part of the Diacor acquisition and therefore the accrued interest for the twelve month period ending December 31, 2016 amounting to EUR 156 thousand have been deducted from financial expenses. The deferred tax effect of this adjustment amounted to EUR (31) thousand.

This column also reflects finance expenses related in the first place to loans raised in 2017 for the Diacor and Porin Lääkäritalo acquisitions and secondly to a change in the Existing Senior Facilities Agreement carried out in May 2016. In this pro forma financial information finance charges for the loans raised for the Diacor and Porin Lääkäritalo acquisitions have been recorded as if they had been borrowed on January 1, 2016. In order to increase flexibility for future acquisitions, the Company made a change in its Existing Senior Facilities Agreement since the development of the Group, the risk level at financial markets as well as interest rate levels had been positive. The change in the Existing Senior Facilities Agreement resulted in lower margins and has been taken into account in this pro forma financial information. These adjustments resulted in interest expenses of EUR (1.3) million and related tax effect of EUR 260 thousand.

(9) This column reflects the transaction costs such as for financial and legal due diligence related to the acquisitions. In this pro forma financial information the transaction costs of EUR 3.2 million have been recorded as if they had been incurred on January 1, 2016 and they are presented as other operating expenses.

(10) Pro forma Modified and Adjusted EBITDA/EBITA of the Group:

Pro Forma Modified and Adjusted EBITDA of the Group

In EUR thousand	Group for the year ended December 31, 2016 (IFRS)(1)	Diacor Group for the year ended December 31, 2016 (FAS)(2)	Porin Lääkäritalo Group for the year ended December 31, 2016 (FAS)(3)	Dental acquisitions in total(4)	Differences in accounting policies FAS to IFRS(5)	Other differences in accounting policies(6)	PPA adjustments(7)	Impact of financing(8)	Other adjustments(9)	Pro forma Group (IFRS)
										(unaudited)
Profit for the period	12,723	1,282	1,512	122	377	258	(1,074)	(917)	(3,226)	11,055
Income taxes	(3,237)	558	400	54	(36)	64	(269)	(229)	-	(2,695)
Net finance expenses	20,111	(567)	11	11	228	-	-	1,146	-	20,940
Depreciation	16,105	1,777	697	259	1,792	234	-	-	-	20,864
Amortization and impairment losses	23,152	453	105	19	135	-	1,343	-	-	25,207
Pro forma Modified EBITDA	**68,854**	**3,503**	**2,724**	**465**	**2,495**	**556**	**-**	**-**	**(3,226)**	**75,371**
Adjustments(*)	4,022	630							3,226	7,878
Pro forma Adjusted EBITDA	**72,876**	**4,133**	**2,724**	**465**	**2,495**	**556**	**-**	**-**	**-**	**83,250**
Pro forma revenue	-	-	-	-	-	-	-	-	-	708,745
Pro forma Adjusted EBITDA, %	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11.7%**

Pro Forma Modified and Adjusted EBITA of the Group

In EUR thousand	Group for the year ended December 31, 2016 (IFRS)(1)	Diacor Group for the year ended December 31, 2016 (FAS)(2)	Porin Lääkäritalo Group for the year ended December 31, 2016 (FAS)(3)	Dental acquisitions in total(4)	Differences in accounting policies FAS to IFRS(5)	Other differences in accounting policies(6)	PPA adjustments(7)	Impact of financing(8)	Other adjustments(9)	Pro forma Group (IFRS)
										(unaudited)
Pro forma Modified EBITDA	**68,854**	**3,503**	**2,724**	**465**	**2,495**	**556**	**-**	**-**	**(3,226)**	**75,371**
Depreciation	(16,105)	(1,777)	(697)	(259)	(1,792)	(234)	-	-	-	(20,864)
Pro forma Modified EBITA	**52,749**	**1,726**	**2,027**	**206**	**704**	**322**	**-**	**-**	**(3,226)**	**54,508**
Adjustments(*)	4,022	630	-	-	-	-	-	-	3,226	7,878
Pro forma Adjusted EBITA	**56,771**	**2,356**	**2,027**	**206**	**704**	**322**	**-**	**-**	**-**	**62,386**
Pro forma revenue	-	-	-	-	-	-	-	-	-	708,745
Pro forma Adjusted EBITA, %	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8.8%**

(*) Adjustments are material items outside the ordinary course of business, such as expenses related to acquisitions and restructurings, gain on sale of assets, strategic projects, new operations and other items affecting comparability.

Unaudited Pro Forma Interim Statement of Income for the six months ended June 30, 2017

In EUR thousand	Group for the six months ended June 30, 2017 (IFRS)(1)	Diacor Group for the three months ended March 31, 2017 (FAS)(2)	Dental acquisitions not included in Group figures(3)	Differences in accounting policies FAS to IFRS(4)	Other differences in accounting policies(5)	PPA adjustments(6)	Impact of financing(7)	Other adjustments(8)	Pro forma Group (IFRS)
Revenue	344,176	21,036	1,080	13,612	-	-	-	-	**379,904**
Other operating income	880	7	-	-	-	-	-	-	887
Materials and services	(160,666)	(3,798)	(536)	(13,612)	-	-	-	-	(178,613)
Employee benefit expenses	(98,573)	(9,066)	(295)	-	-	-	-	-	(107,934)
Depreciation, amortization and impairment losses	(19,075)	(2,845)	(31)	(369)	(24)	2,086	-	-	(20,259)
Other operating expenses	(50,031)	(6,380)	(115)	844	118	-	-	3,226	(52,338)
Share of profits in associated companies	-	-	-	-	-	-	-	-	0
Operating profit	**16,711**	**(1,046)**	**102**	**475**	**94**	**2,086**	**-**	**3,226**	**21,648**
Financial income	81	7	-	-	-	-	-	-	88
Financial expenses	(9,951)	(38)	(0.3)	(46)	-	-	(190)	-	(10,225)
Profit before taxes	**6,841**	**(1,077)**	**102**	**429**	**94**	**2,086**	**(190)**	**3,226**	**11,511**
Income taxes	1,191	-	-	(57)	(19)	(417)	38	-	737
Profit for the period	**8,032**	**(1,077)**	**102**	**372**	**75**	**1,669**	**(152)**	**3,226**	**12,247**

Notes to the unaudited pro forma interim statement of income

(1) This column reflects the Company's consolidated interim statement of income (IFRS) for the six months ended June 30, 2017. This includes Porin Lääkäritalo's consolidated income statement for the six months ended June 30, 2017 in full. In addition, this includes Diacor's income statement for the three months ended June 30, 2017 as it has been consolidated to the Company's statement of income from the acquisition date at the end of March, 2017.

(2) This column reflects Diacor's consolidated income statement (FAS) for the three months ended March 31, 2017.

(3) This column reflects the income statements of all the acquisitions in the dental healthcare sector made in 2017 for the periods not already consolidated to the Company's figures presented in the first column. In 2017, there were three acquisitions of which two were asset deals. Due to the lack of financial data the entities have been included by calculating proportionally the part not already included in the Company's consolidated figures.

Company	**Acquired**	**Period not included in the consolidated interim statement of income of Group as of June 30, 2017**	**Revenue for the period not included in the consolidated interim statement of income of Group as of June 30, 2017 (EUR thousand)**	**Operating profit for the period not included in the consolidated interim statement of income of Group as of June 30, 2017 (EUR thousand)**	**Source of information**
Ky Läkkitorin Hammaslääkäriasema	March, 2017	January 1, 2017 to March 31, 2017	601	47	Monthly reporting from the company since the acquisition
Data Plaza Oy (asset deal) . . .	April, 2017	January 1, 2017 to April 30, 2017	40	(4)	Monthly reporting from the company since the acquisition
Crossdental Oy (asset deal) . . .	May, 2017	January 1, 2017 to April 30, 2017	439	60	Monthly reporting from the company since the acquisition
			1,080	**102**	

(4) This column reflects the impact of accounting policy alignment of historical financial information between Terveystalo and the acquired businesses. In this column, differences between FAS and IFRS are presented in order to achieve comparability.

As of 2017, Terveystalo has adopted IFRS 15 "Revenue from contracts with customers" and presents revenue on a gross basis. In this pro forma financial information, this policy change has also been reflected for the acquired entities resulting in an increase of EUR 13.6 million in revenue and a corresponding increase in costs for materials and services.

Lease agreements treated as operating leases under FAS have been accounted for as finance leases under IFRS and therefore, rents of EUR 844 thousand under FAS are reversed, and instead depreciations and finance expenses amounting to EUR (390) thousand and EUR (39) thousand, respectively, have been recognised. The related deferred tax effect amounted to EUR (76) thousand. Majority of these adjustments related to Diacor's finance lease agreements.

Some renovation costs relating to Diacor's rented premises have been capitalized in this pro forma financial information and depreciated during the lease period resulting in depreciations of EUR (40) thousand. The related deferred tax effect amounted to EUR 8 thousand.

For one of the rented premises, Diacor has an obligation to dismantle and reconstruct the premises after the lease period. The present value of this asset retirement obligation has been capitalized in the pro forma financial information leading to a depreciation of EUR (50) thousand and finance charge of EUR (6) thousand in the unaudited pro forma statement of comprehensive income. The related deferred tax effect amounted to EUR 11 thousand.

Diacor's goodwill amortizations of EUR 110 thousand have been reversed as under IFRS goodwill is not amortized.

(5) This column reflects differences in capitalization criteria and useful lives of fixed assets. Some medical and office equipment purchases that have been expensed in Diacor's financial statement would have been capitalized according to Terveystalo's accounting policies had they been applied. There have also been some differences in the useful lives of licenses, office equipment and medical devices applied in Diacor and Terveystalo. The analysis of these differences resulted in a EUR (24) thousand adjustment

in depreciations and amortizations and EUR 118 thousand in other operating expenses. The related tax effect amounted to EUR (19) thousand.

(6) This column reflects the amortization recognized for Diacor's customer related intangible assets that were recorded as part of the provisional purchase price allocation. The amortization for the three months period amounted to EUR (265) thousand.

Impairment losses on capitalized system development costs recognized by Diacor at the closing date were adjusted for fair value adjustment at acquisition for which this impairment loss has been reversed.

The related tax effect of these adjustments amounted to EUR (417) thousand.

(7) This column reflects the reversal of Diacor's financing with Helsinki Deaconess Institute Foundation, LocalTapiola Mutual Life Insurance Company and LocalTapiola General Mutual Insurance Company. These convertible bonds have been paid as part of the Diacor acquisition and therefore the accrued interest for the three month period ending March 31, 2017 amounting to EUR 36 thousand have been deducted from financial expenses. The deferred tax effect of this adjustment amounted to EUR (9) thousand.

This column also reflects finance expenses related to loans raised in 2017 for the Diacor and Porin Lääkäritalo acquisitions. In this pro forma financial information finance charges for the loans raised for the Diacor and Porin Lääkäritalo acquisitions have been recorded as if they had been withdrawn on January 1, 2016. These adjustments resulted to interest expenses of EUR (226) thousand and related tax effect of EUR 54 thousand.

(8) This column relates to the transaction costs such as for financial and legal due diligence related to the acquisitions which are included in the Group's June 30, 2017 interim figures. In the pro forma financial information, the costs have been presented as they had occurred in the year ended December 31, 2016.

(9) Pro forma Modified and Adjusted EBITDA/EBITA of the Group:

Pro Forma Modified and Adjusted EBITDA of the Group

In EUR thousand	Group for the six months ended June 30, 2017 (IFRS)(1)	Diacor Group for the three months ended March 31, 2017 (FAS)(2)	Dental acquisitions not included in Group figures(3)	Differences in accounting policies FAS to IFRS(4)	Other differences in accounting policies(5)	PPA adjustments(6)	Impact of financing(7)	Other adjustments(8)	Pro forma Group (IFRS)
									(unaudited)
Profit for the period	8,032	(1,077)	102	372	75	1,669	(152)	3,226	12,247
Income taxes	(1,191)	-	-	57	19	417	(38)	-	(737)
Net finance expenses	9,870	31	0	46	-	-	190	-	10,137
Depreciation	9,180	84	31	634	9	-	-	-	9,939
Amortization and impairment losses	9,895	2,761	-	(265)	15	(2,086)	-	-	10,321
Pro forma Modified EBITDA	**35,786**	**1,800**	**134**	**844**	**118**	**-**	**-**	**3,226**	**41,907**
Adjustments(*)	10,048	721	-	-	-	-	-	(3,226)	7,543
Pro forma Adjusted EBITDA	**45,834**	**2,521**	**134**	**844**	**118**	**-**	**-**	**-**	**49,450**
Pro forma revenue	-	-	-	-	-	-	-	-	379,904
Pro forma Adjusted EBITDA, %	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13.0%**

Pro Forma Modified and Adjusted EBITA of the Group

In EUR thousand	Group for the six months ended June 30, 2017 (IFRS)(1)	Diacor Group for the three months ended March 31, 2017 (FAS)(2)	Dental acquisitions not included in Group figures(3)	Differences in accounting policies FAS to IFRS(4)	Other differences in accounting policies(5)	PPA adjustments(6)	Impact of financing(7)	Other adjustments(8)	Pro forma Group (IFRS)
									(unaudited)
Pro forma Modified EBITDA	**35,786**	**1,800**	**134**	**844**	**118**	**-**	**-**	**3,226**	**41,907**
Depreciation	(9,180)	(84)	(31)	(634)	(9)	-	-	-	(9,939)
Pro forma Modified EBITA	**26,606**	**1,715**	**102**	**210**	**109**	**-**	**-**	**3,226**	**31,969**
Adjustments(*)	10,048	721	-	-	-	-	-	(3,226)	7,543
Pro forma Adjusted EBITA	**36,654**	**2,436**	**102**	**210**	**109**	**-**	**-**	**-**	**39,511**
Pro forma revenue	-	-	-	-	-	-	-	-	379,904
Pro forma Adjusted EBITA, %	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10.4%**

OPERATING AND FINANCIAL REVIEW

The following review of the Company's results of operations and financial position should be read together with "Certain Matters — Presentation of Financial and Certain Other Information" and its audited consolidated financial statements as at and for the years ended December 31, 2016 and 2015, including the audited comparative financial information for the year ended December 31, 2014, as well as the Company's unaudited consolidated financial information as at and for the six months ended June 30, 2017, in each case as included in the F-pages to this Prospectus. The Company's audited consolidated financial statements for the years ended December 31, 2016 and 2015, including the audited comparative financial information for the year ended December 31, 2014, and its unaudited consolidated financial information for the six months ended June 30, 2017 have been prepared in accordance with IFRS.

This review contains forward-looking statements, which are subject to risks and uncertainties. The Company's actual results may deviate considerably from those contained in such forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus, particularly those under "Risk Factors."

Overview

Terveystalo is a leading private healthcare service provider in Finland offering primary and outpatient secondary healthcare services to corporate, private and public sector customers. The Company's healthcare service offering includes general practice and specialist medical care, diagnostic services, outpatient surgery, dental services and other adjacent services, which together comprise its integrated healthcare care chain. The Company also offers a suite of digital healthcare services. Terveystalo is able to provide nationwide reach through its approximately 180 clinics, covering all 20 of Finland's largest cities, together with its digital platforms. Terveystalo's operations are driven by its scale and supported by centralized functions and standardized operating practices. At the core of Terveystalo's strategy is a focus on providing medical quality and positive customer experiences, maintaining a competent and satisfied base of healthcare professionals and developing a variety of customized digital tools.

In 2016, the Company had approximately 1.0 million individual customers as well as approximately 2.7 million doctor visits, accounting for twelve percent of the total doctor visits in Finland. The Company's customers are divided into three groups: corporate customers, who the Company partners with to provide, for example, occupational healthcare services to their employees, private customers and public customers, who the Company partners with to provide public healthcare services and occupational healthcare services to municipal employees. Terveystalo had approximately 4,445 employees[137] and approximately 4,400 private practitioners as at June 30, 2017.

The Company's revenue amounted to EUR 344.2 million for the six months ended June 30, 2017 and EUR 547.0 million for the year ended December 31, 2016. The Company's pro forma revenue amounted to EUR 379.9 million for the six months ended June 30, 2017 and EUR 708.7 million for the year ended December 31, 2016. For unaudited pro forma financial information presenting the effects of the acquisitions of Diacor and Porin Lääkäritalo, as well as certain other acquisitions in the dental sector completed during 2016 and 2017, see "*Unaudited Pro Forma Financial Information*".

Key Factors Affecting the Company's Results of Operations

The following factors have had an impact on the Company's results of operations during the period under review and they are expected to continue to have an impact on its results of operations in the future.

Demand for healthcare services

The Company's revenue is directly linked to the volume of healthcare services, including dental services, it provides. The volume of services the Company provides is typically driven by the desire of consumers to access private care, the Company's ability to win new and retain existing contracts with corporate and public sector customers and insurance companies, the Company's ability to compete with other public and private healthcare providers and the demographics and health and lifestyle trends in Finland.

[137] Includes part-time employees.

Demand for private healthcare services and competition with public and private healthcare providers

In Finland, healthcare is to a significant extent paid for by public healthcare programs. However, privately provided healthcare is an established component of the Finnish healthcare system and is used across all income groups. Significant private healthcare services continue to be offered under, for example, the framework for occupational healthcare where employers provide private healthcare coverage to their employees. Private healthcare services have been gaining greater market share in recent years due to, among other things, increased consumer confidence as a result of improved economic conditions, increased employment and increased levels of disposable income. In 2014, 40 percent of all primary care outpatient visits and over 20 percent of all specialist outpatient visits in Finland were privately provided. Use of private healthcare has historically largely depended on the Finnish population's perception of whether private healthcare services are preferable to public healthcare services, despite private services often requiring out-of-pocket expenditures. Given the capacity pressures on the public healthcare system, and the longer waiting times for obtaining an appointment in the public healthcare system, the demand for private healthcare has remained robust. The desire of healthcare customers to access private care depends on a number of factors, including general economic conditions, disposable income of a private customer or a potential customer and the extent of the healthcare service coverage under an employer-provided occupational healthcare plan.[138]

In the private sector, patients have a choice between multiple healthcare providers, which they may choose between based on referrals by doctors, availability of appointments, location and accessibility, brand perception, quality of care and the perception thereof, published rankings of providers, word-of-mouth, partnerships with insurance companies or other competitive factors. The Company's ability to compete with public and private healthcare providers by providing options that are more favorable to patients with respect to such factors will have a significant effect on demand for its products and services and consequently its revenues. The capacity to provide an integrated offer for medical care is also appealing to patients as it provides a comprehensive, efficient and convenient healthcare experience. In the integrated care chain, care is planned from start to finish, so that appointments with different professionals proceed in accordance with the care plan in a coordinated and integrated manner. The Company considers its healthcare care chain to be a driver of patient and service volume as well as an attractive source of revenue.

Demand for occupational healthcare services and public healthcare outsourcing

A key driver of the Company's business historically has been the demand for occupational healthcare services and the need for public healthcare outsourcing, and the Company's ability to win new and retain existing contracts with corporate and public sector customers. The Company's results are impacted from period to period based on the number and size of contracts that are in place at the time, which can depend on the frequency of tendering such types of contracts. Several factors affect the Company's ability to win and retain such contracts, including its current position as a service provider under a number of contracts, its long-term relationships with several corporate and public customers and its focus on medical quality, customer satisfaction and specialized care. Challenging fiscal conditions also often lead to an increased number of public outsourcing contracts entered into by municipalities, which benefit healthcare services providers such as the Company. The Company believes that, because of its scale, it is better equipped to handle the complex tendering processes and assess costs with respect to new contracts compared to many of its competitors. The Company regularly renews a number of major contracts in the ordinary course of business, and it believes it is well placed to be successful in new tenders and extend the geographic reach of businesses with which it has contracted.

Demand supported by demographics and health and lifestyle trends

The demographics and health and lifestyle trends in Finland impact the Company's service volumes from period to period, in particular over the long term. Relevant demographics and health and lifestyle trends in Finland include an ageing population, the rising prevalence of lifestyle diseases and the increasing use of technologies for prevention and early diagnosis of health issues. According to the OECD, the percentage of the population over the age of 65 in Europe is expected to increase from 17 percent of the total

138 Source: NHG Report.

population in 2010 to 20 percent of the total population by 2020.[139] Finland has had the world's second fastest ageing population according to statistics by the United Nations between 2000 and 2015 (excluding countries with less than 500,000 inhabitants)[140] and ageing is expected to continue in the coming decades. Average healthcare costs are 3.5 times higher for patients aged over 65 and over eight times higher for patients over 85 (compared to persons aged 18 to 64).[141] In addition, approximately 10 percent of the Finnish population has been recently estimated to have diabetes of which approximately 30 percent are estimated to be undiagnosed according to the Finnish Diabetes Association.[142] Currently, approximately 15 percent of Finnish healthcare costs are spent on the treatment of diabetes and diabetes related complications. According to the Finnish Diabetes Association, the average annual cost per diabetic patient is approximately EUR 4,600. In contrast, the average annual cost of treatment for the average patient aged 18 to 64 was approximately EUR 2,400 in 2011.[143] The volume of healthcare services has also increased as medical profession and government increasingly focus on the prevention, early detection and treatment of chronic and severe illnesses.[144] For instance, municipalities in Finland are now required to arrange breast cancer screenings for women aged 50 to 69 years.[145] The greater focus on preventive care and early diagnostics and treatment in Finland has led to growth in demand for the Company's services, patient and service volumes and the Company's revenue.

Pricing and funding

The Company's revenues are driven by the prices it charges and the other fees it receives for the healthcare services it provides. The primary sources of payment for patient healthcare services are third-party payors such as employers operating in the Company's corporate customer group and to a lesser extent, government agencies and insurance companies operating in the Company's public and private customer groups. The Company also receives funds from private customers who do not have health insurance coverage or who are only partially covered by a governmental or private health insurance program or occupational healthcare plan but require additional services that are not covered by their existing healthcare plans. The Company generates other non-patient revenues primarily from rental income, including from private practitioners.

The Company's prices and margins are affected by competition in the market. Competitors of the Company often try to gain market share by moving towards optimal scale for their operations with, for example, aggressive short-term pricing, a flexible cost structure, maximal utilization rate or the outsourcing of digitally provided services to countries with lower labor costs. Based on competitive market prices, the Company creates a list of service prices reflecting annual payments and service packages applicable nationwide. The Company regularly updates its price list, including when new services are added to its service offering. The Company's average selling price can also vary significantly depending on the various types of services that the Company provides, as certain services have a higher cost to the Company than others, which the Company would seek to pass on to its customers. The Company uses its price list to negotiate contracts with corporate customers, offering discounts to certain corporate customers. The Company negotiates with insurance companies regarding contract prices for services covered by insurance policies. The Company engages in tender processes to agree contractual pricing terms with its public customers. In some cases, the Company may agree to provide healthcare services over a certain period for a set amount of aggregate compensation. When determining contract prices, the Company must make assumptions and estimates about, for example, levels of competition and pricing of other providers in its markets and future costs and resources required to provide a particular service, including the number of patient visits. However, if the number of patient visits under a fixed-price contract significantly exceeds the projected estimate, the Company may incur additional expenses without any additional compensation.

The Company's prices and margins are also affected by the decisions of regulatory authorities on spending on healthcare services. The Company's services are delivered to patients under healthcare programs funded at least to some extent by public organizations. However, challenging fiscal conditions and

139 Source: The OECD statistics.
140 Source: United Nations World Population Ageing Report, available at http://www.un.org/en/development/desa/population/publications/pdf/ageing/WPA2015_Report.pdf.
141 Source: S. Kapiainen – J. Eskelinen: Miesten ja naisten terveysmenot ikäryhmittäin 2011 (THL report 17/2014), available in Finnish.
142 Source: THL statistics on prevalence of diabetes, https://www.diabetes.fi/diabetes/yleista_diabeteksesta/tilastotietoa; Finnish Diabetes Association: "Diabetes in Finland – Prevalence and Variation in Quality of Care" report, 2006.
143 Source: Finnish Diabetes Association: "Diabetes in Finland – Prevalence and Variation in Quality of Care" report, 2006.
144 Source: NHG Report.
145 Source: The Ministry of Social Affairs and Health: Screenings.

changing demographics in Finland, including an ageing population, have led and will likely continue to lead governments to seek to reduce their healthcare expenditure growth by cutting prices or reimbursement levels, seeking to reduce the number of diagnostic tests prescribed and limiting the services covered by their health, protection and social security programs. Challenging fiscal conditions have also led and will likely continue to lead insurance providers to act similarly to reduce their healthcare expenditure growth. These measures, particularly those excluding some of the Company's services from the scope of reimbursed health services, have a negative impact on service volumes and the prices that can be charged for such services, which has a negative impact on the Company's revenue. If expansion of coverage and private sector health insurance were to come into effect, management believes there would be an increase in demand for the Company's services.

General economic conditions

Demand for the Company's healthcare services is impacted by overall economic conditions in its markets, which can affect customers' willingness to spend on the Company's services. For example, corporate customers tend to be more willing to increase their number of employees and invest in their employees' health when they have a positive outlook on the future of their business in a growing economy. The occupational healthcare market may particularly be subject to fluctuations in demand for the Company's services during an economic downturn when the national employment rate may significantly decrease such that a fewer number of employees will require occupational healthcare coverage. In Finland, occupational healthcare service agreements usually remain in force until further notice and typically include a notice period of a few months. Challenging economic conditions have previously resulted in some corporate customers having wanted to negotiate reductions in healthcare service coverage for their employees. In times of economic downturn, low consumer confidence, high unemployment or a decrease in disposable income, or the perception thereof, can also lead to a reduction in individuals' out-of-pocket healthcare expenditures. For example, while individuals will still visit the doctor, demand for laser eye surgeries and other non-essential procedures paid by private customers may fluctuate markedly due to general economic conditions. In contrast, an economic downturn may increase outsourcing pressures on the government and other public entities, which can increase the demand for the Company's services in the public customer group.

Availability of healthcare professionals

The Company procures the services of doctors, dentists and other healthcare professionals, including both employees and private practitioners, in order to provide healthcare services and generate revenue. As a result, the Company's results of operations in each period depend on its ability to adequately source healthcare professionals, particularly doctors. The Company has typically been able to retain sufficient amounts of professionals, however it has historically proven difficult to arrange for healthcare professionals to work in certain regions of Finland, such as in remote or smaller localities or those without nearby medical universities. The Company has a central talent sourcing function and primarily focuses on recruiting graduates and healthcare professionals qualified in Finland. The capacity to provide an integrated offer for medical care is appealing to healthcare professionals as it provides an efficient referral system within the workplace. The Company considers its healthcare care chain, particularly because of its brand and reputation, to be a driver of sourcing and retaining healthcare professionals. In addition, the Company regularly reviews its salary package, working environment, training initiatives and mentoring programs for healthcare professionals in order to remain competitive, improve sourcing and increase retention and employee satisfaction levels. The Company's employee satisfaction levels have gradually risen, from 78% in 2012 to 83% in 2016. In addition, the Company measures private practitioner satisfaction with Terveystalo with a Net Recommending Score (NRS) index, which rose from 35 in 2014 (the year in which the measuring started) to 39 in 2016.[146] The Company is a market leader as a healthcare employer. The Company has been ranked the number one choice for physicians and healthcare students from 2014 to 2017 according to Mediuutiset and Universum, respectively. As at June 30, 2017, the Company had 4,445 employees[147] and 4,440 private practitioners, of which all private practitioners and the majority of employees are healthcare professionals.

[146] Scale for the index is between -100 and 100.

[147] Includes part-time employees.

Network development through organic growth and acquisitions

Service volumes are affected by the number of facilities the Company operates and the attractiveness of such facilities' locations and service offerings. Consequently, the Company's greenfield investments and bolt-on acquisitions have been a significant driver of the Company's scale and revenue growth in recent years, and the Company has completed several greenfield investments and over 150 bolt-on acquisitions since 2001. In addition, as part of the Company's overall strategy, it continuously reviews its facilities portfolio and has occasionally disposed of certain of its businesses and assets to increase efficiencies and profit or to reduce liabilities.

The Company continually evaluates opportunities for acquisition and expansion, and the Company is likely to continue to undertake major expansion projects in the future to support growth in its business and improve the breadth and quality of its service offering to customers. Such initiatives can lead to volume increases, improved margins and customer retention. In addition, the Company may undertake acquisitions to improve market positions within existing markets, support expansion in growth markets or to enter new markets in Finland. Acquisitions affect the comparability of results between periods, including with respect to acquired assets, assumed liabilities and goodwill, in particular in the case of large acquisitions such as the Diacor acquisition. See "*— Factors Affecting Comparability of Financial Information – Acquisitions of bolt-on and complementary businesses*" and "*— Factors Affecting Comparability of Financial Information – The Diacor acquisition and related synergies and operational improvement.*" For acquisitions of controlling interest made during the six months ended June 30, 2017, the Company paid cash and other consideration totaling EUR 158.5 million, acquired identifiable assets totaling EUR 24.6 million and recognized goodwill totaling EUR 133.9 million. For acquisitions of controlling interest made during the year ended December 31, 2016, the Company paid cash and other consideration totaling EUR 5.3 million, acquired identifiable assets totaling EUR 0.6 million and recognized goodwill totaling EUR 4.8 million. For acquisitions of controlling interest made during the year ended December 31, 2015, the Company paid cash consideration totaling EUR 48.2 million, acquired identifiable assets totaling EUR 14.5 million and recognized goodwill totaling EUR 34.5 million. The Company made no acquisitions during the year ended December 31, 2014.

Acquisitions are also important to the Company's overall strategy because, among other things, there is no ramp up period involved compared to greenfield clinic openings. Competition for qualified employees and private practitioners is less of a threat in connection with acquisitions because there would not be increased business capacity in the local market, and acquisitions allow for faster growth because the Company would not need to find additional suitable facilities or employees. The Company has made 19 acquisitions since 2014.

The Company's acquisition strategy is impacted by the sourcing, availability and pricing of potential targets in the sectors in which it operates. Scale benefits have driven market consolidation by large private healthcare providers in recent years, but the Finnish healthcare market remains relatively fragmented. The Company has identified over 100 potential acquisition targets within the large number of independent healthcare operators throughout Finland. The number of acquisitions the Company makes depends on the quality and pricing of potential targets available for purchase at a given time. The price paid for a particular acquisition depends in part on its revenues and cost base, along with competition to acquire such businesses, which may be intense. The Company's results of operations are therefore impacted by the accuracy of its due diligence, as well as by its success in integrating any acquired healthcare businesses into the Company and extracting synergies and cost savings in such businesses.

Acquisitions enable the consolidation of many of the functions of an acquired entity in order to achieve synergies. Growth in revenue and profitability may be enabled, for example, through the offering of complementary services to an expanding customer base and utilizing the Company's technologies and the geographic reach of its network. Such initiatives have contributed to the successful integration of the acquisitions that the Company has made and to the consistent exceeding of expected cost synergies from such acquisitions. The Company has during recent years exceeded its projected cost synergies by an average of 20% in its healthcare acquisitions.[148]

[148] The average is calculated by comparing realized cost synergies to budgeted expected cost synergies from all healthcare acquisitions completed by the Company between January 2015 and March 2017 (excluding Diacor and Porin Lääkäritalo) and the four largest acquisitions between 2011 and 2014, excluding dental services related acquisitions.

Operational efficiency and cost reduction

The Company focuses on driving operational efficiency gains at each of its unit, regional and corporate levels in order to increase margins and reduce costs on a consistent basis across its network. The Company's results of operations are significantly affected by changes in its cost base. The Company's operating costs (which consisted of materials and services, employee benefit expenses and other operating expenses) amounted to EUR 485.3 million for the year ended December 31, 2016.

Cost drivers

The Company's most important costs are materials and services, which represented 53.5% of the Company's operating costs for the year ended December 31, 2016. Materials and services primarily comprise private practitioners' fees, purchases of medicines and other medical supplies and subcontracting of laboratory services. The cost of medical supplies are subject to general inflationary pressures in line with the general economy. The Company's main suppliers are laboratory subcontractor Synlab Finland Oy, medicine providers Yliopiston Apteekki, Oriola and Tamro, and the healthcare supply provider Mediq Suomi Oy. Private practitioners' fees comprise fees paid to private practitioners who are self-employed and independent contractors whose compensation is based on a revenue sharing model. Subcontracting of laboratory services comprises fees paid to certain laboratory services companies for clinical laboratory testing on the Company's behalf.

Employee benefit expenses represented 32.1% of the Company's operating costs for the year ended December 31, 2016. Employee benefit expenses comprise salaries and fees, pension expenses and other statutory employee benefits. Employee benefit expenses are primarily affected by the number of employees, salary levels, pension expenses, sick leave and personnel turnover. The number of employees is primarily determined by the demand for the Company's services and the Company's efficiency in the provision of services. The supply and demand of healthcare professionals working as employees particularly affect salary levels, whereas the compensation the Company pays to healthcare professionals working as private practitioners are linked to the services they provide. Salary levels are usually set through collective agreements (following negotiations with the relevant labor unions) and are generally adjusted once a year. Pension expenses depend on the statutory withholding rate applied to salaries.

The Company also incurs other operating expenses, which represented 14.5% of its operating costs for the year ended December 31, 2016. Other operating expenses primarily include rent and leasing expenses, expenses related to the utilization and maintenance of premises and equipment, IT and other administration and marketing expenses and other costs whose fluctuations can present a risk to the Company's profitability. Other operating expenses associated with long-term lease commitments, for example, can impact the Company's profitability if the volumes of operations at a location deteriorate significantly or if the Company would otherwise want to move, divest or close operations at the leased premises but would not be able to under the terms of such lease commitment.

Impact of cost reduction measures

The Company's framework for improving operational efficiency combines centrally-led initiatives with initiatives implemented at the unit level. Centrally determined efficiency targets and operational efficiency initiatives are in turn refined based on feedback from the units in a cycle of continuously improving and developing efficiency initiatives. The Company's operational efficiency initiatives include regular review and improvement of its management information systems. The Company is also increasingly using standardization such as of contracts and using automatization in order to further drive its operational excellence, including, for instance, for insurance invoicing and supply forecasting. The Company constantly develops its business intelligence platform by adding new data, defining new KPI's and by continuously calibrating target levels. KPI's are management's tools to monitor and gauge performance in unit, regional and group level to achieve continuous operational performance improvement.

The Company's initiatives to extract operational efficiencies are key contributors to the Company's profitability, primarily through a decrease in materials and services expenses. For example, the Company has developed corporate level, centrally-led initiatives for its procurement and supply-chain systems, offering tenders and negotiating with suppliers by leveraging group-wide volumes. Renegotiation of procurement categories through the centralized procurement function can result in significant cost decreases in such categories. For example, the Company has negotiated price reductions of 45% per color cartridges, 35% per hand towel and 16% in peak expiratory flow gauges recorded under its materials and services expenses. The Company expects to tender for several additional categories of medical supplies and machinery on a group-wide basis, which it believes will drive further operational leverage. The Company expects to obtain better procurement terms given its increased size. The Company has also implemented a centralized electronic inventory management system in its largest units in 2013, and has rolled this out across almost all of its units in 2016, resulting in a 22% increase in the rate of inventory turnover between 2015 and 2016.

In addition, the Company has developed corporate level, centrally-led initiatives to decrease other employee benefit expenses with respect to room utilization, nurse efficiency and other personnel efficiency operations in connection with its customer service interface, invoicing procedures and entrance into customer contracts. Efficiency gains in room utilization allows for increased visits and expansions of service without incremental capital expenditure. The Company's centrally-led initiatives providing guidance for where its healthcare professionals should separately conduct administrative work, consultations and patient visits as well as implementing real-time room tracking tools have resulted in a 9% increase in room utilization from 2015 to 2016 based on management estimates.

The Company regularly pursues initiatives to decrease other operating expenses. For example, the Company began insourcing its call center operations in the year ended December 31, 2015, which resulted in such a decrease of expenses. In addition, except in certain limited cases, the healthcare services offered by the Company are not VAT exempt. Where the healthcare services offered by the Company are VAT exempt, the Company is largely able to pass its VAT expenses on to customers through certain pricing initiatives. The inability to deduct VAT from purchases of outsourced services, however, has contributed to the Company's decision to start insourcing services such as certain medical equipment maintenance services.

These initiatives have allowed the Company to reduce its total employee benefit expenses and total other operating expenses as a percentage of revenue by 4.2 percentage points between 2014 and 2016, increase its profit for the period from a loss of EUR 82.9 million in 2014[149] to a profit of EUR 12.7 million in 2016 and increase its Adjusted EBITDA per FTE from EUR 24,178 in 2014 to EUR 27,976 in 2016.

Changes in regulation

The Company's business is subject to, and impacted by, extensive laws and regulations. See "*Key Legislation Governing the Provision of Healthcare*." These laws may change from time to time, and may impose restrictions or additional costs that could impact the Company's volume, pricing and revenue. Such regulatory changes could include, among others, limitations on the outsourcing of public services, changes to the statutory requirement for companies to arrange occupational healthcare, limitations on the ability of healthcare professionals to concurrently work in the public and the private sectors, reductions in cost reimbursements, and changes in the tax treatment of income of private practitioners and stricter requirements for equipment standards or the types of premises where healthcare services may be carried out. For a detailed discussion of other regulatory risks that the Company is facing, see "*Risk Factors — Risks Related to the Company's Operating Environment*" and "*Key Legislation Governing the Provision of Healthcare*."

Under the proposed Social and Healthcare Reform, the provision of primary care services in Finland would be based on a model where a customer could choose the service provider and place of care, as well as the professionals, or a multidisciplinary group of professionals, for providing services included within the scope of customer freedom of choice. Such services would be provided in Sote Centers, which could be operated by public, private and third-sector operators. The reimbursement payable to the service providers of direct choice services would be primarily based on a fixed fee called a capitation fee, determined based on the number of customers registered with a particular Sote Center and other factors, such as customer age distribution. For information on risks related to future changes in legislation see "*Risk Factors — The proposed Social and Healthcare Reform in Finland, possible delays in the implementation of the Reform and its legal interpretations could have a material adverse effect on the Company's business and results of operations.*"

The Freedom of Choice Act is currently proposed to enter into force in the beginning of 2020. The freedom of choice framework would provide direct choice in the provision of public primary level healthcare and social care services and selected secondary care consultations. Direct choice services would include dental care services primarily for adult population, customer vouchers in direct choice services and in certain services determined by the county as well as personal budgets in the provision of long-term

149 The figure for the year 2014 is not directly comparable because the results were significantly affected by a goodwill impairment of EUR 68.0 million recorded during said year.

services for elderly and disabled customers. The Company is participating in three selected freedom of choice pilot programs, which are intended to provide first-hand information and data on how this new type of service framework would work in practice and how it should be implemented once the responsibility for organizing publicly funded social and healthcare services in Finland is transferred to the counties. The Company has agreed on ongoing freedom of choice pilot programs with the cities of Hyvinkää, Hämeenlinna and Iisalmi and the municipality of Mäntsälä. The Company believes that it is well positioned to start providing services through the Sote Centers pursuant to the proposed freedom of choice legislation.

Seasonality

The Company experiences some seasonality in its revenue. The Company has historically generated less revenue during holiday and vacation periods, most notably around July and August. On a quarterly level, seasonality has historically decreased the Company's revenue particularly in the third quarter. The Company's Net Working Capital requirements generally fluctuate during the year in response to the seasonality of the business, with fluctuations also occurring due to the timing of payments related to pensions and VAT and holiday pay liabilities as well as occupational healthcare related general fee payments. The Company's Net Working Capital typically declines towards the year-end due to seasonality related factors.

Tax losses carried forward

If the Company reports losses in its income tax return and those losses have been confirmed in the Company's regular taxation, such tax losses may be accumulated and used to offset taxable income from business activities in subsequent years. The tax losses may be available to offset taxable business income only for a limited period. In Finland, the tax loss carry forward period is 10 years. The Company's current tax loss carry forwards expire mainly between 2021 and 2023. The Company recognizes tax losses carried forward as a deferred tax asset only if there is convincing evidence that the receipt of tax benefit is probable based on expected taxable income. The tax asset is in such case valued using the tax rates expected to apply to the period when the asset is expected to be realized, based on tax laws that have been enacted or substantively enacted by the balance sheet date. The Company conducts regular reviews of expected future taxable income of each business included in its consolidated results, as well as the probability of being able to use a tax loss, based on business plans and forecasts. Based on the review for the year ended December 31, 2016, the Company's outstanding tax losses carried forward were EUR 102.0 million, with an adjusted usable amount of EUR 98.0 million, of which the tax benefit would be EUR 20.0 million. In accordance with the applicable IFRS standards and assessment by management, the Company has only partially recorded deferred tax assets based on outstanding tax losses carried forward. For the year ended December 31, 2016, the Company reported a deferred tax asset of EUR 6.0 million, of which EUR 3.8 million pertained to tax losses carried forward. For the year ended December 31, 2016, tax losses carried forward of EUR 26.0 million were used to offset taxable income. For more information, see "*Risk Factors — Risks Related to the Company's Business and Operations — The Company's tax burden could increase as a result of changes to tax laws or their application or as a result of the ongoing tax audit or future tax audits, and the Company may not be able to utilize its tax loss carry-forwards.*".

Factors Affecting Comparability of Financial Information

Acquisitions of bolt-on and complementary businesses

From 2014 to 2017, the Company completed a number of acquisitions of varying sizes, which impacts the comparability of its financial results between periods. Since the Company included the results of operations of each acquired business in its combined financial statements generally from the completion date of each acquisition, the respective periods are not directly comparable to one another. The Company's results for the period during which an acquisition takes place are affected by the inclusion of the results of the acquired entity into the Company's consolidated results. Synergies derived from these acquisitions may also affect the Company's results in the periods that follow an acquisition. The Company may experience an increase in operating expenses, including personnel costs, as it integrates the acquired business into its network. If the cost paid for the target exceeds the fair value of the net assets acquired, the Company will recognize goodwill.

The following table presents the acquisitions carried out by the Company between January 1, 2014 and the date of this Prospectus:

Acquisition	Location	Date of Closing	Principal Business
Crossdental Oy (oral health operations)[(1)]	Iisalmi	May 2017	Dental
Data Plaza Oy (oral health operations)[(1)]	Turku	April 2017	Dental
Diacor	Helsinki metropolitan area and Turku	March 2017	Healthcare
Ky Läkkitorin Hammaslääkäriasema	Espoo	March 2017	Dental
Porin Lääkäritalo	Pori and Rauma	January 2017	Healthcare
Forssan Erikoishammaslääkärit Oy	Forssa	December 2016	Dental
Hammaslääkäriasema Kymppihammas Oy	Lahti	December 2016	Dental
Vimadent Oy	Lahti	October 2016	Dental
Hammasklinikka Dent Oy (business operations of the city center clinic)[(1)]	Oulu	April 2016	Dental
Tampereen Hammaslääkäriasema Oy	Tampere	April 2016	Dental
Bitewell Oy	Hämeenlinna	January 2016	Dental
Porin Hammaslääkäripalvelut Oy	Pori	December 2015	Dental
DenSens Oy	Jyväskylä and Jämsä	December 2015	Dental
Seinäjoen Lääkäritalo	Seinäjoki	December 2015	Healthcare
Lohjan Työterveys ry (healthcare operations)[(1)]	Lohja	November 2015	Occupational healthcare
Liikekeskuksen Hammaslääkärit Oy	Kotka	September 2015	Dental
Jokilaaksojen Työterveys Oy	Southern Ostrobothnia	August 2015	Healthcare
Turun Hammasplussa Oy	Turku and Loimaa	May 2015	Dental
Lääkäriasema Syke Oy	Lahti and Heinola	February 2015	Healthcare

(1) Asset purchase

The Diacor acquisition and related synergies and operational improvement

Overview of the Diacor acquisition

In November 2016, the Company and the Helsinki Deaconess Institute Foundation entered into an agreement for the sale of Diacor to the Company. The transaction was completed on March 24, 2017. As part of the transaction, LocalTapiola General Mutual Insurance Company and LocalTapiola Mutual Life Insurance Company sold all of their shares in Diacor to the Company and the Helsinki Deaconess Institute Foundation became a shareholder of the Company. The transaction expanded the Company's network significantly in the Helsinki Metropolitan Area, with 13 new clinics and one hospital. The Company's network expanded also in the Turku region. Diacor had approximately 135,000 occupational healthcare end-customers and approximately 700,000 annual patient visits in 2016.

The Company has included the results of operations of Diacor in its consolidated reporting since the end of March 2017. The contribution of the Diacor business materially affected the Company's results, and therefore, the Company's results in the periods ending after the completion of the acquisition are not directly comparable to its results in the respective periods ending prior to the acquisition, including the results for the six months ended June 30, 2017 and 2016. Part of this variance is due to the inclusion of the assets, liabilities and results of operations of the acquired business into the Company's consolidated reporting.

In addition, there is variance due to the fact that, as required by IFRS 3, the Company records the fair value of the acquired intangible assets, adjusts the book value of the acquired tangible assets to their fair value and, where needed, adjusts the remaining depreciable lives of tangible assets. Moreover, the Company's Net Debt increased significantly as a result of the Diacor acquisition. Furthermore, the Company estimates it will incur total estimated non-recurring integration costs and among others, costs regarding renovation of leased premises and IT procurement costs caused by integration of EUR 8.2 million to be activated in the year ended December 31, 2017. Out of the estimated total integration spend in connection with the Diacor acquisition, costs and investments of approximately EUR 3.6 million have been recorded in the six months ended June 30, 2017. In addition, the Company estimates that it will incur approximately EUR 1.2 million in integration costs in connection with the acquisition of Porin Lääkäritalo, out of which EUR 1.0 million have been recorded in the six months ended

June 30, 2017. Approximately 70% of the total spend on the aforementioned integration projects recorded in the same period related to operational expenditure and 30% related to capital expenditure mainly on IT investments and leased premises.

Synergies resulting from the Diacor acquisition

The Diacor acquisition is expected to create opportunities for operational efficiency gains and cost synergies, particularly through reducing headquarter costs and increasing scale in materials and services purchasing. The Company expects to realize cost reductions as a result of insourcing the provision of occupational healthcare services that Diacor previously subcontracted from other parties. Management also believes that the combination of customer portfolios of the Company and of Diacor will allow the Company to increase its market share and expand its network, leveraging existing relationships and benefiting from a competitive advantage when competing for incremental business from existing customers. The Diacor acquisition increased the Company's customer base with minimal overlap with a growth in annual patient visits of 0.7 million visits on a combined basis, as calculated from the year 2016. The estimated expected cost synergies from the Diacor acquisition are EUR 12 million per year, which are expected to be realized by the end of the year ending December 31, 2018. Moreover, the Company expects the acquisition of Porin Lääkäritalo to create cost synergies of approximately EUR 2.6 million per year, which are expected to be realized by the end of the year ending December 31, 2018. *For more information*, see "*Risk Factors – Risks Related to the Company's Business and Operations – The Company may not be able to successfully integrate businesses that it has acquired or may acquire in the future, and the Company may not be able to realize anticipated cost savings, revenue enhancements or other synergies from such acquisitions*".

Recent Developments

Other than as described below, there has been no significant change in the Company's financial or trading position between June 30, 2017 and the date of this Prospectus.

On September 15, 2017, the Company entered into a five-year EUR 320 million Senior Facilities Agreement that will be available for draw downs after the Listing. For more information on the Senior Facilities Agreement, see "*Business of the Company — Material Agreements — Senior Facilities Agreement*".

The EGM made certain decisions in relation to the Listing on September 26, 2017. Certain decisions, such as changing the corporate form of the Company from a private limited liability company to a public limited liability company by amending the Company's registered name set out in its Articles of Association to Terveystalo Plc, certain other amendments to the Articles of Association and increasing the Company's share capital to EUR 80,000 came into effect immediately as of the EGM's decision. Certain decisions, such as the resolutions relating to the combination of the Company's share classes, the resolution to establish a Shareholders' Nomination Board and certain other amendments to the Company's Articles of Association, were made conditional on the completion of the Listing. The Company's amended Articles of Association, which will be registered immediately after the Board of Directors has resolved to complete the Listing, are contained in Annex B of this Prospectus. For more information on the conditional resolutions passed at the EGM, see "*Description of the Shares and Share Capital — Changes to the Shares and Share Capital Prior to the Listing*" and for more information on the share issue authorizations granted by the EGM to the Board, see "*Description of the Shares and Share Capital — Current Authorizations*".

Explanation of the Key Items in the Income Statement

Revenue

Revenue primarily includes rendering of services. The Company's revenue from the services rendered comprise mainly occupational healthcare services, general practice and clinic hospital operations, dental services and diagnostic services, as well as rental income from private practitioners in the Company's premises. Revenue from long-term contracts is recognized over the term of the contract, as the customer simultaneously receives and consumes the benefits from the service as the Company provides the service. Regarding private practitioners Terveystalo acts as a principal and recognises revenue on gross basis based on accrued gross sales and fees related to purchasing these services are recognised in materials and services expenses.

Other operating income

Other operating income primarily includes gain on the disposal of property, plant and equipment, rental income, sale of subsidiaries and government grants when such grants do not relate to assets.

Materials and services

Materials and services primarily include purchases of medicines and other medical supplies, private practitioners' fees and subcontracting of laboratory services.

Employee benefit expenses

Employee benefit expenses primarily include salaries, expenses related to bonus schemes, social security expenses, pensions and other personnel related expenses, including non-statutory employee benefits such as education and training related costs.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses reflect the normal wear and tear of property, plant and equipment and the amortization of intangible assets. The amortization of intangible assets also includes amortizations from trade trademarks and customer relationships as well as other possible intangible assets recognized in connection with acquisitions. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Other operating expenses

Other operating expenses primarily include rent and leasing expenses, expenses related to the utilization and maintenance of premises and equipment, IT and other administration, marketing expenses and other costs.

Financial income

Financial income primarily includes interest income from loans and other receivables, changes in fair value of interest rate swaps as well as dividend income on available-for-sale investments. Dividend income is recognized when the right to receive the dividend is established.

Financial expenses

Financial expenses primarily include interest expenses on financial liabilities and changes in fair value of interest rate swaps. In addition, financial expenses include interest expenses on financial lease as well as other financial expenses, such as arrangement and commitment fees.

Income taxes

Income taxes primarily include current and deferred taxes. Tax related to items recognized directly in equity or in other comprehensive income is also recognized in equity or in other comprehensive income. Current tax assets and liabilities are measured at the amount expected to be received from or paid to taxation authorities, using the rates and laws that have been enacted by the date of the statement of financial position. Income taxes include any adjustment to tax in respect of previous years. Deferred taxes relate primarily to tax losses carried forward and the difference between the book value and tax base of capitalized customer relationships and trademarks, and to provisions related primarily to loss-making contracts and to unused leased premises.

Results of Operations

The following table presents a summary of the Company's consolidated income statement for the six months ended June 30, 2017 and 2016, and for the years ended December 31, 2016, 2015 and 2014. The information in this table should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2016, 2015 and 2014, and with its unaudited consolidated interim report for the six months ended June 30, 2017.

In EUR million	Six months ended June 30, 2017	Six months ended June 30, 2016	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Revenue	**344.2**	**281.3**	**547.0**	**505.6**	**474.1**
Other operating income	0.9	0.9	7.1	2.9	2.6
Materials and services	(160.7)	(133.6)	(259.3)	(234.0)	(212.1)
Employee benefit expenses	(98.6)	(81.9)	(155.5)	(145.6)	(140.4)
Depreciation, amortization and impairment losses	(19.1)	(19.0)	(39.3)	(39.7)	(108.0)
Other operating expenses	(50.0)	(34.6)	(70.4)	(70.0)	(75.4)
Operating profit/loss	**16.7**	**13.1**	**29.6**	**19.3**	**(59.1)**
Financial income	0.1	0.8	1.9	0.7	0.1
Financial expenses	(10.0)	(11.2)	(22.0)	(22.1)	(24.6)
Net finance expenses	**(9.9)**	**(10.4)**	**(20.1)**	**(21.4)**	**(24.5)**
Profit/loss before income tax	**6.8**	**2.7**	**9.5**	**(2.1)**	**(83.6)**
Income taxes	1.2	1.6	3.2	3.2	0.7
Profit/loss for the period	**8.0**	**4.3**	**12.7**	**1.1**	**(82.9)**

The six months ended June 30, 2017 compared to the six months ended June 30, 2016

Revenue

The Company's revenue increased by EUR 62.9 million, or 22.4% in the six months ended June 30, 2017 from EUR 281.3 million in the six months ended June 30, 2016 to EUR 344.2 million in the six months ended June 30, 2017. The increase was primarily due to the acquisition of Porin Lääkäritalo in January 2017 and Diacor in March 2017, organic growth as a result of increased demand for the Company's services and, to a lesser extent, winning new public occupational healthcare outsourcing contracts and the expansion of the Company's dental units network. The growing domestic economy, increase in the number of employed people and improved consumer confidence all contributed to increased demand both in occupational health care and private customer groups during the period. The increase was partially offset by a reduction in sales to the Finnish immigration service bureau as a result of a decrease in the number of immigrants entering Finland.

The following table presents the Company's revenue by customer group for the six months ended June 30, 2017 and 2016.

In EUR million	Six months ended June 30, 2017	Six months ended June 30, 2016	Percentage Change %
Revenue			
Corporate customers	189.5	153.8	23.2
Private customers	128.5	101.1	27.1
Public customers	26.2	26.4	(0.8)
Total	**344.2**	**281.3**	**22.4**

An analysis of the Company's revenue by customer group is set forth below:

The Company's revenue from corporate customers increased by EUR 35.7 million, or 23.2% in the six months ended June 30, 2017 from EUR 153.8 million in the six months ended June 30, 2016 to EUR 189.5 million in the six months ended June 30, 2017. The increase was primarily due to the acquisition of Porin Lääkäritalo in January 2017 and Diacor in March 2017 and, to a lesser extent, an increased number of occupational healthcare end-users as a result of low customer turnover and winning new corporate customer contracts as well as a positive development in sales mix.

The Company's revenue from private customers increased by EUR 27.4 million, or 27.1% in the six months ended June 30, 2017 from EUR 101.1 million in the six months ended June 30, 2016 to EUR 128.5 million in the six months ended June 30, 2017. The increase was primarily due to the acquisition of Porin Lääkäritalo in January 2017 and Diacor in March 2017 and organic growth as a result of increased demand for the Company's services and, to a lesser extent, expansion of the Company's dental units network through bolt-on acquisitions and greenfield investments in Lahti, Forssa, Espoo and Iisalmi.

The Company's revenue from public customers decreased by EUR 0.2 million, or 0.8% in the six months ended June 30, 2017 from EUR 26.4 million in the six months ended June 30, 2016 to EUR 26.2 million in the six months ended June 30, 2017. The decrease was primarily due to the reduction in sales to the Finnish immigration service bureau as a result of a decrease in the number of immigrants entering Finland, which was partially offset by new occupational healthcare outsourcing contracts that commenced in January 2017.

Other operating income

The Company's other operating income was EUR 0.9 million in the six months ended June 30, 2016 and EUR 0.9 million in the six months ended June 30, 2017.

Materials and services

The Company's materials and services costs increased by EUR 27.1 million, or 20.3% in the six months ended June 30, 2017 from EUR 133.6 million in the six months ended June 30, 2016 to EUR 160.7 million in the six months ended June 30, 2017. The increase was primarily due to the acquisition of Porin Lääkäritalo in January 2017 and Diacor in March 2017 as well as sales volume growth in the Company's existing units. The increase was, to a lesser extent, due to the expansion of the Company's dental units network as the cost structure for the dental business involves high costs for materials.

Employee benefit expenses

The Company's employee benefit expenses increased by EUR 16.7 million, or 20.4% in the six months ended June 30, 2017 from EUR 81.9 million in the six months ended June 30, 2016 to EUR 98.6 million in the six months ended June 30, 2017. The increase was primarily due to the acquisition of Porin Lääkäritalo in January 2017 and Diacor in March 2017 and, to a lesser extent, winning new public occupational healthcare outsourcing contracts.

Depreciation, amortization and impairment losses

The Company's depreciation, amortization and impairment losses increased by EUR 0.1 million, or 0.5% in the six months ended June 30, 2017 from EUR 19.0 million in the six months ended June 30, 2016 to EUR 19.1 million in the six months ended June 30, 2017. The increase in depreciation, amortization and impairment losses was due to the acquisition of Porin Lääkäritalo in January 2017 and Diacor in March 2017, and it was offset by a planned amortization of an asset related to certain public customer relationships with a carrying value of zero in the end of 2016.

Other operating expenses

The Company's other operating expenses increased by EUR 15.4 million, or 44.5% in the six months ended June 30, 2017 from EUR 34.6 million in the six months ended June 30, 2016 to EUR 50.0 million in the six months ended June 30, 2017. The increase was primarily due to the acquisition of Porin Lääkäritalo in January 2017 and Diacor in March 2017 and, to a lesser extent, the expansion of the Company's dental units network.

Financial income

The Company's financial income decreased by EUR 0.7 million, or 90.0% in the six months ended June 30, 2017 from EUR 0.8 million in the six months ended June 30, 2016 to EUR 0.1 million in the six months ended June 30, 2017. The decrease was primarily due to the expiration of interest rate swap agreements in December 2016.

Financial expenses

The Company's financial expenses decreased by EUR 1.2 million, or 11.1% in the six months ended June 30, 2017 from EUR 11.2 million in the six months ended June 30, 2016 to EUR 10.0 million in the six months ended June 30, 2017. The decrease was primarily due to the refinancing of existing loans from financial institutions, which resulted in lower interest rate expense.

Income taxes

The Company's income tax profit decreased by EUR 0.4 million, or 26.2% in the six months ended June 30, 2017 from EUR 1.6 million in the six months ended June 30, 2016 to EUR 1.2 million in the six months ended June 30, 2017. The decrease was primarily due to tax on the income recorded by companies acquired in the six months ended June 30, 2017. The income tax is positive due to the recognition of deferred taxes. See "— *Key Factors Affecting the Company's Results of Operations — Tax losses carried forward*".

The year ended December 31, 2016 compared to the year ended December 31, 2015

Revenue

The Company's revenue increased by EUR 41.4 million, or 8.2% in the year ended December 31, 2016 from EUR 505.6 million in the year ended December 31, 2015 to EUR 547.0 million in the year ended December 31, 2016. The increase was primarily due to the acquisition of several private occupational and dental healthcare centers (such as the acquisition of Seinäjoen Lääkäritalo in December 2015) and increase in volume in terms of patient visits and average selling price.

The following table presents the Company's revenue by customer group for the years ended December 31, 2016 and 2015.

In EUR million	Year ended December 31, 2016	Year ended December 31, 2015	Percentage Change %
Revenue			
Corporate customers	292.3	280.8	4.1
Private customers	197.6	170.1	16.2
Public customers	57.1	54.7	4.4
Total	**547.0**	**505.6**	**8.2**

An analysis of the Company's revenue by customer group is set forth below:

The Company's revenue from corporate customers increased by EUR 11.5 million, or 4.1% in the year ended December 31, 2016 from EUR 280.8 million in the year ended December 31, 2015 to EUR 292.3 million in the year ended December 31, 2016. The increase was primarily due to an increased number of occupational healthcare end-users through organic customer growth and bolt-on acquisitions, which was offset by reductions in service coverage negotiated by certain occupational healthcare customers.

The Company's revenue from private customers increased by EUR 27.5 million, or 16.2% in the year ended December 31, 2016 from EUR 170.1 million in the year ended December 31, 2015 to EUR 197.6 million in the year ended December 31, 2016. The increase was primarily due to the acquisition of Seinäjoen Lääkäritalo, the Company's further expansion of its dental services and increase in volume in terms of patient visits and average selling price. The Company believes the increase in price and volume resulted from a general increase in consumer confidence and reductions in service coverage negotiated by certain occupational healthcare customers, which resulted in increased use of out-of-pocket healthcare services by their employees. The Company also benefitted from an increase in market share as the Company has contracts in place with every major insurance company in Finland and its competitors have lost certain of their contractual arrangements with insurance companies.

The Company's revenue from public customers increased by EUR 2.4 million, or 4.4% in the year ended December 31, 2016 from EUR 54.7 million in the year ended December 31, 2015 to EUR 57.1 million in the year ended December 31, 2016. The increase was primarily due to higher immigration levels, which resulted in increased sales to the Finnish immigration service bureau to which the Company provided significant healthcare services and, to a lesser extent, new specialized care contracts with Varkaus relating to general surgery and the South Karelia social welfare and healthcare area relating to eye surgery.

Other operating income

The Company's other operating income increased by EUR 4.2 million, or 144.8% from EUR 2.9 million in the year ended December 31, 2015 to EUR 7.1 million in the year ended December 31, 2016. The increase was primarily due to sales gain resulting from divestment of Seinäjoen Lääkäritalo's properties.

Materials and services

The Company's material and services costs increased by EUR 25.3 million, or 10.8% in the year ended December 31, 2016 from EUR 234.0 million in the year ended December 31, 2015 to EUR 259.3 million in the year ended December 31, 2016. The increase was primarily due to increased sales volumes through the acquisition of Seinäjoen Lääkäritalo as well as organic expansion and, to a lesser extent, further expansion into dental services.

Employee benefit expenses

The Company's employee benefit expenses increased by EUR 9.9 million, or 6.8% in the year ended December 31, 2016 from EUR 145.6 million in the year ended December 31, 2015 to EUR 155.5 million in the year ended December 31, 2016. The increase was primarily due to the acquisitions of Seinäjoen Lääkäritalo and various dental healthcare centers.

Depreciation, amortization and impairment losses

The Company's depreciation, amortization and impairment losses decreased by EUR 0.4 million, or 1.0% in the year ended December 31, 2016 from EUR 39.7 million in the year ended December 31, 2015 to EUR 39.3 million in the year ended December 31, 2016. The decrease was primarily due to impairment losses recorded in the year ended December 31, 2015 relating to MRI machinery renewals.

Other operating expenses

The Company's other operating expenses increased by EUR 0.4 million, or 0.6% in the year ended December 31, 2016 from EUR 70.0 million in the year ended December 31, 2015 to EUR 70.4 million in the year ended December 31, 2016. The increase was primarily due to costs relating to acquisitions and, to a lesser extent, an increase in real estate costs, marketing costs and IT administration costs as a result of the overall growth of the Company's operations.

Financial income

The Company's financial income increased by EUR 1.2 million, or 171.4% from EUR 0.7 million in the year ended December 31, 2015 to EUR 1.9 million in the year ended December 31, 2016. The increase was primarily due to a net change in the fair value of interest rate derivatives.

Financial expenses

The Company's financial expenses decreased by EUR 0.1 million, or 0.5% in the year ended December 31, 2016 from EUR 22.1 million in the year ended December 31, 2015 to EUR 22.0 million in the year ended December 31, 2016. The decrease was was primarily due to the refinancing of existing loans from financial institutions, which resulted in lower interest rate expense.

Income taxes

The Company's income tax profit was EUR 3.2 million both for the years ended December 31, 2016 and 2015. The income tax profit relates primarily to deferred tax liabilities which have been recorded from the allocation of purchase price in connection with acquisitions, and which decrease due to amortizations recorded from such assets.

The year ended December 31, 2015 compared to the year ended December 31, 2014

Revenue

The Company's revenue increased by EUR 31.5 million, or 6.6% in the year ended December 31, 2015 from EUR 474.1 million in the year ended December 31, 2014 to EUR 505.6 million in the year ended December 31, 2015. The increase was primarily due to the opening of new clinics in, for example, Herttoniemi, Rauma and Lohja, the entry into large municipality outsourcing deals such as a public complete outsourcing contract with the municipality of Rantasalmi (which became effective in January 2015) and the completion of certain acquisitions.

The following table presents the Company's revenue by customer group for the years ended December 31, 2015 and 2014.

In EUR million	Year ended December 31, 2015	Year ended December 31, 2014	Percentage Change %
Revenue			
Corporate customers	280.8	276.9	1.4
Private customers	170.1	160.2	6.2
Public customers	54.7	37.0	47.8
Total	**505.6**	**474.1**	**6.6**

An analysis of the Company's revenue by customer group is set forth below:

The Company's revenue from corporate customers increased by EUR 3.9 million, or 1.4% in the year ended December 31, 2015 from EUR 276.9 million in the year ended December 31, 2014 to EUR 280.8 million in the year ended December 31, 2015. The increase was primarily due to the increased demand for preventive care services, and corresponding increase in visit volume. The increase was partly offset by the loss of one large corporate customer following a competitive tender in 2014.

The Company's revenue from private customers increased by EUR 9.9 million, or 6.2% in the year ended December 31, 2015 from EUR 160.2 million in the year ended December 31, 2014 to EUR 170.1 million in the year ended December 31, 2015. The increase was primarily due to the Company's expansion into the dental business through the acquisition of Hammaspulssi and Kotkan Liikekeskuksen Hammaslääkärit as well as the increase in opening hours during the summer and holiday seasons.

The Company's revenue from public customers increased by EUR 17.7 million, or 47.8% in the year ended December 31, 2015 from EUR 37.0 million in the year ended December 31, 2014 to EUR 54.7 million in the year ended December 31, 2015. The increase was primarily due to the entry into a public outsourcing contract with the municipality of Rantasalmi as well as increased volume in terms of patient visits.

Other operating income

The Company's other operating income increased by EUR 0.3 million, or 11.5% in the year ended December 31, 2015 from EUR 2.6 million in the year ended December 31, 2014 to EUR 2.9 million in the year ended December 31, 2015. The increase was primarily due to compensation from damage insurance and business interruption insurance related to an incident where a mobile MRI truck owned by the Company drove off the road.

Materials and services

The Company's material and services costs increased by EUR 22.0 million, or 10.4% from EUR 212.0 million in the year ended December 31, 2014 to EUR 234.0 million in the year ended December 31, 2015. The increase was primarily due to the costs for providing services under the public complete outsourcing contract with the municipality of Rantasalmi, which became effective in January 2015, as well as other volume increases in terms of patient visits. The increase in material and services costs was to a lesser extent from expansion to the dental business.

Employee benefit expenses

The Company's employee benefit expenses increased by EUR 5.2 million, or 3.7% in the year ended December 31, 2015 from EUR 140.4 million in the year ended December 31, 2014 to EUR 145.6 million in the year ended December 31, 2015. The increase was primarily due to the increase in the number of personnel in the year ended December 31, 2015, which mainly resulted from the acquisitions carried out during the year, as well as the public outsourcing contract with the municipality of Rantasalmi. The increase in employee benefit expenses was to a lesser extent due to the insourcing of call center operations in the year ended December 31, 2015, which transferred cost items from other operating expenses to employee benefit expenses.

Depreciation, amortization and impairment losses

The Company's depreciation, amortization and impairment losses decreased by EUR 68.3 million, or 63.2% from EUR 108.0 million in the year ended December 31, 2014 to EUR 39.7 million in the year ended December 31, 2015. The decrease was primarily due to a goodwill impairment of EUR 68.0 million recorded in the year ended December 31, 2014 as a result of adjusting certain estimates used in impairment testing, such as the annual profitability growth assumption, the market growth rate and the discount rate, to reflect, among other things, the general economic conditions being relatively stagnant in 2014. The impairment recorded in 2014 concerned goodwill recorded in connection with current shareholders acquiring the shares in the Company in 2013.

Other operating expenses

The Company's other operating expenses decreased by EUR 5.4 million, or 7.2% in the year ended December 31, 2015 from EUR 75.4 million in the year ended December 31, 2014 to EUR 70.0 million in the year ended December 31, 2015. The decrease was primarily due to reduced service levels under several renegotiated supplier agreements such as an IT service contract with Fujitsu, group-wide cost reductions and efficiency improvement programs and the insourcing of call center operations. The Company's efficiency improvement programs include, for example, the renegotiation of private practitioners' contracts to correspond to its standard contracts in regards to payment terms such that private practitioners will not be compensated until the payment is received from the customer.

Financial income

The Company's financial income increased by EUR 0.6 million, or 600.0% in the year ended December 31, 2015 from EUR 0.1 million in the year ended December 31, 2014 to EUR 0.7 million in the year ended December 31, 2015. The increase was primarily due to the net change in the fair value of interest rate derivatives.

Financial expenses

The Company's financial expenses decreased by EUR 2.5 million, or 10.2% in the year ended December 31, 2015 from EUR 24.6 million in the year ended December 31, 2014 to EUR 22.1 million in the year ended December 31, 2015. The decrease was primarily due to the net change in the fair value of interest rate derivatives for which hedge accounting is not applied.

Income taxes

The Company's tax income for the year ended December 31, 2015 was EUR 3.2 million, an increase of EUR 2.5 million, or 357.1% as compared to EUR 0.7 million for the year ended December 31, 2014. The income tax profit relates primarily to deferred tax liabilities which have been recorded from the allocation of acquisition cost to customer relationships and brands in connection with acquisitions, and which decrease due to amortizations recorded from such assets. Such tax income was adjusted by the decrease in the deferred tax asset recorded in the year ended December 31, 2014 in relation to tax losses.

Liquidity and Capital Resources

General description

Liquidity describes the ability of a company to generate sufficient cash flows to meet the requirements of its business operations, including working capital needs, debt service obligations, capital expenditures, contractual obligations and other commitments, as well as acquisitions.

The Company's financial condition and liquidity is and will continue to be influenced by a variety of factors, including:

- its ability to generate cash flows from its operations;
- the level of its outstanding indebtedness and the indebtedness of its subsidiaries, and the interest it is obligated to pay on such indebtedness, which affects its net financial expense;
- its ability and the ability of its subsidiaries to continue to borrow funds from financial institutions; and
- its external growth funding requirements.

The Company's primary cash requirements consist of its working capital requirements and capital expenditure needs, servicing its indebtedness and the indebtedness of its subsidiaries, and operating activities and paying taxes.

The Company's principal source of liquidity on an ongoing basis is expected to be cash generated from its operating activities. Following the Listing, the Company will also have access to a EUR 40 million Revolving Credit Facility under the Senior Facilities Agreement, but the availability of the Revolving Credit Facility is dependent upon certain conditions as described further under "*Business of the Company — Material Agreements — Senior Facilities Agreement*". In addition, the Company's ability to generate cash depends on its future operating performance, which, in turn, depends to some extent on general economic, financial, industry and other factors, many of which are beyond its control. See "*Risk Factors*."

Although the Company believes that its expected cash flows from operating activities, together with available borrowings under the Senior Facilities Agreement, will be adequate to meet its anticipated liquidity and debt service needs, it cannot assure that its business will generate sufficient cash flows from operating activities or that future debt financing will be available to it in an amount sufficient to enable it to pay its debts when due or to fund its other liquidity needs.

Cash flow

The following table presents a summary of the Company's consolidated statement of cash flow data for the six months ended June 30, 2017 and 2016, and for the years ended December 31, 2016, 2015 and 2014:

In EUR million	Six months ended June 30,		Year ended December 31,		
	2017	2016	2016	2015	2014
	(unaudited)		(audited)		
Net cash from operating activities	34.9	19.0	64.7	59.9	58.3
Change in Net Working Capital[(1)]	0.3	(15.2)	(1.4)	0.3	10.2
Net cash from investing activities	(70.4)	(10.0)	(9.0)	(52.1)	(6.8)
Net cash from financing activities	16.8	(21.6)	(33.2)	(11.1)	(39.7)
Net change in cash and cash equivalents	(18.7)	(12.6)	22.5	(3.3)	11.8

(1) Net Working Capital has remained largely stable primarily due to the implementation of various efficiency improvements such as the renegotiation of extensions in payment terms of trade and the electronic inventory management system. However, the Company's Net Working Capital requirements generally fluctuate during the year in response to the seasonality of the business, with fluctuations also occurring due to the timing of collections, the timing of payments related to pensions and VAT, changes in opening hours during the summer and holiday seasons and holiday pay liabilities.

The six months ended June 30, 2017 compared to the six months ended June 30, 2016

Net cash from operating activities

The cash flow from operating activities was EUR 34.9 million for the six months ended June 30, 2017 compared to EUR 19 million for the six months ended June 30, 2016. The increase was primarily due to the timing of payments for accounts payable, as more such payments took place after the period under review than was the case with regard to the comparison period, and due to change in other short term payables.

Net cash used in investing activities

The cash flow used in investing activities was EUR 70.4 million for the six months ended June 30, 2017 compared to EUR 10.0 million for the six months ended June 30, 2016. The increase in cash used was primarily due to the acquisition of Diacor and Porin Lääkäritalo.

Net cash from/used in financing activities

The cash flow from financing activities was EUR 16.8 million for the six months ended June 30, 2017 compared to a negative cash flow of EUR 21.6 million for the six months ended June 30, 2016. The increase was primarily due to the withdrawal of long-term loans in connection with the acquisition of Diacor and Porin Lääkäritalo, partially offset by a decrease in paid interests due to the refinancing of existing loans from financial institutions completed in May 2016, which resulted in lower interest rate expense.

The year ended December 31, 2016 compared to the year ended December 31, 2015

Net cash from operating activities

The cash flow from operating activities was EUR 64.7 million for the year ended December 31, 2016 compared to EUR 59.9 million for the year ended December 31, 2015. The increase was primarily due to an increase in revenue as a result of the factors described under "— *Results of Operations — The year ended December 31, 2016 compared to the year ended December 31, 2015 — Revenue*", also in connection to which components of working capital, in particular trade receivables, had grown, which reduced the relative growth of cash flow from operating activities.

Net cash used in investing activities

The cash flow used in investing activities was EUR 9.0 million for the year ended December 31, 2016 compared to EUR 52.1 million for the year ended December 31, 2015. The decrease in cash used was primarily due to the acquisition of Seinäjoen Lääkäritalo, Turun Hammasplussa group, Jokilaaksojen Työterveys Oy, Porin Hammaslääkäripalvelu Oy, Liikekeskuksen Hammaslääkärit Oy, Lääkäriasema Syke Oy and Densens Oy in the year ended December 31, 2015 for EUR 40.3 million in total, compared to cash used for the acquisitions of subsidiaries of EUR 4.7 million in the year ended December 31, 2016. The decrease in cash flow used in investing activities was also due to the receipt of proceeds from disposals of subsidiaries and of assets held for sale in the year ended December 31, 2016 the amount of which was higher in the year ended December 31, 2016 as compared to the year ended December 31, 2015, as well as due to a decrease in investments in machinery, equipment and buildings.

Net cash used in financing activities

The cash flow used in financing activities was EUR 33.2 million for the year ended December 31, 2016 compared to a negative cash flow of EUR 11.1 million for the year ended December 31, 2015. The increase in cash used was primarily due to the fact that the Company did not draw funds from non-current borrowings in the year ended December 31, 2016, whereas the Company's proceeds from non-current borrowings under its senior facilities agreement for funding various acquisitions amounted to EUR 29.0 million in the year ended December 31, 2015, the largest of which was the acquisition of Seinäjoen Lääkäritalo.

The year ended December 31, 2015 compared to the year ended December 31, 2014

Net cash from operating activities

The cash flow from operating activities was EUR 59.9 million for the year ended December 31, 2015 compared to EUR 58.3 million for the year ended December 31, 2014. The increase was primarily due to an increase in profitability.

Net cash used in investing activities

The cash flow used in investing activities was EUR 52.1 million for the year ended December 31, 2015 compared to EUR 6.8 million for the year ended December 31, 2014. The increase in cash used was primarily due to the acquisition of Seinäjoen Lääkäritalo, Turun Hammasplussa Group, Jokilaaksojen Työterveys Oy, Porin Hammaslääkäripalvelu Oy, Liikekeskuksen Hammaslääkärit Oy, Lääkäriasema Syke Oy and Densens Oy in the year ended December 31, 2015, whereas there were no acquisitions in the year ended December 31, 2014. The increase in cash used was also partly due to an increase in tangible assets and intangible assets in the year ended December 31, 2015.

Net cash used in financing activities

The cash flow used in financing activities was EUR 11.1 million for the year ended December 31, 2015 compared to EUR 39.7 million for the year ended December 31, 2014. The decrease in cash used was primarily due to the borrowings of EUR 29.0 million under the Company's senior facilities agreement in the year ended December 31, 2015.

Capital expenditure

The Company's total capital expenditures amounted to EUR 163.9 million, or 47.6% of its revenue, for the six months ended June 30, 2017. The capital expenditure consisted primarily of acquisitions, in particular the acquisitions of Diacor and Porin Lääkäritalo and, to a lesser extent, unit network expansion related investments and investments in medical equipment.

The Company's total capital expenditures amounted to EUR 18.1 million, or 3.3% of its revenue, for the year ended December 31, 2016. The Company's capital expenditures in the year ended December 31, 2016 primarily related to investments in medical equipment, IT development as well as in property and office improvement.

The Company's total capital expenditures amounted to EUR 67.4 million, or 13.3% of its revenue for the year ended December 31, 2015. The Company's capital expenditures in the year ended December 31, 2015 primarily related to the acquisitions of Seinäjoen Lääkäritalo, Turun Hammasplussa Group, and Jokilaaksojen Työterveys Oy as well as investments in medical equipment, IT development and in property and office improvement.

The Company's total capital expenditures amounted to EUR 15.3 million, or 3.2% of its revenue, for the year ended December 31, 2014. The Company's capital expenditures in the year ended December 31, 2014 primarily related to investments in medical equipment, IT development and in property and office improvement.

Cash payments for investments in medical equipment and other tangible assets amounted to EUR 6.1 million for the six months ended June 30, 2017, EUR 7.9 million for the year ended December 31, 2016, EUR 9.6 million for the year ended December 31, 2015, and EUR 5.7 million for the year ended December 31, 2014.

Cash payments for investments in intangible assets amounted to EUR 2.1 million for the six months ended June 30, 2017, EUR 3.8 million for the year ended December 31, 2016, EUR 3.2 million for the year ended December 31, 2015, and EUR 2.3 million for the year ended December 31, 2014.

The Company currently has no significant ongoing investment projects. Furthermore, the Company has not made any final decisions on any significant investment projects that have not started as at the date of this Prospectus.

Working capital statement

The Company estimates its current working capital is sufficient to meet the requirements of the Company for at least the twelve months following the date of this Prospectus.

Contractual obligations

The tables below represent a contractual maturity analysis. The figures are undiscounted and they include both interest payments and repayment of the principal. The undiscounted cash flows related to finance lease liabilities differ from the amounts in the Company's statement of financial position because the amounts recognized in the statement of financial position are discounted to the present. Interest payments which are based on variable rates have been presented using the variable rate at the end of the reporting period.

As at December 31, 2016

In EUR million	Carrying amount	Contractual cash flows	1 year	1–2 years	2–5 years	Over 5 years
Loans from financial institutions	305.0	381.4	36.5	26.0	74.9	244.0
Finance lease liabilities	31.9	39.1	6.2	4.9	11.5	16.5
Hire purchase debt	10.3	10.7	3.1	2.9	4.8	0.0
Trade payables	19.6	19.6	19.6	-	-	-
Total	**366.8**	**450.9**	**65.4**	**33.8**	**91.1**	**260.5**

As at December 31, 2015

In EUR million	Carrying amount	Contractual cash flows	1 year	1–2 years	2–5 years	Over 5 years
Loans from financial institutions	308.4	381.9	28.2	43.8	99.7	210.2
Finance lease liabilities	33.9	42.3	7.2	5.5	11.4	18.1
Hire purchase debt	8.2	8.5	2.0	2.0	3.5	1.0
Trade payables	19.5	19.5	19.5	-	-	-
Interest rate derivatives	1.8	0.9	0.9	-	-	-
Total	**371.8**	**453.2**	**57.9**	**51.3**	**114.7**	**229.3**

Statement of Financial Position

The following table presents a summary of the consolidated statement of the Company's financial position data as at June 30, 2017 and 2016, and as at December 31, 2016, 2015 and 2014:

In EUR million	As at June 30,		As at December 31,		
	2017	2016	2016	2015	2014
	(unaudited)		(audited)		
Assets					
Property, plant and equipment	90.8	69.0	65.5	70.6	57.4
Goodwill	582.9	447.7	449.1	444.3	409.9
Other intangible assets	116.9	123.2	113.9	132.2	149.0
Investment properties	0.6	0.6	0.6	0.6	0.6
Investments in associates	0.0	0.0	0.0	0.0	0.0
Other receivables	0.0	0.0	0.0	0.1	0.0
Deferred tax assets	6.6	6.3	6.0	5.6	5.7
Total non-current assets	**797.8**	**646.8**	**635.1**	**653.5**	**622.6**
Inventories	5.6	4.7	4.4	4.6	4.5
Trade and other receivables	73.7	51.5	53.7	47.6	43.8
Cash and cash equivalents	20.4	4.0	39.1	16.6	19.9
Total current assets	**99.7**	**60.2**	**97.3**	**68.8**	**68.2**
Assets for sale	2.0	1.1	1.7	1.3	1.6
Total Assets	**899.5**	**708.1**	**734.1**	**723.6**	**692.4**
Equity and Liabilities					
Share capital	0.0	0.0	0.0	0.0	0.0
Invested non-restricted equity reserve	401.9	308.0	308.0	308.0	308.0
Retained deficit	(68.2)	(84.5)	(76.2)	(88.7)	(89.9)
Non-controlling interest	0.1	1.2	0.4	1.1	0.4
Total equity	**333.8**	**224.7**	**232.3**	**220.4**	**218.5**
Non-current financial liabilities	353.5	320.9	315.7	328.9	307.8
Deferred tax liabilities	25.6	27.0	25.0	28.1	31.4
Provisions	5.2	3.8	4.5	2.3	0.4
Other liabilities	29.8	29.1	29.5	29.1	27.2
Total non-current liabilities	**414.1**	**380.8**	**374.7**	**388.3**	**366.6**
Provisions	2.3	1.1	0.7	0.2	1.1
Trade and other payables	118.1	79.3	94.9	92.7	88.3
Current tax liability	0.2	0.4	0.0	0.4	0.0
Current financial liabilities	31.0	21.8	31.5	21.6	17.9
Total current liabilities	**151.7**	**102.6**	**127.1**	**114.8**	**107.3**
Total Liabilities	**565.7**	**483.4**	**501.8**	**503.2**	**473.9**
Total Equity and Liabilities	**899.5**	**708.1**	**734.1**	**723.6**	**692.4**

Assets

Non-current assets

The total non-current assets in the statement of financial position as at June 30, 2017 amounted to EUR 797.8 million, an increase of EUR 151.0 million, or 23.3%, as compared to EUR 646.8 million as at June 30, 2016. The increase was primarily due to the acquisition of Diacor and Porin Lääkäritalo, from which the Company recorded an increase of EUR 132.5 million in goodwill, an increase of EUR 9.6 million in intangible assets and an increase of EUR 24.1 million in tangible assets.

The total non-current assets in the statement of financial position as at December 31, 2016 amounted to EUR 635.1 million, a decrease of EUR 18.4 million, or 2.8%, as compared to EUR 653.5 million as at December 31, 2015. The decrease was primarily due to the fact that no significant acquisitions were made in 2016, whereas Seinäjoen Lääkäritalo was acquired in 2015. Furthermore, in 2016 the Company sold the shares of joint-stock property companies Kiinteistö Oy Seinäjoen Lääkäritalo and Kiinteistö Oy Seinäjoen Marttilankulma obtained as part of the acquisition of Seinäjoen Lääkäritalo.

The total non-current assets in the statement of financial position as at December 31, 2015 amounted to EUR 653.5 million, an increase of EUR 30.9 million, or 5.0%, as compared to EUR 622.6 million as at December 31, 2014. The increase was primarily due to goodwill recorded from acquisitions, investments related to the expansion of the Company's network and investments in medical equipment.

Current assets

The total current assets in the statement of financial position as at June 30, 2017 amounted to EUR 99.7 million, an increase of EUR 39.5 million, or 65.7%, as compared to EUR 60.2 million as at June 30, 2016. The increase was primarily due to the expansion of the Company's operations as a result of the acquisition of Diacor and Porin Lääkäritalo.

The total current assets in the statement of financial position as at December 31, 2016 amounted to EUR 97.3 million, an increase of EUR 28.5 million, or 41.4%, as compared to EUR 68.8 million as at December 31, 2015. The increase was primarily due to an increase in cash and cash equivalents as a result of improved operating results and the withdrawal of short-term loans from financial institutions in preparation for the completion of certain acquisitions.

The total current assets in the statement of financial position as at December 31, 2015 amounted to EUR 68.8 million, an increase of EUR 0.6 million, or 0.9%, as compared to EUR 68.2 million as at December 31, 2014. The increase was primarily due to an increase in trade receivables, partially offset by a decrease in cash and cash equivalents.

Equity and liabilities

Equity

The total equity in the statement of financial position as at June 30, 2017 amounted to EUR 333.8 million, an increase of EUR 109.1 million, or 48.5%, as compared to EUR 224.7 million as at June 30, 2016. The increase was primarily due to an investment in the amount of EUR 93.9 million in the unrestricted equity reserve of the Company in relation to the acquisition of Diacor.

The total equity in the statement of financial position as at December 31, 2016 amounted to EUR 232.3 million, an increase of EUR 11.9 million, or 5.4%, as compared to EUR 220.4 million as at December 31, 2015. The increase was primarily due to an increase in profit for the year ended December 31, 2016.

The total equity in the statement of financial position as at December 31, 2015 amounted to EUR 220.4 million, an increase of EUR 1.9 million, or 0.9%, as compared to EUR 218.5 million as at December 31, 2014. The increase was primarily due to an increase in profit for the year ended December 31, 2015.

Non-current liabilities

The total non-current liabilities in the statement of financial position as at June 30, 2017 amounted to EUR 414.1 million, an increase of EUR 33.3 million, or 8.7%, as compared to EUR 380.8 million as at June 30, 2016. The increase was primarily due to the withdrawal of long-term loans in connection with the acquisition of Diacor and Porin Lääkäritalo.

The total non-current liabilities in the statement of financial position as at December 31, 2016 amounted to EUR 374.7 million, a decrease of EUR 13.6 million, or 3.5%, as compared to EUR 388.3 million as at December 31, 2015. The decrease was primarily due to the biannual repayment of a non-current financial loan in accordance with a senior facilities agreement.

The total non-current liabilities in the statement of financial position as at December 31, 2015 amounted to EUR 388.3 million, an increase of EUR 21.7 million, or 5.9%, as compared to EUR 366.6 million as at December 31, 2014. The increase was primarily due to the withdrawal of a non-current financial loan relating to various acquisitions completed in the year ended December 31, 2015.

Current liabilities

The total current liabilities in the statement of financial position as at June 30, 2017 amounted to EUR 151.7 million, an increase of EUR 49.1 million, or 47.9%, as compared to EUR 102.6 million as at June 30, 2016. The increase was primarily due to the expansion of the Company's operations as a result of the acquisition of Diacor and Porin Lääkäritalo as well as the timing of payments for accounts payable, as more such payments took place after the period under review than was the case with regard to the prior period.

The total current liabilities in the statement of financial position as at December 31, 2016 amounted to EUR 127.1 million, an increase of EUR 12.3 million, or 10.7%, as compared to EUR 114.8 million as at December 31, 2015. The increase was primarily due to withdrawal of short-term loans from financial institutions in preparation for the completion of certain acquisitions.

The total current liabilities in the statement of financial position as at December 31, 2015 amounted to EUR 114.8 million, an increase of EUR 7.5 million, or 7.0%, as compared to EUR 107.3 million as at December 31, 2014. The increase was primarily due to an increase in trade and other payables.

Contingent Liabilities and Off-Balance Sheet Arrangements

The Company is party to various customary off-balance sheet arrangements, such as operating lease commitments, rental commitments, equipment lease commitments, securities and pledges given mainly in the context of its financing strategy and additional purchase prices for historical acquisitions.

The following table presents a summary of the Company's collateral and other contingent liabilities as at June 30, 2017 and 2016, and as at December 31, 2016, 2015 and 2014:

In EUR million	As at June 30,		As at December 31,		
	2017	2016	2016	2015	2014
	(unaudited)		(audited)		
Liabilities secured by business mortgages and/or pledged shares					
Loans from financial institutions(1)	357.2	320.2	314.2	334.8	316.4
Unused overdraft facilities	54.4	60.1	98.2	46.6	78.6
Total	**411.6**	**380.3**	**412.4**	**381.4**	**395.1**
Business mortgages	992.0	992.0	992.0	992.0	992.0
Carrying amount of the pledged shares	402.2	308.0	308.0	308.0	308.0
Real estate mortgages	11.9	-	-	1.3	2.4
Total	**1,406.1**	**1,300.0**	**1,300.0**	**1,301.3**	**1,302.4**
Securities for own debts					
Deposits	14.2	0.5	37.0	11.0	10.7
Rental deposit	1.6	0.1	0.1	0.1	0.1
Guarantees	0.6	0.4	0.9	0.9	0.9
Other	0.0	0.0	0.0	0.1	0.1
Total	**16.3**	**1.0**	**38.0**	**12.1**	**11.8**
Other liabilities					
Operating lease liabilities					
Less than one year	0.1	0.1	0.1	0.1	0.3
Between one year and five years	0.0	0.0	0.0	0.0	0.1
Total	**0.1**	**0.2**	**0.1**	**0.1**	**0.4**
Other operating lease liabilities(2)					
Less than one year	30.1	24.2	22.4	23.6	23.2
Between one year and five years	97.9	80.4	70.3	73.0	70.6
Later	77.8	73.2	64.0	77.6	77.7
Total	**205.7**	**177.8**	**156.7**	**174.2**	**171.5**

(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.

The Company is obligated to audit the value added tax depreciations it has made on a property investment if the taxable use of the property decreases during the auditing period. As at June 30, 2017, the maximum amount that the Company may be responsible for is EUR 0.1 million, compared to EUR 0.0 million as at June 30, 2016.

Financial Risk Management

General

The Company is exposed to various financial risks in the course of its normal business activities. The objective of the Company's risk management is to minimize the negative effects of changes in the financial markets on its profit and financial position. The Company's main financial risks are liquidity risk, credit risk and interest rate risk. The Company's risk management principles are approved by its Board of Directors and the Company's financial department is responsible for the application of these principles. The Company's financial department identifies and assesses risks and acquires instruments needed to hedge against such risks, using mainly interest rate swap agreements.

Interest rate risk

The Company's revenue and operating cash flows are mainly independent of fluctuations in market interest rate. The Company is exposed to interest rate risk on fair values which mainly relates to its loan portfolio. The Company can take out loans with either variable or fixed interest rate, and use interest rate swaps and cap and floor agreements to hedge against interest rate risks.

The Company does not apply hedge accounting according to IAS 39. During the accounting period of 2016, the Company's average market interest rate for financial loans has been 4.1%, compared to 4.7% in the year ended December 31, 2015. An increase of one per cent in the average interest rates would have increased the Company's interest expenses by EUR 3.1 million during the year ended December 31, 2016 and EUR 3.0 million during the year ended December 31, 2015. The Company's loans from financial institutions are all variable rate loans. The Company did not have open interest rate derivatives as at June 30, 2017.

Currency risk

The Company operates mainly in Finland and its cash flows are mainly denominated in euro, and thus it is not exposed to significant transaction risks caused by foreign currency positions, or risks generated from the translation of foreign currency denominated investments to the functional currency of its parent company. All of the Company's loans are denominated in euro.

Credit risk

The majority of the Company's incoming cash flows are payments from established institutions, public sector and companies with appropriate creditworthiness. However, trade receivables from companies include a credit risk. Credit risk is mainly managed by monitoring the customer's creditworthiness on a regular basis and in cooperation with collection agencies. In addition, the Company's customers include private customers whose invoicing is primarily carried out in connection with rendering services.

The Company has no major customer specific risk concentrations and its credit risk is diversified. Credit risk is managed on a client by client basis by monitoring the amount, maturity distribution and turnover of trade receivables. The Company's maximum credit risk is equal to the carrying amount of financial assets as at the reporting date.

Liquidity risk

The Company aims to continuously assess and monitor the amount of financing required by operations, in order to ensure sufficient liquidity to finance its operations, to repay maturing loans and to carry out investments and business combinations according to growth strategy. The Company's cash and cash equivalents consists of cash in bank accounts, petty cash and cash payments not yet recorded on its bank accounts as at the reporting date. The Company manages liquidity risk by monitoring unused funds and forecasting future cash flows. For information on the Company's facilities under its Senior Facilities Agreement, see "*Business of the Company — Material Agreements — Senior Facilities Agreement*".

The Company's loan contracts include covenants based on which creditors can demand an instant repayment of the loans if certain covenant limits are breached. Loan contracts include covenants, and they limit, amongst other things, the use of collateral, major business combinations, disposal of assets, as well as significant changes in operations and in ownership. The Company has complied with all covenant terms and conditions during the periods under review.

Market risk of investment activities

The Company is not significantly exposed to price risks arising from fluctuations in market prices of quoted shares because it has no significant investments in them.

Commodity risk

The Company is not significantly exposed to commodity risks related to availability and price fluctuation of commodities.

Capital management

The Company's objective is to support business operations and to ensure competitive operating conditions with an optimal capital structure, to enable the implementation of strategies and to increase shareholder value and returns.

Capital structure is affected by operating cash flow as well as by share issues, repayment of debt financing, potential conversions between equity and liabilities, operating decisions on investments and potential disposals of assets to reduce liabilities.

The Company's capital structure development is monitored through a number of ratios including change in Net Debt, ratio of Net Debt to operating margin and ratio of operating cash flows to financial expenses. The Company's Net Debt to Equity Ratio was 132.6% as at December 31, 2016, compared to 151.5% as at December 31, 2015. The ratio is calculated by dividing interest-bearing Net Debt with equity. The Net Debt includes interest-bearing debts less interest-bearing receivables and cash and cash equivalents. The Company's interest-bearing liabilities were EUR 347.2 million as at December 31, 2016, compared to EUR 350.5 million as at December 31, 2015. A significant part of the interest-bearing liabilities is composed of loans from financial institutions.

Critical Accounting Estimates and Judgements

Preparation of the financial statements requires certain estimates and assumptions that may result in differences between the realized outcomes and these estimates. In addition, the application of accounting policies requires judgement. Estimates and judgements are based on prior experiences and other factors, such as assumptions regarding future events. The critical items requiring management's judgement are presented below.

Selection and application of accounting policies requiring management's judgment

The Company has adopted IFRS 15 *Revenue from Contract with Customers* standard from the beginning of 2017 in advance of the mandatory application date. Management has used its judgement in application of the new standard which affects the determination of the amount and timing of revenue recognition. As there are still many open interpretation items, and regulatory guidance and precedents on the application of IFRS 15 is limited, it cannot be assured that future interpretations by and guidance of competent authorities will not affect the Company's application of IFRS 15.

Fair value adjustments in acquisitions

Fair value adjustments at acquisition IFRS 3 requires the acquirer to recognize all intangible assets separately from goodwill, if the criteria of the standard are met. Recognizing intangible assets separately at fair value requires management to make estimates of the expected cash flows. Management has used available market information when possible in determining the fair values. This has not always been possible. Especially regarding intangible assets, no market information has been available. Therefore, the measurement of intangible assets has been based on historical income from the asset and the purpose of use in operation. The measurements are based on discounted cash flows and estimated disposal or replacement values, and the measurement requires management to make estimates of the future use of the asset and impact on the Company's financial position. Changes in the Company's operations can cause changes in measurement.

Management believes that the used estimates and assumptions are accurate enough to measure fair values.

Valuation of contingent purchase prices

Management uses its judgement in making decisions regarding the contingent consideration in acquisitions.

Lease agreements classified as finance lease and other agreements

Management uses its judgement in making decisions when the risks and rewards incidental to ownership of a leased asset have been substantially transferred to the lessee, in which case the arrangement constitutes a lease.

Sources of estimation uncertainty

Estimates used in preparation of the financial statements are based on management's most accurate understanding at the reporting date. The estimates are based on management's prior experiences and most probable assumptions about the future at the reporting date, related to the development of the Company's financial environment from the sales and cost level point of view, amongst other. The Company monitors the realization of the estimates and assumptions and changes in the underlying factors on a regular basis together with the operating units by using several internal and external sources of information. Any changes in estimates or assumptions are recognized in the period in which the estimate or assumption is revised, and during each subsequent accounting period.

Impairment testing

The Company prepares the impairment testing for the goodwill annually. The Company holds no other assets with an indefinite useful life. The measuring of the cash generating units reflects the calculation of an asset's value in use and these calculations include estimates. Even though management believes that the used estimates and assumptions are accurate enough to measure fair value, it is possible that the measured cash generating units may vary in respect of future amounts.

Recognition of deferred taxes on tax losses

The Company has recognized deferred taxes for unused tax losses and deductible temporary differences based on the future business plans and the reversal of temporary differences to the extent that it is probable that future taxable profits will be available against which they can used. Even though management believes that the used estimates and assumptions are accurate enough to estimate the availability of future taxable profits, it is possible that the actual results may differ from the estimates.

New and Amended Standards and Interpretations

The Company has applied the following new and amended standards:

- The Company has adopted the new IFRS 15 *Revenue from Contracts with Customers* standard in 2017 in advance of the mandatory application date. In connection with the Listing on the Helsinki Stock Exchange and the drafting of the Prospectus, the Company has also retrospectively restated its revenue in accordance with IFRS 15 for the year ended December 31, 2016, 2015 and 2014, respectively. The retrospective transition method was used. In accordance with IFRS 25, the restated revenue also includes the fees for services provided by private practitioners to private customers. These fees are presented in revenue on a gross basis instead of the previous net based presentation. According to management, the Company has the primary responsibility for providing services to customers and therefore it acts as a principal, because it has exposure to the significant risks and rewards associated with the contractual arrangements. The gross basis is considered to result in a more faithful presentation of the Company's revenue. The adoption of IFRS 15 had no impact on the Company's equity. The effect on revenue and materials and services expenses are presented in the restated consolidated financial statements for the years ended December 31, 2016 and 2015 included in this Prospectus.

The annual standard improvements did not have any significant impact on the Company's consolidated financial statements.

The Company has not yet adopted the following new standards already issued by the IASB:

- IFRS 9 *Financial Instruments* (effective for financial years beginning on or after January 1, 2018): 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 new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The impacts of IFRS 9 on the Company's consolidated financial statements are not expected to be significant.

- IFRS 16 *Leases* (effective for financial years beginning on or after January 1, 2019): The new standard replaces the current IAS 17 standard and related interpretations. The standard is not endorsed by the EU. IFRS 16 requires the lessees to recognize the lease agreements on the balance sheet as 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, which relate to short term contacts, in which the lease term is twelve months or less, and to low value items, meaning assets with value of USD 5,000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting.

  The Company has started a preliminary assessment of the impact of IFRS 16 on its consolidated financial statements. The most significant identified impact is that the Company may recognize new assets and liabilities, which mainly consist of premises currently included in operating leases. In addition, the nature of expenses related to such 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. The Company has not yet quantified the impact of the adoption of IFRS 16 on its consolidated financial statements. The transition method has not yet been decided.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

General

Pursuant to the provisions of the Companies Act and the Articles of Association of the Company, the management and governance of the Company are divided between the shareholders, the Board of Directors and the chief executive officer of the Company (the "**CEO**"). In addition, the Executive Team assists the CEO in the operations of the Company.

The shareholders of Terveystalo exercise their decision-making power at the Company's General Meeting of Shareholders. The rights of the shareholders and the duties of the General Meeting of Shareholders are defined in the Companies Act and in the Articles of Association of the Company. According to the Articles of Association, the Annual General Meeting of Shareholders shall be held annually within six (6) months of the expiration of the financial period. The matters to be dealt with in the Annual General Meeting of Shareholders are defined in the Companies Act and in the Articles of Association of the Company.

The General Meeting of Shareholders of the Company is convened upon notice given by the Board of Directors. In addition, a General Meeting of Shareholders of the Company must be held when requested in writing by an auditor of the Company or by shareholders representing at least one-tenth of all the Shares in order to discuss a certain matter, or if otherwise required by law.

Corporate Governance

In addition to applicable laws, the rules and recommendations of the Helsinki Stock Exchange and the Articles of Association, the Company complies with the Finnish Corporate Governance Code 2015 issued by the Finnish Securities Market Association, which is publicly available on the website of the Finnish Securities Market Association at www.cgfinland.fi. The Company complies with the recommendations of the Finnish Corporate Governance Code 2015.

Board of Directors

Under the Company's Articles of Association, the Board of Directors shall comprise a minimum of five (5) and a maximum of eight (8) ordinary members and the term of the members of the Board of Directors shall expire at the closing of the Annual General Meeting following the election. According to the Articles of Association of the Company, the Annual General Meeting shall decide on the number of the members of the Board of Directors. Immediately after the Annual General Meeting, the Board of Directors holds an organization meeting where it, among other things, appoints the Chairman of the Board of Directors from among its members.

The CEO attends the meetings of the Board of Directors. The Chief Financial Officer (the "CFO") and other members of the Company's Executive Team only attend the meetings of the Board of Directors upon invitation by the Board of Directors.

The Board of Directors has established and approved a written charter for its work to complement the Articles of Association and applicable laws and regulations. The charter of the Board of Directors describes the composition of the Board of Directors and the selection of directors, the responsibilities of the Board of Directors, meeting practices, division of tasks within the Board of Directors and reporting to the Board of Directors.

The Board of Directors has general competence to decide and act in all matters not reserved for other corporate governing bodies by law or under the provisions of the Company's Articles of Association. The Board of Directors is responsible for the Company's administration and the appropriate arrangement of its operations. The Board of Directors also ensures that the supervision of the Company's accounting and asset management is appropriate. The Board of Directors decides on matters of principle and on any issues that would have broad-ranging implications for the Company. It decides on major corporate plans and transactions as well as establishes limits for capital expenditures, investments and divestitures and financial commitments. The Board of Directors' responsibilities also include the responsibility to review and approve the strategic objectives and strategic plans of the Company and its business areas as well as to monitor their implementation. The Board of Directors also reviews and approves the Company's financial targets. In addition, the Board of Directors monitors and assesses the Company's financial reporting system, approves the Company's financial reports and monitors the Company's external audit. It also ensures that the Company has defined the operating principles of internal control, internal audit and risk management and monitors that they are effective. In all situations, the Board of Directors must act in accordance with best interest of the Company and its shareholders.

The Board of Directors appoints the CEO and his or her Deputy upon the recommendation of the Remuneration Committee, dismisses him or her, supervises his or her actions, and approves his or her service contracts and remuneration upon the recommendation of the Remuneration Committee. The Board of Directors also appoints upon the proposal of the CEO the Executive Team reporting directly to the CEO and approves their service contracts and remuneration upon the recommendation of the Remuneration Committee. In addition, the Chairman of the Board of Directors has to be consulted by the CEO upon dismissal of members of the Executive Team reporting directly to the CEO.

There are no limitations as to the number of terms a member of the Board of Directors can serve and no maximum age limit. The majority of the members of the Board of Directors must be independent of the Company, and at least two of the independent members of the Board of Directors must also be independent of the significant shareholders of the Company. Each member of the Board of Directors must provide the Board of Directors with sufficient information that will allow the Board of Directors to evaluate his or her qualifications and independence and notify the Board of Directors without delay of any changes in such information. All members of the Board of Directors are required to deal at arm's length with the Company and its subsidiaries and to disclose to the Board of Directors circumstances that might be perceived as a conflict of interest. Based on an evaluation by the Board of Directors pursuant to the Finnish Corporate Governance Code 2015, all of the members of the Board of Directors are considered to be independent of the Company. Ralf Michels, Åse Aulie Michelet and Matti Rihko are considered to be independent of the Company's significant shareholders, whereas Fredrik Cappelen, Olli Holmström, Åsa Riisberg and Vesa Koskinen are considered to not be independent of the Company's significant shareholders. Olli Holmström serves as the Chief Executive Officer of Helsinki Deaconess Institute Foundation. Fredrik Cappelen, Åsa Riisberg and Vesa Koskinen are employed by EQT.

The Board of Directors has a quorum when more than one half of its members are present. A decision by the Board of Directors is the opinion supported by the majority of the members present at a meeting. In case of a tie vote, the Chairman of the Board of Directors has the casting vote. The Board of Directors may make written resolutions without meeting provided that all the members of the Board of Directors agree on such resolution, that minutes of the decision are drawn and that all the members of the Board of Directors sign the minutes. In 2016, the Board of Directors convened twelve times. In addition, the Board of Directors made seven written resolutions in lieu of a meeting in accordance with Chapter 6, Section 3 of the Companies Act. The average attendance frequency at the meetings of the Board of Directors was 97.2 percent.

The following table presents the members of the Board of Directors as at the date of this Prospectus:

Name	Year of birth	Citizenship	Position	Appointed to the Board of Directors
Fredrik Cappelen	1957	Swedish	Chairman of the Board of Directors	2013
Olli Holmström	1960	Finnish	Member of the Board of Directors	2017
Vesa Koskinen	1979	Finnish	Member of the Board of Directors	2013
Åse Aulie Michelet	1952	Norwegian	Member of the Board of Directors	2016
Ralf Michels	1963	German	Member of the Board of Directors	2013
Matti Rihko	1962	Finnish	Member of the Board of Directors	2012
Åsa Riisberg	1974	Swedish	Member of the Board of Directors	2013

Ulf (Fredrik) Cappelen (born 1957) has been the Chairman of the Board of Directors of Terveystalo since 2013. Mr. Cappelen serves as the Chairman of the Boards of Directors of Transcom Worldwide AB, Customer Experience I AB, Dometic Group AB (publ) and Dustin Group AB and as a member of the Boards of Directors of Securitas AB as well as an Industrial Advisor at EQT Partners. He is also the Chairman of the Board of Directors of Eterna Invest AB as well as a Partner and a member of the Boards of Directors of Baskina AB, Baskina Invest AB, Fredro Fastigheter AB and Bodarna på Kallskär AB. Previously, Mr. Cappelen was the Chairman of the Boards of Directors of Frostbite Holding AB, Svenska ICC Service AB, Sanitec Europe Corporation, Byggmax Group AB, Granngården AB, Carnegie Holding AB, Carnegie Investment Bank AB and GG Holding AB, the Chairman, the Vice Chairman and a member of the Board of Directors of Munksjö AB as well as a member of the Boards of Directors of Munksjö Oyj, Munksjö Holding AB, Carnegie AB and WPO Service AB. In addition, he has been the Chairman of the Board of Directors of Svedbergs I Dalstorp AB, a member of the Board of Directors of Cramo Plc as well as been the Managing Director of Nobia AB. He holds a Bachelor of Business Administration degree and an A-level diploma in Political Science from the University of Uppsala. He is a Swedish citizen.

Olli Holmström (born 1960) has been a member of the Board of Directors of Terveystalo since 2017. Mr. Holmström serves as the Chairman of the Boards of Directors of Hyvinvointialan Tieto Oy, Suomen Diakoniaopisto — SDO Oy, VTKL-palvelut Oy, HDL-Talot Oy, Diaconia University of Applied Sciences Ltd and Helsingin Diakonissalaitoksen Hoiva Oy, as a member of the Boards of Directors of Uusi Lakisto Oy, Medix Laboratories Ltd and United Medix Laboratories Ltd and as the Chief Executive Officer of Helsinki Deaconess Institute Foundation. Previously, Mr. Holmström was the Chairman of the Boards of Directors of Kiinteistö Oy RK-Asunnot, RK-Kiinteistöt Oy, Diacor, Kiinteistö Oy Munkkisaarenkatu 16 and Cecilia Hoiva Oy, Managing Director of Cecilia Hoiva Oy, as well as Director HR, CTO at Nokia Corporation. In addition, he has held various managerial positions in the field of human resources at Nokia Corporation. He holds a Master of Theology degree from the University of Helsinki. He is a Finnish citizen.

Vesa Koskinen (born 1979) has been a member of the Board of Directors of Terveystalo since 2013. Mr. Koskinen serves as the Chairman of the Board of Directors, the Managing Director and the Head of EQT in Finland of EQT Partners Oy, a Partner of EQT Partners AB, the Head of EQT's Services-sector and an Investment Advisor to EQT funds as well as a member of the Boards of Directors of Suomen VAKA-palvelut II Oy (the sole shareholder of Touhula Varhaiskasvatus Oy), kfzteile24 GmbH and Kirva Holding Oy. Previously, Mr. Koskinen was a member of the Board of Directors of Roeser Group GmbH, Swiss Smile AG, EQT Partners Oy, Vertu Ltd and Norrwin AB, a deputy member of the Board of Directors of VTI Technologies Oy (currently Murata Electronics Oy) as well as a Director at EQT Partners Oy. He holds a Master of Science degree in Economics from the Helsinki School of Economics. He is a Finnish citizen.

Åse Aulie Michelet (born 1952) has been a member of the Board of Directors of Terveystalo since 2016. Ms. Michelet serves as the Chairman of the Boards of Directors of Inven2 AS and Spin Chip Diagnostics AS, as a member of the Boards of Directors of Odfjell SE, Sykehusapotekene HF and Royal Greenland AS and as a member of the Board of Directors and as a Manager of Michelet Consult AS. Previously, Ms. Michelet was the Chairman of the Board of Directors of Photocure ASA, a member of the Boards of Directors of Cermaq ASA, Norske Skog ASA and Orkla ASA as well as the Chief Executive Officer of Teres Medical Group AS. In addition, she has been the Chief Executive Officer of Marine Harvest ASA and a member of the Board of Directors of Yara ASA as well as held various managerial positions at GE Healthcare. She holds a Candidate of Pharmacy degree from the University of Oslo and an undergraduate degree from ETH Zürich. She is a Norwegian citizen.

Ralf Michels (born 1963) has been a member of the Board of Directors of Terveystalo since 2013. Mr. Michels serves as a member of the Boards of Directors of Consus clinicmanagement GmbH and Deutsche Fachpflege Holding GmbH. Previously, Mr. Michels was the Chairman of the Board of Directors of Roeser Medical GmbH, Median Kliniken GmbH & Co. KG and Casa Reha Holding GmbH as well as a member of the Board of Directors of Evidensia Holding AB. In addition, he has been the Chairman of the Supervisory Board of W.O.M. World of Medicine AG and the Chief Executive Officer of Helios Kliniken GmbH. He holds a Master of Business Administration degree from Verwaltungs- und Wirtschafts-Akademie Hagen. He is a German citizen.

Matti Rihko (born 1962) has been a member of the Board of Directors of Terveystalo since 2012. Mr. Rihko serves as the Chairman of the Boards of Directors of Turku Chamber of Commerce and the University of Turku, as a member of the Boards of Directors of Finland Chamber of Commerce, Prasto Holding Oy, Turku Science Park Ltd and as a member of the Supervisory Board of Kaleva Mutual Insurance Company. Previously, Mr. Rihko was a member of the Boards of Directors of Turku Chamber of Commerce (including positions as the 1st Deputy Chairman and the 2nd Deputy Chairman), Oriola Corporation, Turun Viestintäkamari Oy, Reso Management Oy and the University of Turku, a member of the Supervisory Board of Varma Mutual Pension Insurance Company, the Chief Executive Officer of Raisio plc as well as a member of the Finland Business Council of the International Chamber of Commerce (ICC). When serving as the Chief Executive Officer of Raisio plc, Mr. Rihko served also as the Chief Executive Officer and/or in the Boards of Directors of several subsidiaries of Raisio plc. He holds a Master of Science degree in Economics and Business Administration from Turku School of Economics and a Master of Arts degree in Psychology from the University of Turku. He is a Finnish citizen.

Åsa Riisberg (born 1974) has been a member of the Board of Directors of Terveystalo since 2013. Ms. Riisberg serves as a Partner and the Head EQT's Healthcare-sector at EQT Partners AB as well as member of the Partner Committee at EQT and an Investment Advisor to EQT funds. Previously, Ms. Riisberg was a member of the Boards of Directors of Atos Medical Aktiebolag, Atos Medical Holding AB, Atos Medical Holding 2 AB, BTX Group A/S, Cimbria Bulk Technology A/S, HTL Strefa S.A., Holdingselskabet AF 24. Februar 2006 A/S, JKF Industri S/A, Starid Holding 1 AB, Starid Holding 2 AB, Starid Holding 3 AB and Svenska Riskkapitalförening as well as a member of the Supervisory Boards of CBTJ 21 Holding B.V., CBTJ 22 Holding B.V., CBTJ 23 Holding B.V., CBTJ 24 Holding B.V., CBTJ 25 Holding B.V., CBTJ 26 Holding B.V., CBTJ 27 Holding B.V., CBTJ 28 Holding B.V., CBTJ 32 Holding B.V., EQT Credit B.V., EQT Expansion Capital II B.V., EQT Greater China II Equity B.V., EQT Infrastructure B.V., EQT Oppgrechec B.V., EQT Opportunity Equity B.V., EQT Opportunity Holdings B.V., EQT V Equity B.V., SEP Holdings B.V., Tilsted B.V. and Tilsted Holding B.V. In addition, she has been an Associate at Texas Pacific Group (TPG) and an Analyst at Morgan Stanley in London. She holds a Master of Science degree in Financial Economics and Business Administration from Stockholm School of Economics and a major in international business from the Hautes Etudes Commerciales in Paris. She is a Swedish citizen.

Committees of the Board of Directors

Overview

The Board of Directors may establish specific committees to assist the Board of Directors in the preparation and performance of the duties and responsibilities of the Board of Directors, determine their sizes and compositions, and approve their charters. The Board of Directors has established two permanent committees: the Audit Committee and the Remuneration Committee. The committees of the Board of Directors regularly report on their work to the Board of Directors. In addition to the committees of the Board of Directors, the Company's EGM has established a Shareholders' Nomination Board subject to the completion of the Listing.

The members and Chairmen of the committees are appointed annually by the Board of Directors from among the Board members at the Board of Directors' organizational meeting upon the recommendation of the Remuneration Committee based on each committee member's qualification standards. Neither the CEO nor members of the Executive Team reporting directly to the CEO may be appointed to any committees.

Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities of the Company's financial reporting processes and in monitoring the audit of the Company. The Audit Committee also assists the Board of Directors in its oversight of matters pertaining to financial reporting, internal control, internal audit and risk management.

The Audit Committee monitors the financial reporting processes, the quality and integrity of the financial statements and other financial reports as well as the financial performance of the Company. It also monitors the statutory audit of the financial statements, consolidated financial statements and the annual, half-year and interim financial reports. In addition, the Audit Committee monitors the effectiveness of the Company's internal control, internal audit and risk management systems and evaluates the performance of the internal audit. The Audit Committee also evaluates the qualifications and independence of the external auditor and, in particular, the provision of non-audit services to the Company, prepares the proposal for the election of the external auditor as well as monitors compliance with legal and regulatory requirements. The Audit Committee prepares the proposal for the remuneration and election or re-election of the external auditor and submits its recommendation for the appointment of the external auditor to the Board of Directors. Further, the Committee shall ensure that the Board of Directors is aware of matters which may significantly impact the Company's financial condition or affairs of the business.

The Audit Committee consists of at least three members appointed by the Board of Directors. The Audit Committee has a Chairman, who is appointed by the Board of Directors. The members of the Audit Committee must meet the independence and expertise criteria and other criteria applicable to Audit Committee members of publicly listed companies in Finland. The Audit Committee as a whole shall have the expertise and experience required for the performance of the Audit Committee's duties and responsibilities. Desirable qualifications for the Audit Committee members include appropriate understanding of accounting practices and financial reporting gained through education or experience in performing or overseeing related functions. At least one Audit Committee member shall have competence in accounting or auditing, and the Audit Committee members as a whole shall have competence relevant to the sector in which the Company operates. The Chairman of the Audit Committee reports regularly to the Board of Directors and submits to the Board of Directors the minutes of its meetings.

The Audit Committee meets at least four times per year. The Audit Committee meets separately with the representatives of management, and the external and internal auditor, at least twice a year. The Committee members shall also meet regularly without members of management of the Company present. The Audit Committee meetings may be held by telephone or by electronic means.

Matti Rihko serves as the Chairman of the Audit Committee and Vesa Koskinen and Olli Holmström serve as members of the Audit Committee.

Remuneration Committee

The Remuneration Committee of the Board of Directors identifies individuals qualified to serve as the CEO of the Company and makes recommendations to the Board of Directors for approval of the appointment of the CEO. It also assists the Board of Directors in connection with possible major management reorganizations based on preparation and proposals by the CEO. The Remuneration Committee assists the Board of Directors with its responsibilities relating to the evaluation and remuneration of the CEO and other members of the Executive Team reporting directly to the CEO, oversees the Company's remuneration policies, schemes and plans as well as reviews appropriate succession planning procedures for the Executive Team.

The Remuneration Committee consists of at least three members appointed by the Board of Directors. The members of the Remuneration Committee must meet the applicable independence criteria applicable to such committee members of publicly listed companies in Finland, including that the majority of the members of the committee have to be independent of the Company. The Remuneration Committee members must have the expertise and experience required for the performance of the duties and responsibilities of the Remuneration Committee. Desirable qualifications for the members of the Remuneration Committee include experience in business management, corporate governance, human resources management and executive remuneration.

The Remuneration Committee establishes its own schedule and meets as frequently as necessary to carry out its responsibilities under its Charter, and in any case at least two times per year.

Fredrik Cappelen serves as the Chairman of the Remuneration Committee and Åse Aulie Michelet and Åsa Riisberg serve as members of the Remuneration Committee.

Shareholders' Nomination Board

The EGM resolved to establish a Shareholders' Nomination Board consisting of shareholders of the Company, or persons appointed by such shareholders, for annually preparing proposals concerning the election and the remuneration of the members of the Board of Directors to the following Annual General Meeting. The decision to establish the Shareholders' Nomination Board and to adopt its Charter were made subject to the completion of the Listing.

According to the Charter of the Shareholders' Nomination Board adopted conditionally, the Shareholders' Nomination Board comprises the Chairman of the Board of Directors of the Company and representatives of the four largest shareholders of the Company. However, in case the fifth largest shareholder has a holding that exceeds 10 percent of all the shares and votes in the Company, the five largest shareholders will be represented at the Shareholders' Nomination Board. The four largest shareholders (or, in case the fifth largest shareholder would have a holding that exceeds 10 percent of all the shares and votes in the Company, the five largest shareholders), as determined on the basis of the shareholder register of the Company maintained by Euroclear Finland on the first banking day of the September preceding the Annual General Meeting, shall each have a right to nominate a representative to the Shareholders' Nomination Board.. If two or more shareholders have the same number of shares and cannot all have the right to nominate one of the members of the Shareholders' Nomination Board, the right to nominate shall be determined by the drawing of lots among such shareholders. If a shareholder, who would have the obligation to notify the Company of certain changes in shareholding under the Securities Markets Act (flagging obligation), presents a written request directed to the Board of Directors by the end of August, the holdings of a corporation or a foundation controlled by the shareholder or the shareholder's holdings in several funds or registers will be combined when calculating the nomination right. A holder of nominee-registered shares will be taken into account when determining the composition of the Shareholders' Nomination Board if the holder of nominee-registered shares presents a request concerning the issue directed to the Board of Directors of the Company by the end of the August preceding the Annual General Meeting.

In deviation of the foregoing, in 2017 the shareholdings based on which the right to nominate representatives to the Shareholders' Nomination Board shall be determined as of the first banking day of November 2017, and shareholders may request the aggregation of holdings (based on flagging obligations) and holders of nominee registered shares can request representation on the Shareholders' Nomination Board, by no later than the last banking day of October 2017.

The Chairman of the Board of Directors convenes the first meeting of the Shareholders' Nomination Board and the Shareholders' Nomination Board elects a Chairman amongst its members.

CEO

The CEO is responsible for the day-to-day management and for carrying out the strategy of the Company based on the instructions and orders issued by the Board of Directors. The CEO undertakes the execution of measures approved by the Board of Directors and oversees preparations for any measures that are strategically important. The CEO ensures that the Company has adequate management resources and the Company's accounting complies with legislation. The CEO also ensures the appropriate arrangement of the Company's administration and asset management.

Yrjö Närhinen (born 1969) has served as the CEO for Terveystalo since 2010.

Executive Team

The Executive Team consists of the CEO and other members appointed by the Board of Directors. The Executive Team meets one to two times per month, or as required, and supports the CEO in, for example, the preparation and execution of strategic matters, operating plans, matters of principle and any other significant matters. The Executive Team also assists the CEO in ensuring the flow of information and sound internal cooperation.

The following table presents the members of the Executive Team as at the date of this Prospectus:

Name	Year of Birth	Citizenship	Position	Appointed
Yrjö Närhinen	1969	Finnish	CEO	2010
Juha Tuominen	1963	Finnish	Chief Medical Officer	2010
Jens Jensen	1973	Finnish	Senior Vice President, Commercial	2016
Juha Juosila	1972	Finnish	Chief Digital Officer	2016
Johanna Karppi	1968	Finnish	Senior Vice President, HR and Legal	2007
Susanna Kinnari	1967	Finnish	Senior Vice President, Communications, Marketing and Brand	2010
Ilkka Laurila	1977	Finnish	CFO	2015
Laura Räty	1977	Finnish	Senior Vice President, Public Partnerships	2016
Siina Saksi	1966	Finnish	Chief Operating Officer, Clinic Network	2013 (member of the Executive Team since 2016)
Pia Westman	1965	Finnish	Chief Operating Officer, Centralized Services and Capital Region	2011 (member of the Executive Team since 2016)

Yrjö Närhinen (born 1969) has been the CEO of Terveystalo since 2010 and a member of the Executive Team since 2010. He joined Terveystalo in 2010. Mr. Närhinen serves as the Chairman of the Board of Directors of Lääkäripalveluyritykset ry, the Vice Chairman of the Board of Directors of Hyvinvointialan liitto ry, a member of the Boards of Directors of Hyvinvointialan Tieto Oy, Närhen pesä Oy, Kuntopolku Oy, Kuntoutumis- ja liikuntasäätiö Peurunka sr, Martela Corporation, LPY-Koulutus Oy and Teijon Masuuni Oy. Previously, Mr. Närhinen was the Chairman of the Board of Directors of Terveyspalvelualan Tieto Oy (currently Hyvinvointialan Tieto Oy) as well as a member of the Board of Directors of Mathildedal's Brewery Ltd. In addition, he has been the Managing Director of Hartwall Ltd, SCOY Holding Oy, Gillette Group Finland Oy, Helepark Oy and Lapin Kulta Oy as well as held various managerial positions at Procter & Gamble, including a position as the Country Manager for Norway and

Finland. He holds a Bachelor of Science degree in Economics and Business Administration from the Helsinki School of Economics. He is a Finnish citizen.

Juha Tuominen (born 1963) has been the Chief Medical Officer since 2010 and a member of the Executive Team since 2010. He joined Terveystalo in 2010. Mr. Tuominen serves as a member of the Board of Directors of Lääkärikompassi Oy and as a deputy member of the Board of Directors of Mari Tuominen Oy. Previously, Mr. Tuominen was the Chairman of the Board of Directors of Novamass Ltd as well as a member of the Boards of Directors of Lääkäri Mediat Oy and Systems Biology Worldwide Ltd. In addition, he has held several operational management and leadership positions at the Helsinki and Uusimaa Hospital District and last he served there as Medical Director and EVP and acted as a deputy for the CEO. He is a Docent and Specialist in Internal Medicine as well as holds a Doctor of Medical Science (MD, Ph.D.) degree from the University of Helsinki. He is a Finnish citizen.

Jens Jensen (born 1973) has been the Senior Vice President, Commercial since 2016 and a member of the Executive Team since 2016. He joined Terveystalo in 2016. Previously, Mr. Jensen served as a member of the Board of Directors of the Finnish Workers' Compensation Center (Tapaturmavakuutuskeskus) and as the SVP, Head of Sales and Service, Commercial Finland of If P&C Insurance Company Ltd. In addition, he has held various managerial positions at If P&C Insurance Company Ltd and he has also worked for Aktia Bank p.l.c. He holds a Master of Science degree in Economics and Business Administration from the Hanken School of Economics. He is a Finnish citizen.

Juha Juosila (born 1972) has been the Chief Digital Officer since 2016 and a member of the Executive Team since 2016. He joined Terveystalo in 2016. Previously, Mr. Juosila was a member of the Boards of Directors of Realia Isännöinti Oy, Huoneistokeskus Oy, Huoneistomarkkinointi Oy, Realia Management Oy, SKV Kiinteistönvälitys Oy and Jokakoti Oy (currently Oikotie Asunnot Oy), a deputy member of the Board of Directors of Oy Suomen Uutisradio Ab, the Director of Business Development and Strategy of Sanoma Pro Ltd as well as the Chief Marketing and Technology Officer of Realia Group Oy. In addition, he has served as a member of the Board of Directors of Sentraali Oy as well as held several managerial positions at MTV Sisällöt Oy (auxiliary trade name MTV 3) and Sonera Plc. He holds a Master of Science degree in Economics and Business Administration from the University of Vaasa. He is a Finnish citizen.

Johanna Karppi (born 1968) has been the Senior Vice President, HR and Legal since 2007 and a member of the Executive Team since 2007. She joined Terveystalo in 2007. Ms. Karppi serves as a member of the Board of Directors of Finnpilot Pilotage Ltd. Previously, Ms. Karppi was a member of the Board of Directors of Turun Lääkärirakennus Oy and she has held managerial positions at Rautaruukki Corporation and Orion Corporation. She holds a Master of Laws degree from the University of Helsinki. She is a Finnish citizen.

Susanna Kinnari (born 1967) has been the Senior Vice President, Communications, Marketing and Brand since 2015 and a member of the Executive Team since 2010. She joined Terveystalo in 2010. Previously, Ms. Kinnari was the Head of Communications, Marketing, Customer Experience and Private Customers as well as the Head of Communications of Terveystalo. In addition, Ms. Kinnari has held several communication positions at ISS Palvelut Oy (part of ISS Group), Infor Consulting Oy, Oy SRG Finland Ab (auxiliary trade name Töölön Matkatoimisto) and Oy AC-tiedotus Ab. She holds a Master of Social Sciences degree, majoring in Communication, from the University of Helsinki. She is a Finnish citizen.

Ilkka Laurila (born 1977) has been the Chief Financial Officer since 2015 and a member of the Executive Team since 2015. He joined Terveystalo in 2012. Previously, Mr. Laurila was the Head of Treasury and Finance and Head of Procurement, the Head of Treasury and Finance and Deputy Head of Procurement, the Head of Treasury and Finance as well as the Head of Treasury of Terveystalo and the Associate Director of Rahoituksen neuvontapalvelut Inspira Oy. In addition, he has held managerial positions at Ernst & Young Oy. He holds a Master of Science degree in Forestry from the University of Joensuu and a Master of Science degree in Economics and Business Administration from Lappeenranta University of Technology. He is a Finnish citizen.

Laura Räty (born 1977) has been the Senior Vice President, Public Partnerships since 2016 and a member of the Executive Team since 2016. She joined Terveystalo in 2016. Ms. Räty serves as a member of the Board of Directors of Groundhog-Holding Oy. Previously, Ms. Räty was the Deputy Mayor for Social Affairs and Public Health of the City of Helsinki, the Minister of Social Affairs and Health, a member of the Finnish Government, as well as a Chairperson of the Party Council of the National Coalition Party of Finland. She served also as the Chairperson of the Board of Directors of Oy Apotti Ab and Keva, as a member of the Boards of Directors of Helsingin Kansallismedia Oy as well as as a member of the Council of Representatives of Helsinki Cooperative Society HOK-Elanto. In addition, she has held several positions in health care sector entities. She holds a Licentiate of Medicine (MD) degree from the University of Helsinki and an Executive Master of Business Administration degree from Aalto University. She is a Finnish citizen.

Siina Saksi (born 1966) has been the Chief Operating Officer, Clinic Network as the latest responsibility area and a member of the Executive Team since 2016. She joined Terveystalo in 2013. Previously, Ms. Saksi was the Business Director, Western and Central Finland at Terveystalo, Senior Vice President, HR Specialist Sales at Pohjola Insurance Ltd and the Country Manager of Tryg Finland at Tryg Forsikring A/S, Finnish Branch, and a member of Tryg's Sweden-Finland Management Group at Tryg A/S. In addition, she has held managerial positions at Tryg A/S, If P&C Insurance Company Ltd, Merita Bank Plc and Kansallis-Osake-Pankki. She has also served as a Deputy Member of the Board of Directors of Vuorenvirta Holding Oy. She holds a Master of Science degree in Economics and Business Administration from Turku School of Economics and an Executive Master of Business Administration degree in International Business from Turku School of Economics. She is a Finnish citizen.

Pia Westman (born 1965) has been the Chief Operating Officer, Centralized Services and Capital Region as the latest responsibility area and a member of the Executive Team since 2016. She joined Terveystalo in 2011. Previously, Ms. Westman was the Business Director, Capital Region and Uusimaa, Business Director for Southern and South-Eastern Finland, the Regional Business Director, South, Unit Director of Terveystalo Kamppi, the Director of Hospital and Healthcare Services and Director of Hospital Services of Terveystalo. In addition, she has held several managerial positions at Eira hospital Ltd and the Finnish Red Cross Blood Transfusion Service. She holds a Doctor of Philosophy degree in Genetics from the University of Helsinki and a Master of Science degree, majoring in Genetics, from the University of Helsinki. She is a Finnish citizen.

Litigation Statement Concerning the Company's Directors and Officers

As at the date of this Prospectus, none of the members of the Board of Directors, the Executive Team or the CEO of the Company have, save for the exceptions described below, in the previous five years:

- been convicted in relation to fraudulent offences,
- held an executive function, been included in the executive management, or been a member of the administrative management or supervisory bodies of any company, or acted as a general partner with individual liability in a limited partnership at the time of or preceding any bankruptcy, administration of an estate or liquidation,
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Notwithstanding the above, Juha Tuominen acted between 2010 and April 10, 2012 as a member of the Board of Directors of Systems Biology Worldwide Ltd., which entered into bankruptcy on October 1, 2012.

Business Address

The business address of the Board of Directors, the CEO and the Executive Team is Jaakonkatu 3, FI-00100 Helsinki, Finland, and the telephone number is +358 30 633 11.

Conflicts of Interests

Provisions regarding conflicts of interest of the members of the Board of Directors are set forth in the Companies Act. Pursuant to Chapter 6, Section 4 of the Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself and the Company. Furthermore, a member of the Board of Directors may not participate in the handling of a contract between the Company and a third party if he or she may thereby receive a material benefit that may be in conflict with the interests of the Company. The aforementioned provisions concerning a contract shall correspondingly apply to other transactions and court proceedings. The aforementioned provisions also apply to the CEO.

To the knowledge of the Company, the members of the Board of Directors, the Executive Team or the CEO do not have any conflicts of interests between their duties towards the Company and their private interests and/or their other duties. In addition, there are no family relationships between the members of the Board of Directors and the Executive Team mentioned above.

Management Remuneration

Remuneration of Members of the Board of Directors

Pursuant to the Articles of Association, the Annual General Meeting of Shareholders determines the compensation payable to the members of the Board of Directors based on the recommendation of the Shareholders' Nomination Board. At the Annual General Meeting of Shareholders held on April 20, 2017, it was resolved that the Chairman of the Board of Directors would be paid an annual remuneration of EUR 50,000, other external members of the Board of Directors EUR 25,000 and that no remuneration would be paid to the members of the Board of Directors employed by EQT.

The remuneration of the members of the Board of Directors for the financial years 2016, 2015 and 2014 is presented in the following table:

Remuneration of the members of the Board of Directors (in EUR thousand)	January 1–December 31, 2016	January 1–December 31, 2015	January 1–December 31, 2014
Fredrik Cappelen (Chairman of the Board of Directors)	50	50	50
Olli Holmström[(1)]	-	-	-
Vesa Koskinen[(2)]	-	-	-
Åse Aulie Michelet[(3)]	21	-	-
Ralf Michels	25	25	25
Matti Rihko	25	25	25
Åsa Riisberg[(2)]	-	-	-
Total	**121**	**100**	**100**

(1) Member of the Board of Directors since April 20, 2017.
(2) No remuneration is paid to the members of the Board of Directors employed by EQT.
(3) Member of the Board of Directors since April 19, 2016.

Remuneration of Members of the Executive Team

The remuneration of the members of the Executive Team of Terveystalo (excluding the CEO) consists of a monthly fixed salary. In addition, they are entitled to customary fringe benefits, of which the taxable value is deducted from the salary payable to the member of the Executive Team.

The remuneration and benefits paid to the Executive Team (excluding the CEO) for the financial years 2016, 2015 and 2014 is presented in the following table:

Remuneration of the Executive Team members (excluding the CEO) (in EUR thousand)	January 1–December 31, 2016	January 1–December 31, 2015	January 1–December 31, 2014
Salaries and benefits	1,459	1,104	1,589
Pension costs	287	220	306
Total	**1,745**	**1,324**	**1,895**

The remuneration of the CEO consists of a monthly fixed salary, customary fringe benefits and bonuses according to the Company's bonus policy. Moreover, the CEO is entitled to extended healthcare provided by Terveystalo to his spouse and children up to EUR 5,000 per year.

The remuneration and benefits paid to the CEO for the financial years 2016, 2015 and 2014 is presented in the following table:

Remuneration of the CEO (EUR thousand)	January 1–December 31, 2016	January 1–December 31, 2015	January 1–December 31, 2014
Salaries and benefits	441	415	361
Pension costs	82	76	66
Total	**523**	**491**	**426**

Pensions

Terveystalo offers the members of the Executive Team the statutory Finnish TyEL pension. For the year ended December 31, 2016, the payments for the defined contribution pension plans of the members of the Executive Team amounted to EUR 17,000 in total. In total two members of the Executive Team are entitled to a defined contribution pension benefit amounting to EUR 8,500 per year.

Termination Benefits

The CEO's contract may be terminated by either the CEO or Terveystalo with six months' notice. If Terveystalo terminates the CEO's contract without grounds equal to those under the Finnish Employment Contracts Act (55/2001, as amended) that entitle an employer to terminate employment on grounds relating to the employee, the CEO is entitled to an additional severance pay of an amount equaling his or her monthly salary for six months. In addition, in case Terveystalo wishes to invoke the CEO's full twelve-month non-competition undertaking, the CEO shall be entitled to an additional compensation amounting to his salary for six months. The CEO's contract will expire automatically without prior written notice upon the CEO reaches the age of 60.

Management Holdings

The EGM resolved that the Company's six share classes will be combined into one single class of shares subject to the completion of the Listing. For more information on the combination of the Company's share classes, see "*Description of the Shares and Share Capital — Changes to the Shares and Share Capital Prior to the Listing*". Prior to the completion of the combination of the share classes, based on the Company's shareholders' register maintained by Euroclear Finland, the members of the Board of Directors, the CEO, and the members of the Executive Team of Terveystalo held on September 26, 2017 a total of 2,356,084 Shares in Terveystalo, corresponding to approximately 0.66 percent of the Shares in Terveystalo and approximately 0.23 percent of the votes attached to the Shares. The following table sets forth the number of Shares owned by the members of the Board of Directors and the Executive Team of Terveystalo that appeared on the shareholders' register maintained by Euroclear Finland on September 26, 2017 prior to the completion of the combination of the Company's share classes.

Name	Position	Class A Shares	Class B Shares	Class C Shares	Class D Shares	Class E Shares	Class F Shares
Fredrik Cappelen(1)	Chairman of the Board of Directors	122,090	0	0	155,387	0	0
Olli Holmström	Member of the Board of Directors	0	0	0	0	0	0
Vesa Koskinen	Member of the Board of Directors	0	0	0	0	0	0
Åse Aulie Michelet(2)	Member of the Board of Directors	7,972	0	0	45,248	0	0
Ralf Michels	Member of the Board of Directors	49,946	0	0	135,039	0	0
Matti Rihko(3)	Member of the Board of Directors	49,946	0	0	135,039	0	0
Åsa Riisberg	Member of the Board of Directors	0	0	0	0	0	0
Yrjö Närhinen(4)	CEO	0	656,574	0	0	0	0
Juha Tuominen(5)	Chief Medical Officer	0	277,477	0	0	0	0
Jens Jensen	Senior Vice President, Commercial	0	56,798	0	0	37,796	0
Juha Juosila	Chief Digital Officer	0	44,841	0	0	29,839	0
Johanna Karppi	Senior Vice President, HR and Legal	0	16,649	0	0	11,099	0
Susanna Kinnari	Senior Vice President, Communications, Marketing and Brand	0	30,737	0	0	20,487	0
Ilkka Laurila	CFO	0	146,846	0	0	97,898	0
Laura Räty(6)	Senior Vice President, Public Partnerships	0	14,947	0	0	9,946	0
Siina Saksi	Chief Operating Officer, Clinic Network	0	83,243	0	0	55,495	0
Pia Westman	Chief Operating Officer, Centralized Services and Capital Region	0	38,847	0	0	25,898	0
Total		229,954	1,366,959	0	470,713	288,458	0

(1) Fredrik Cappelen's ownership consists of 122,090 class A Shares and 155,387 class D Shares owned by Baskina AB, which he controls.

(2) Åse Aulie Michelet's ownership consists of 7,972 class A Shares and 45,248 class D Shares owned by Michelet Consult AS, which she controls. The shares are nominee-registered.

(3) Matti Rihko's ownership consists of 49,946 class A Shares and 135,039 class D Shares held by Mandatum Life Insurance Company Limited, Mr. Rihko being the ultimate beneficiary.

(4) Yrjö Närhinen's ownership consists of 277,477 class B Shares owned by Närhen pesä Oy, which he controls, and 379,097 class B Shares held by Mandatum Life Insurance Company Limited, Mr. Närhinen being the ultimate beneficiary.

(5) Juha Tuominen's ownership consists of 277,477 class B Shares held by Mandatum Life Insurance Company Limited, Mr. Tuominen being the ultimate beneficiary. Further, Juha Tuominen's spouse, with her controlling entities, owns 1,671 class C Shares and 16,692 class F Shares.

(6) Laura Räty's ownership consists of 14,947 class B Shares and 9,946 class E Shares owned by Groundhog-Holding Oy, which she controls.

The following table sets forth for illustrative purposes the number of Shares owned by the members of the Board of Directors and the Executive Team of Terveystalo after the completion of the Company's share class combination and a issuance of new shares without payment in proportion to shareholdings (share split) (but before the issue of any New Shares), assuming that two new Shares would be issued for each one single class share, as well as taking into account the effect of the Contractual Allocation as defined in "*Description of the Shares and Share Capital — Changes to the Shares and Share Capital Prior to the Listing*".

Name	Position	Number of Shares following combination of share classes
Fredrik Cappelen	Chairman of the Board of Directors	267,795
Olli Holmström	Member of the Board of Directors	0
Vesa Koskinen	Member of the Board of Directors	0
Åse Aulie Michelet	Member of the Board of Directors	22,681
Ralf Michels	Member of the Board of Directors	120,132
Matti Rihko	Member of the Board of Directors	120,132
Åsa Riisberg	Member of the Board of Directors	0
Yrjö Närhinen	CEO	1,316,459
Juha Tuominen	Chief Medical Officer	556,353
Jens Jensen	Senior Vice President, Commercial	119,476
Juha Juosila	Chief Digital Officer	94,323
Johanna Karppi	Senior Vice President, HR and Legal	35,024
Susanna Kinnari	Senior Vice President, Communications, Marketing and Brand	64,660
Ilkka Laurila	CFO	308,923
Laura Räty	Senior Vice President, Public Partnerships	31,441
Siina Saksi	Chief Operating Officer, Clinic Network	175,118
Pia Westman	Chief Operating Officer, Centralized Services and Capital Region	81,721
Total		3,314,238

Incentive Schemes

The Company's Board of Directors decides on the Company's remuneration schemes and annually commencing plans, including short-term incentive plans, long-term incentive plans, and pension plans on the basis of recommendations submitted by the Remuneration Committee.

Bonus Scheme

The Company operates a bonus scheme, which is determined by the Board of Directors of the Company upon the recommendation of the Remuneration Committee. The CEO and the members of the Executive Team are eligible to participate in the bonus scheme in accordance with the Company's bonus policy. Annual bonuses are payable based on the attainment of key performance targets of the Company. For 2017, the key performance targets of the CEO and the Executive Team are based on the Company's Adjusted EBITDA as well as the individual business and performance targets. The individual business and performance targets are set by the manager of the participant in the bonus scheme.

The maximum bonus payable to the CEO for achieving his targets is the amount to the equivalent of his ten months' salary. The maximum bonus payable to the members of the Executive Team (excluding the CEO) for achieving his or her targets is the amount to the equivalent of his or her five months' salary.

Long-term Incentive Plan

The Company considers competitive remuneration of management and personnel to be important and looks to further develop its remuneration and incentive arrangements in this regard in the ordinary course of the Company's business.

Directorships and/or Partnerships

The members of the Board of Directors and the Executive Team of Terveystalo currently hold or have held the following directorships and/or have been a partner in the following partnerships in the five years prior to the date of this Prospectus:

	Current directorships/partnerships	Former directorships/partnerships
Members of the Board of Directors		
Fredrik Cappelen	Baskina AB Baskina Invest AB Bodarna på Kallskär AB Customer Experience I AB Dometic Group AB (publ) Dustin Group AB EQT Partners Eterna Invest AB Fredro Fastigheter AB Securitas AB Transcom Worldwide AB	Byggmax Group AB Carnegie AB Carnegie Holding AB Carnegie Investment Bank AB GG Holding AB Frostbite Holding AB Granngården AB Munksjö AB Munksjö Holding AB Munksjö Oyj Sanitec Europe Corporation Svenska ICC Service AB WPO Service AB
Olli Holmström	Diaconia University of Applied Sciences Ltd HDL-Talot Oy Helsingin Diakonissalaitoksen Hoiva Oy Helsinki Deaconess Institute Foundation Hyvinvointialan Tieto Oy Medix Laboratories Ltd Suomen Diakoniaopisto — SDO Oy United Medix Laboratories Ltd Uusi Lakisto Oy VTKL-palvelut Oy	Cecilia Hoiva Oy Diacor Kiinteistö Oy Munkkisaarenkatu 16 Kiinteistö Oy RK-Asunnot Nokia Corporation RK-Kiinteistöt Oy
Vesa Koskinen	EQT Partners AB EQT Partners Oy kfzteile24 GmbH Kirva Holding Oy Suomen VAKA-palvelut II Oy	EQT Partners Oy Norrwin AB Roeser Group GmbH Swiss Smile AG Vertu Ltd VTI Technologies Oy (currently Murata Electronics Oy)
Åse Aulie Michelet	Inven2 AS Michelet Consult AS Odfjell SE Royal Greenland AS Spin Chip Diagnostics AS Sykehusapotekene HF	Cermaq ASA Norske Skog ASA Orkla ASA Photocure ASA Teres Medical Group AS
Ralf Michels	Consus clinicmanagement GmbH Deutsche Fachpflege Holding GmbH	Casa Reha Holding GmbH Evidensia Holding AB Median Kliniken GmbH & Co. KG Roeser Medical GmbH

	Current directorships/partnerships	Former directorships/partnerships
Matti Rihko	Finland Chamber of Commerce Kaleva Mutual Insurance Company Prasto Holding Oy Turku Chamber of Commerce Turku Science Park Ltd University of Turku	Finland Business Council of the International Chamber of Commerce (ICC) Oriola Corporation Raisio plc (When serving as the Chief Executive Officer of Raisio plc, Mr. Rihko served also as the Chief Executive Officer and/or in the Boards of Directors of several subsidiaries of Raisio plc.) Reso Management Oy Turku Chamber of Commerce Turun Viestintäkamari Oy University of Turku Varma Mutual Pension Insurance Company
Åsa Riisberg	EQT Partners AB	Atos Medical Aktiebolag Atos Medical Holding AB Atos Medical Holding 2 AB BTX Group A/S CBTJ 21 Holding B.V. CBTJ 22 Holding B.V. CBTJ 23 Holding B.V. CBTJ 24 Holding B.V. CBTJ 25 Holding B.V. CBTJ 26 Holding B.V. CBTJ 27 Holding B.V. CBTJ 28 Holding B.V CBTJ 32 Holding B.V. Cimbria Bulk Technology A/S EQT Credit B.V. EQT Expansion Capital II B.V. EQT Greater China II Equity B.V. EQT Infrastructure B.V. EQT Oppgrechec B.V. EQT Opportunity Equity B.V. EQT Opportunity Holdings B.V. EQT V Equity B.V HTL Strefa S.A. Holdingselskabet AF 24. Februar 2006 A/S JKF Industri S/A SEP Holdings B.V. Starid Holding 1 AB Starid Holding 2 AB Starid Holding 3 AB Svenska Riskkapitalföreningen Tilsted B.V. Tilsted Holding B.V.
Members of the Executive Team		
Yrjö Närhinen	Hyvinvointialan liitto ry Hyvinvointialan Tieto Oy Kuntopolku Oy Kuntoutumis- ja liikuntasäätiö Peurunka sr LPY-Koulutus Oy Lääkäripalveluyritykset ry Martela Corporation Närhen pesä Oy Teijon Masuuni Oy	Mathildedal's Brewery Ltd Terveyspalvelualan Tieto Oy (currently Hyvinvointialan Tieto Oy)
Juha Tuominen	Lääkärikompassi Oy Mari Tuominen Oy	Lääkäri Mediat Oy Novamass Ltd Systems Biology Worldwide Ltd.
Jens Jensen	-	Finnish Workers' Compensation Center (Tapaturmavakuutuskeskus) If P&C Insurance Company Ltd

	Current directorships/partnerships	Former directorships/partnerships
Juha Juosila	-	Huoneistokeskus Oy Huoneistomarkkinointi Oy Jokakoti Oy (currently Oikotie Asunnot Oy) Realia Group Oy Realia Isännöinti Oy Realia Management Oy Sanoma Pro Ltd SKV Kiinteistönvälitys Oy Oy Suomen Uutisradio Ab
Johanna Karppi	Finnpilot Pilotage Ltd	Turun Lääkärirakennus Oy
Susanna Kinnari	-	-
Ilkka Laurila		Rahoituksen neuvontapalvelut Inspira Oy
Laura Räty	Groundhog-Holding Oy	City of Helsinki Finnish Government Helsingin Kansallismedia Oy Helsinki Cooperative Society HOK-Elanto Keva National Coalition Party of Finland Oy Apotti Ab
Siina Saksi		Pohjola Insurance Ltd Tryg A/S Tryg Forsikring A/S, Finnish Branch Vuorenvirta Holding Oy
Pia Westman	-	-

Independent Auditors

Under the Company's Articles of Association, the Annual General Meeting of Shareholders elects one (1) auditor to examine the administration and accounts of the Company. The auditor must be an audit firm authorized by the Finnish Patent and Registration Office with an authorized public accountant in charge. The term of the auditor expires at the closing of the Annual General Meeting of Shareholders following the election. Under the Company's Articles of Association that will be effective as of the Listing, the Annual General Meeting of Shareholders decides on the remuneration of the auditor.

The consolidated financial statements of the Company as of December 31, 2016 and December 31, 2015 and for the years then ended, including comparative financial statements as of and for the year ended December 31, 2014, included in this Prospectus, have been audited by KPMG Oy Ab, independent auditors, as stated in their reports appearing herein. Authorized Public Accountant Jari Härmälä has acted during all of the above-mentioned financial years as the auditor in charge of the Company designated by KPMG Oy Ab.

With respect to the unaudited interim financial information as of June 30, 2017 and for the six-month periods ended June 30, 2017 and 2016, included in this Prospectus, KPMG Oy Ab as independent auditors, has reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

As at the date of this Prospectus, the Company has six share classes, which under the Company's Articles of Association carry differing voting rights[150], and in total 356,146,246 Shares. The EGM resolved that the Company's six share classes will be combined into one single class of shares subject to the completion of the Listing. After the Company's share class combination has been registered with the Trade Register, the Company will have 58,877,641 Shares and, when the Board of Directors has resolved to effect the issuance of new shares without payment in proportion to shareholdings after the combination of share classes, 117,755,282 Shares (assuming that two new shares would be issued for each share belonging to the sole share class). The aforementioned numbers do not include any New Shares. Please see "*Description of the Shares and Share Capital — Changes to the Shares and Share Capital Prior to the Listing*" for more information. Following the combination of the share classes, each Share in the Company will carry one vote at the Company's General Meeting of Shareholders and provide equal rights to dividend and other distributions of the Company.

The following table sets forth the largest shareholders of the Company that appeared on the shareholders' register maintained by Euroclear Finland on September 26, 2017 by number of votes and the share of ownership of the Company's shares prior to the completion of the combination of the Company's share classes:

Shareholder	Number of Shares	% of Shares	% of votes
Lotta Holding I S.à r.l.(1)	283,734,524	79.67	80.63
Helsinki Deaconess Institute Foundation(2)	48,146,246	13.52	14.54
Varma Mutual Pension Insurance Company(3)	15,000,000	4.21	4,53
Fredrik Cappelen(4)	277,477	0.08	0.08
Ralf Michels(5)	184,985	0.05	0.06
Matti Rihko(6)	184,985	0.05	0.05
Åse Aulie Michelet(7)	53,220	0.01	0.02
Yrjö Närhinen(8)	656,574	0.18	0.01
Olli Jurvainen(9)	422,899	0.12	0.01
Kari Kangasniemi(10)	422,899	0.12	0.01
Juha-Pekka Lyytikkä(11)	422,899	0.12	0.01
Ilkka Läikkö(12)	422,899	0.12	0.01
Pekka Samooja(13)	422,899	0.12	0.01
Juha Tuominen(14)	277,477	0.08	0.00
Ilkka Laurila(15)	244,744	0.07	0.00
Above in total	350,874,727	98.52	99.97
Other shareholders	5,271,519	1.48	0.03
Shares of the Company	356,146,246	100.00	100.00

(1) The ownership of Lotta Holding I S.à r.l. consists of 20,391,763 class A Shares; 5,378,447 class B Shares; 526,282 class C Shares; 245,953,430 class D Shares; 6,228,999 class E Shares and 5,255,603 class F Shares.
(2) The ownership of Helsinki Deaconess Institute Foundation consists of 4,382,146 class A Shares and 43,764,100 class D Shares.
(3) The ownership of Varma Mutual Pension Insurance Company consists of 1,365,261 class A Shares and 13,634,739 class D Shares.
(4) Fredrik Cappelen's ownership consists of 122,090 class A Shares and 155,387 class D Shares owned by Baskina AB, which he controls.
(5) Ralf Michels's ownership consists of 49,946 class A Shares and 135,039 class D Shares.
(6) Matti Rihko's ownership consists of 49,946 class A Shares and 135,039 class D Shares held by Mandatum Life Insurance Company Limited, Mr. Rihko being the ultimate beneficiary.
(7) Åse Aulie Michelet's ownership consists of 7,972 class A Shares and 45,248 class D Shares owned by Michelet Consult AS, which she controls. The Shares are nominee-registered.
(8) Yrjö Närhinen's ownership consists of 277,477 class B Shares owned by Närhen pesä Oy, which he controls, and 379,097 class B Shares held by Mandatum Life Insurance Company Limited, Mr. Närhinen being the ultimate beneficiary.
(9) Olli Jurvainen's ownership consists of 38,649 class B Shares and 384,250 class E Shares.
(10) Kari Kangasniemi's ownership consists of 38,649 class B Shares and 384,250 class E Shares.
(11) Juha Pekka Lyytikkä's ownership consists of 38,649 class B Shares and 384,250 class E Shares.
(12) Ilkka Läikkö's ownership consists of 38,649 class B Shares and 384,250 class E Shares.
(13) Pekka Samooja's ownership consists of 38,649 class B Shares and 384,250 class E Shares.
(14) Juha Tuominen's ownership consists of 277,477 class B Shares held by Mandatum Life Insurance Company Limited, Mr. Tuominen being the ultimate beneficiary.
(15) Ilkka Laurila's ownership consists of 146,846 class B Shares and 97,898 class E Shares.

150 As at the date of this Prospectus, the Company has six share classes: A, B, C, D, E and F Shares, as set out in the Articles of Association. Each class A Share carries 20 votes, each class B Share carries one vote, each class D Share carries 20 votes and each class E Share carries one vote at the Company's General Meeting of Shareholders. Class C and F Shares do not carry any votes at the General Meeting of Shareholders.

The following table sets forth for illustrative purposes the largest shareholders of the Company after the completion of the Company's share class combination and a issuance of new Shares without payment in proportion to shareholdings (share split) (but before the issue of any New Shares), assuming that two new Shares would be issued for each one single class Share, as well as taking into account the effect of the Contractual Allocation as defined in "*Description of the Shares and Share Capital — Changes to the Shares and Share Capital Prior to the Listing*".

Shareholder	Number of Shares following combination of share classes and share split	% of Shares and votes following combination of share classes and share split
Lotta Holding I S.à r.l.	90,832,836	77.1
Helsinki Deaconess Institute Foundation	14,967,450	12.7
Varma Mutual Pension Insurance Company	4,755,687	4.0
Yrjö Närhinen(1)	1,316,459	1.1
Juha Tuominen(2)	556,353	0.5
Ilkka Laurila	308,923	0.3
Fredrik Cappelen(3)	267,795	0.2
Olli Jurvainen	134,370	0.1
Kari Kangasniemi	134,370	0.1
Juha-Pekka Lyytikkä	134,370	0.1
Ilkka Läikkö	134,370	0.1
Pekka Samooja	134,370	0.1
Ralf Michels	120,132	0.1
Matti Rihko(4)	120,132	0.1
Åse Aulie Michelet(5)	22,681	0.0
Above in total	113,940,298	96.8
Other shareholders	3,814,984	3.2
Shares of the Company	117,755,282	100.00

(1) Yrjö Närhinen's ownership consists of 556,353 Shares owned by Närhen pesä Oy, which he controls, and 760,106 Shares held by Mandatum Life Insurance Company Limited, Mr. Närhinen being the ultimate beneficiary.

(2) Juha Tuominen's ownership consists of 556,353 Shares held by Mandatum Life Insurance Company Limited, Mr. Tuominen being the ultimate beneficiary.

(3) Fredrik Cappelen's ownership consists of 267,795 Shares owned by Baskina AB, which he controls.

(4) Matti Rihko's ownership consists of 120,132 Shares held by Mandatum Life Insurance Company Limited, Mr. Rihko being the ultimate beneficiary.

(5) Åse Aulie Michelet's ownership consists of 22,681 Shares owned by Michelet Consult AS, which she controls. The Shares are nominee-registered.

The Company is controlled by Lotta Holding I S.à r.l., a private limited liability company incorporated under the laws of Luxembourg, with registered address at 23, Rue Aldringen, L-1118 Luxembourg, which owns 79.7 percent of the Shares and 80.6 percent of the votes prior to the completion of the combination of the Company's share classes. Lotta Holding I S.à r.l. is ultimately owned by the fund EQT VI managed by EQT VI (General Partner) LP, together with associated co-investment vehicles. The Company is not consolidated into financial statements of EQT VI (General Partner) LP or any other legal entity. If the share class combination and the issuance of new Shares without payment in proportion to shareholdings are carried out as described in this Prospectus (taking into account the effect of the allocation agreed by the Company's shareholders on September 25, 2017 on Lotta Holding I S.à r.l.'s ownership), the largest shareholder of the Company, Lotta Holding I S.à r.l. will hold approximately 77.1 percent of all Shares and votes of the Company. Please see "*Description of the Shares and Share Capital — Changes to the Shares and Share Capital Prior to the Listing*" for more information.

Other than as set out above, the Company has no knowledge of any shareholder exercising control over the Company or of any other arrangement, the operation of which may have an impact on the exercise of control over the Company after the Listing.

Related Party Transactions

Parties are considered to be related parties if one party has the ability to control the other party or to exercise significant influence in or joint control over the other party in making financial and operating decisions. The related parties of the Company include its subsidiaries and the fund EQT VI which is managed by EQT VI (General Partner) LP and which owns Lotta Holding I S.à r.l. Related parties also include the members of the Board of Directors and Executive Team, the CEO and the close family members of these individuals. The Board of Directors, the Executive Team and the CEO and the remuneration of these individuals has been presented in this Prospectus under "*Board of Directors, Management and Auditors*". The Company's subsidiaries have been presented in this Prospectus under "*Business of The Company — Organizational Structure*".

The following tables present transactions with the Company's related parties between January 1, 2014 and June 30, 2017:

EUR thousand	**Six months ended June 30,**	**Year ended December 31,**		
	2017	**2016**	**2015**	**2014**
	(unaudited)	**(audited)**		
Group receivables from associates[1]	-	-	18	95
Group liabilities to associates	-	-	-	34

(1) EP-Magneetti Oy was an associate of the Company in the year ended December 31, 2015 and Examinatio Magnetica Fennica Oy in the year ended December 31, 2014.

The Company did not have significant related party transactions between June 30 and September 26, 2017.

DESCRIPTION OF THE SHARES AND SHARE CAPITAL

General Information

As at the date of this Prospectus, the registered name of the Company is Terveystalo Oyj in Finnish, Terveystalo Abp in Swedish and Terveystalo Plc in English. The Company is domiciled in Helsinki, Finland, its registered address is Jaakonkatu 3, FI-00100 Helsinki and the telephone number of the Company is +358 30 633 11. The Company is a Finnish public limited liability company subject to the laws of Finland. The business identity code of the Company is 2575979-3 and its accounting period is the calendar year.

Terveystalo Plc was registered with the Trade Register on October 16, 2013.[151] The Group was established by the founding of Terveystalo Plc and Terveystalo Holding I Oy (then Lotta Holding II Oy). The operational functions of the Group were acquired on December 18, 2013, when a subsidiary of the Company acquired all the shares of Terveystalo Healthcare Holding Oy. Prior to the acquisition, Terveystalo Healthcare Holding Oy was controlled by a company managed by a fund owned by Bridgepoint Capital and was the parent company of the group that conducted Terveystalo's business operations.

Pursuant to Article 2 of the Articles of Association, the Company's field of business is to produce, directly or through its subsidiaries and affiliates, health and social services, to engage in operating medical centers, hospitals, care homes and other operations related to health and social services, such as the procurement and sale of products and services related to the aforementioned services, to produce and offer consulting, medical training and other professional services, staffing services, drug trials and medical research as well as insurance mediation. The Company may also engage in the manufacturing and importing of machines, equipment and products related to its field of business and their purchase, sale and rental business as well as engage in the development, purchase, sale, rental and licensing of ICT-related solutions relating to its field of business and provide professional services related to such solutions. The Company may own, control and trade intangible rights, shares and portions, real estate, land, buildings and portions of a real estate and other securities and shares entitling to the ownership of them as well as engage in security trading.

Shares and Share Capital

As at the date of this Prospectus, the Company has six share classes and in total 356,146,246 Shares, of which 26,369,124 are A Shares, 8,027,523 B Shares, 785,499 C Shares, 303,822,982 D Shares, 9,296,952 E Shares and 7,844,166 F Shares and none of which are held by the Company itself. All the Shares have been fully paid. As at the date of this Prospectus, the Company's registered share capital is EUR 80,000. The number of Shares and share classes of the Company will change prior to the Listing, please see—"*Changes to the Shares and Share Capital Prior to the Listing*" below for information regarding these changes. The Shares do not have nominal value. The Shares have been entered in the Euroclear Finland book-entry securities system and the ISIN codes of the Shares are FI4000252127 (A Shares), FI4000252135 (B Shares), FI4000252143 (C Shares), FI4000252150 (D Shares), FI4000252168 (E Shares) and FI4000252176 (F Shares).

The Company will submit a listing application to the Helsinki Stock Exchange to list the Shares on the Official List. Trading of the Shares is expected to commence on the Prelist of the Helsinki Stock Exchange on or about October 11, 2017 and on the Official List of the Helsinki Stock Exchange on or about October 13, 2017. The share trading code of the Shares is "TTALO" and the ISIN code of the single class shares of the Company to be subject to trading is "FI4000252127".

151 Between October 16, 2013 and January 26, 2014, the registered name of the Company was Lotta Holding I Oy and between January 27, 2014 and September 26, 2017, the registered name of the Company was Terveystalo Oy.

The following table sets forth a summary of the changes in the Company's share capital and the number of Shares from January 1, 2014 to the date of this Prospectus.

Date of decision	Arrangement	Number of Shares in the arrangement	Number of Shares after the arrangement	Share capital (EUR)	Date of Trade Register registration
Situation as of January 1, 2014	-	-	Class A: 27,823,345 Class B: 2,976,655 Class C: 0 Class D: 276,229,199 Class E: 970,801 Class F: 0 Total: 308,000,000	2,500	-
April 10, 2015	Conversion between share classes	-	Class A: 27,570,368 Class B: 2,976,655 Class C: 252,977 Class D: 273,702,745 Class E: 970,801 Class F: 2,526,454 Total: 308,000,000	2,500	April 23, 2015
June 17, 2015	Conversion between share classes	-	Class A: 27,454,815 Class B: 3,092,208 Class C: 252,977 Class D: 271,833,287 Class E: 2,840,259 Class F: 2,526,454 Total: 308,000,000	2,500	July 2, 2015
March 2, 2016	Conversion between share classes	-	Class A: 27,419,815 Class B: 3,092,208 Class C: 287,977 Class D: 270,983,287 Class E: 3,340,259 Class F: 2,876,454 Total: 308,000,000	2,500	March 11, 2016
March 24, 2017(1)	Directed share issue (class A and D Shares)	Class A: 4,382,146 Class D: 43,764,100 Total: 48,146,246	Class A: 31,801,961 Class B: 3,092,208 Class C: 287,977 Class D: 314,747,387 Class E: 3,340,259 Class F: 2,876,454 Total: 356,146,246	2,500	March 24, 2017
September 6, 2017	Conversion between share classes	-	Class A: 26,369,124 Class B: 8,027,523 Class C: 785,499 Class D: 303,822,982 Class E: 9,296,952 Class F: 7,844,166 Total: 356,146,246	2,500	September 13, 2017
September 26, 2017	Increase in share capital	-	Total: 356,146,246	80,000	September 27, 2017

(1) The Board of Directors resolved on the directed share issue by virtue of an authorization. The share issue was effected to pay to the Helsinki Deaconess Institute Foundation a part of the purchase price for the shares of Diacor acquired by the Company. See "*— Business of the Company — Material Agreements — Diacor Agreement*" for further information. The subscription price was EUR 8.35716898 for each class A Share and EUR 1.308175440 for each class D Share. The subscription price of the shares in question was recognized in the reserve for invested non-restricted equity.

Changes to the Shares and Share Capital Prior to the Listing

The EGM took certain conditional decisions in relation to the Listing, which will affect the rights conferred by and the total number of Shares in the Company prior to the Listing, in case the Listing is completed. These decisions are described in further detail below. If the Board of Directors decides to complete the Listing, these decisions will be executed and registered with the Trade Register prior to the registration of the New Shares and the completion of the Listing.

The EGM resolved to combine all of the Company's currently existing six share classes (share classes A to F) to a single share class.[152] Following the combination of the share classes, each Share in the Company will carry one vote at the Company's General Meeting of Shareholders and provide equal rights to dividend and other distributions of the Company.

The EGM resolved that the Company's Shares will be converted into single class shares with the following conversion ratios:

- All of the Company's B Shares (8,027,523) are converted into A Shares so that one B Share would be converted into one A Share (conversion ratio 1:1).
- All of the Company's C Shares (785,499) are converted into A Shares so that one C Share would be converted into one A Share (conversion ratio 1:1).
- All of the Company's D Shares (303,822,982) are converted into 22,430,035 A Shares (conversion ratio 1:0.073826).
- All of the Company's E Shares (9,296,952) are converted into 686,357 A Shares (conversion ratio 1:0.073826).
- All of the Company's F Shares (7,844,166) are converted into 579,103 A Shares (conversion ratio 1:0.073826).

Following the above share conversions the Company would have 58,877,641 A Shares. Thereafter all A Shares will be converted into the Company's single class shares so that one A Share will be converted into one single class Share (conversion ratio 1:1). In connection thereto, the Company's A Shares are renamed into "shares" without any symbol letter. As a result hereof the Company would have 58,877,641 single class Shares, which will carry one vote at the General Meeting of Shareholders and provide equal rights to dividend and other distributions of the Company. The aforementioned share conversions would not, as they are effected, have any effect on the Company's registered share capital.

The share class combination also involves amendments to the Company's Articles of Association whereby references to different share classes and certain other provisions are removed from the Company's Articles of Association. The Company's amended Articles of Association, which will be registered immediately after the Board of Directors has resolved to complete the Listing, are contained in Annex B of this Prospectus.

In addition, the EGM authorized the Board of Directors to resolve on the issuance of new Shares without payment in proportion to shareholdings for the purposes of increasing the total number of Shares in the Company (share split). The authorization consists of up to 800,000,000 new Shares in the aggregate that can be issued to all shareholders, following the combination of the Company's share classes, in proportion to their holdings.

The Company's shareholders agreed on September 25, 2017 that the shareholders' shareholdings will be reviewed to correspond to the principles of the Articles of Association (the "**Contractual Allocation**") following the combination of the share classes. As a result of the Contractual Allocation, shareholders' share amounts and, correspondingly, the ownership proportions amongst them will change to some extent from what has been presented in this Prospectus. The Contractual Allocation will not affect the total number of the Shares in the Company.

As the Company's share class combination has been registered with the Trade Register, the Company will have 58,877,641 Shares and, when the Board of Directors resolves to effect the issuance of new shares without payment in proportion to shareholdings after the combination of share classes, 117,755,282 Shares (assuming that two new Shares would be issued for each one single class share). The aforementioned numbers do not include any New Shares.

[152] As at the date of this Prospectus, the Company has six share classes: A, B, C, D, E and F Shares, as set out in the Articles of Association. Each class A Share carries 20 votes, each class B Share carries one vote, each class D Share carries 20 votes and each class E Share carries one vote at the Company's General Meeting of Shareholders. Class C and F Shares do not carry any votes. Class D, E, and F Shares have a priority right to dividends paid by the Company over class A, B, and C Shares under the conditions set forth in the Articles of Association. According to the Company's Articles of Association, holders of class A Shares have the right to request the conversion of their Shares into class B or C Shares, and holders of class D Shares have the right to request the conversion of their class D Shares into class E or F Shares. Furthermore, the Company's Articles of Association stipulates that the class B, C, D, E and F Shares will be converted into class A Shares immediately prior to the completion of listing of the Shares. The Company's amended Articles of Association, which will be registered immediately after the Board of Directors has resolved to complete the Listing, are contained in Annex B of this Prospectus.

As the share class combination and the issuance of new Shares without payment in proportion to shareholdings are completed, and assuming that the maximum number of New Shares are offered and subscribed for in the Offering, the Company will have 128,060,815 Shares following the completion of the Offering.

As at the date of this Prospectus, the Articles of Association of the Company include redemption and consent clauses, which the EGM resolved to remove from the Articles of Association subject to the completion of the Listing. At the completion of the Listing, the Shares will therefore be freely transferrable subject to the transfer restrictions described in "*Plan of Distribution in the Offering — Lock up*".[153] The EGM also resolved to amend the provisions regarding the manner of notice and the notice period for the General Meeting of Shareholders subject to the completion of the Listing. See "*— General Meetings of Shareholders*" for further information.

Current Authorizations

The EGM resolved to authorize the Board of Directors to:

- resolve on an issuance of new Shares without payment, conditional on the completion of the Company's share class combination, in one or several instalments, in proportion to shareholdings for the purposes of increasing the total number of Shares in the Company (share split). The authorization consists of up to 800,000,000 new Shares in the aggregate, which can be issued to all shareholders, following the combination of the Company's share classes, in proportion to their holdings. The authorization remains effective until the end of the next Annual General Meeting of Shareholders of the Company, but no later than June 30, 2018.
- resolve on a directed issuance of new Shares in deviation of shareholders' pre-emptive rights and against payment, in one or several instalments, for the purposes of completing the Offering. The authorization consists of up to 200,000,000 new Shares in the aggregate that can be issued following the combination of the Company's share classes. The authorization entitles the Board of Directors to resolve on all terms and conditions of the directed issuance of Shares, including the right to derogate from the pre-emptive right of the shareholders. The authorization remains effective until the end of the next Annual General Meeting of Shareholders of the Company, but no later than June 30, 2018. The authorization cancels the authorization granted by the General Meeting of Shareholders of the Company held on 16 December 2016 to the Board of Directors to resolve on the issuance of up to a maximum of 50,000,000 Shares.
- resolve on the repurchase of the Company's own Shares, in one or several instalments, using the unrestricted shareholders' equity of the Company. The authorization consists of up to 50,000,000 own shares in the aggregate that can be repurchased following the combination of the Company's share classes, however, subject to the restriction that the Board of Directors cannot repurchase own Shares so that the total number of own Shares held by the Company and its subsidiaries would exceed 10 percent of all Shares. The Shares can be purchased in public trading at the prevailing market price and the purchases would be carried out on the Helsinki Stock Exchange in accordance with its rules and regulations, provided that the Listing is completed. The authorization entitles the Board of Directors to resolve on all terms and conditions of the repurchase of the Shares, including to repurchase Shares in another proportion than that of existing shareholdings of the shareholders. The authorization remains effective until the end of the next Annual General Meeting of Shareholders of the Company, but no later than June 30, 2018.
- resolve on an issuance of Shares or special rights entitling to Shares, either against payment or without payment, in one or several instalments, for general corporate purposes. The authorization consists of up to 125,000,000 shares in the aggregate (including the Shares to be received based on special rights) that can be issued following the combination of the Company's share classes. The Board of Directors is authorized to resolve to issue either new Shares or own Shares possibly held by the Company. The authorization entitles the Board of Directors to resolve on all terms and conditions of the issuance of Shares and/or special rights entitling to Shares, including the right to derogate from the pre-emptive right of the shareholders. The authorization remains effective until the end of the next Annual General Meeting of Shareholders of the Company, but no later than June 30, 2018.

[153] Under the redemption clause, the shareholders of class A and D Shares have the right to redeem Shares of all share classes that are acquired by parties other than the current shareholders of the Company. Under the consent clause, a consent is required by the Board of Directors, if Shares are acquired by parties other than the current shareholders of the Company. The Company's amended Articles of Association, which will be registered immediately after the Board of Directors has resolved to complete the Listing, are contained in Annex B of this Prospectus.

Shareholders' Rights

Shareholders' Pre-emptive Subscription Right

Pursuant to the Companies Act, the shareholders have a pre-emptive right to subscribe for the shares being offered in a share issue in proportion to the number of shares in a company they already hold unless otherwise provided in the resolution of the General Meeting of Shareholders or the Board of Directors resolving on such issue. Pursuant to the Companies Act, a resolution that deviates from the shareholders' pre-emptive rights must be approved by at least two thirds of all votes cast and shares represented at a General Meeting of Shareholders. In addition, pursuant to the Companies Act, such a resolution requires that the Company has a weighty financial reason to deviate from the pre-emptive rights of shareholders. In addition, pursuant to the Companies Act, a resolution on a share issue without payment waiving the shareholders' pre-emptive rights requires that there is an especially weighty financial reason for the company and in regard to the interests of all shareholders in the company.

Certain foreign shareholders may not necessarily be able to exercise their pre-emptive subscription rights in the Company's future offerings due to the legislation and regulations of their own country.

General Meetings of Shareholders

Under the Companies Act, the shareholders exercise their decision-making power concerning the Company's matters at the General Meetings of Shareholders. Pursuant to the Articles of Association of the Company and the Companies Act, the Annual General Meeting of Shareholders of a company shall be held annually within six (6) months of the end of the financial year.

As of the Listing, the shareholders of the Company are summoned to a General Meeting of Shareholders by publishing the notice through a stock exchange release and, under the Articles of Association of the Company, by publishing the notice on the website of the Company. The notice shall be published no earlier than three (3) months and no later than three (3) weeks prior to the General Meeting of Shareholders, in any event no later than nine (9) days prior to the Record Date (as defined below) of the General Meeting of Shareholders.[154]

Under the Articles of Association, in order to attend a General Meeting of Shareholders, a shareholder must register with the Company no later than the date specified in the notice of meeting, which may not be earlier than ten (10) days prior to the General Meeting of Shareholders. As the Company's shares are included in the book-entry system, the provisions of the Finnish Companies Act concerning the right to participate in a General Meeting shall also be taken into account.

Pursuant to the Companies Act, the Annual General Meeting of Shareholders shall resolve on matters including, amongst others, the following:

- adoption of the financial statements and consolidated financial statements,
- granting discharge from liability to the members of the Board of Directors and the CEO,
- use of profit shown in the balance sheet,
- election of members of the Board of Directors, and
- election of auditors.

Furthermore, an authorization for the Board of Directors to resolve on a share issuance or issuance of other special rights entitling to shares and amendments to the Articles of Association also require the resolution of a General Meeting of Shareholders. In addition to Annual General Meetings of Shareholders, Extraordinary General Meetings of Shareholders may also be held if required. Subject to the nature of the matter to be resolved, the provisions of the Companies Act regarding qualified majority, as described below, shall be applied.

The General Meeting of Shareholders handles the matters required by the Companies Act or the Articles of Association or presented to it by the Board of Directors. As a general rule, the General Meeting of Shareholders is summoned by the Board of Directors. If a shareholder or shareholders of a company controlling at least ten percent of the shares or the company's auditor request in writing that a certain

[154] As at the date of this Prospectus, under the current Articles of Association of the Company, the shareholders are summoned to a General Meeting of Shareholders by mail or e-mail. The notice shall be sent no earlier than two (2) months and no later than one (1) week prior to the Record Date to address, which a shareholder has notified to the Board of Directors. The EGM resolved to amend this provision subject to the completion of the Listing.

matter be handled at a General Meeting of Shareholders, the Board of Directors must summon a General Meeting of Shareholders within one month from the arrival of the request. Under the Companies Act, a shareholder may submit a written request to the Board of Directors to include on the agenda for the next General Meeting of Shareholders any matter falling within the competence of the General Meeting of Shareholders, provided that the request is submitted in good time so that it can be included in the notice to the meeting. In a listed company, a request is always considered to be on time, if it is submitted at the latest four weeks prior to the giving of the notice to a meeting.

Under the Companies Act, only the shareholders who have been entered in the Company's shareholders' register maintained by Euroclear Finland eight working days before a General Meeting of Shareholders (the "**Record Date**") have the right to attend the General Meeting of Shareholders. A holder of nominee-registered shares has the right to participate in a General Meeting of Shareholders by virtue of such shares based on which he or she on the Record Date would be entitled to be registered in the shareholders' register of the Company held by Euroclear Finland. The right to participate in a General Meeting of Shareholders requires, in addition, that the shareholder on the basis of such shares has been registered into the temporary shareholders' register of the Company held by Euroclear Finland. The notification of temporary entry into the shareholders' register shall be made no later than on the date specified in the notice to the General Meeting of Shareholders, which must be after the Record Date.

Under the Companies Act, a shareholder may participate in a General Meeting of Shareholders in person or by way of proxy representation. A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his or her right to represent a shareholder at a General Meeting of Shareholders. When a shareholder participates in the General Meeting of Shareholders by means of several proxy representatives representing the shareholder based on shares at different securities accounts, the shares based on which each proxy representative represents the shareholder shall be identified in connection with the registration for the General Meeting of Shareholders. In addition, each shareholder or proxy representative may have an assistant present at the General Meeting of Shareholders.

Voting Rights

A shareholder may attend and vote at a General Meeting of Shareholders personally or by way of proxy representation. Under the Articles of Association of the Company as of the Listing, each share entitles its holder to cast one (1) vote at a General Meeting of Shareholders.[155] If a holder of nominee-registered shares wishes to attend a General Meeting of Shareholders and exercise the voting rights attached to such shares, the holder must be notified for a temporary entry in the Company's shareholders' register. The notification for temporary entry into the shareholders' register shall be made no later than on the date specified in the notice to the General Meeting of Shareholders, which must be after the Record Date.

At a General Meeting of Shareholders, resolutions generally require the approval of the majority of the votes cast. However, certain resolutions, such as amending the Articles of Association, a directed share issue and, in certain cases, a resolution regarding the merger or dissolution of the Company, require a majority of two thirds of the votes cast and of the shares represented at the General Meeting of Shareholders.

Dividend and Other Distribution of Funds

Under the Companies Act, dividends on shares of a Finnish company may only be paid after the General Meeting of Shareholders has adopted the company's financial statements and resolved on the distribution of dividend. As a general rule, the General Meeting of Shareholders may not decide to distribute assets in excess of what the Board of Directors has proposed or accepted. Pursuant to the Companies Act, the distribution of dividends shall be based on the latest adopted and audited financial statements. A company may also pay an interim dividend based on the earnings of the ongoing financial year if an Extraordinary General Meeting of Shareholders adopts new audited financial statements. The payment of dividends requires the approval of the majority of the votes cast at a General Meeting of Shareholders. The General Meeting of Shareholders may also authorize the Board of Directors to resolve on the distribution of dividends. As of the Listing, all the shares of the Company entitle their holders to equal rights to dividend and other distributions of the Company[156].

Pursuant to the Companies Act, the shareholders' equity is divided into restricted and unrestricted equity. The division has significance when determining the amount of distributable funds. Share capital and

[155] The EGM resolved to combine the currently existing share classes of the Company subject to the completion of the Listing. See "*— Changes to the Shares and Share Capital Prior to the Listing*" above.

revaluation surplus, fair value reserve and revaluation reserve pursuant to the Finnish Accounting Act (1336/1997, as amended) are restricted equity. The premium fund and reserve fund established prior to the entry into force of the Companies Act are restricted equity as provided by the Act on the Implementation of the Companies Act (625/2006, as amended). Other reserves and the profit for the financial year and retained earnings from the previous financial years are unrestricted equity. The amount of any dividend or other distribution of assets is limited to the amount of distributable funds. However, no funds may be distributed if at the time of resolving on the distribution it is known or it should be known that the company is insolvent or that the distribution will result in insolvency. Distributable funds include the profit for the financial year, retained earnings from previous years and other unrestricted equity, less reported losses and the amount required by the company's Articles of Association to be left undistributed. The distributable funds shall be adjusted as appropriate by the amount of founding costs, research costs and certain development costs capitalized in the balance sheet pursuant to the Act on the Implementation of the Companies Act.

A dividend or other distribution of assets may not exceed the amount proposed or approved by the Board of Directors unless requested at the Annual General Meeting of Shareholders by shareholders representing at least ten percent of the issued shares of a company. If such a request is presented, and sufficient distributable funds are available as described above, the dividend paid shall equal at least one-half of a company's profit for the financial year, less the amount required by a company's Articles of Association to be left undistributed. The shareholders may request dividend for a maximum amount of eight percent of the total shareholders' equity of a company. Any dividend for the financial year distributed prior to the Annual General Meeting of Shareholders shall be deducted from the distributable amount. Dividend and other distributions are paid to shareholders or their nominees that are included in the shareholders' register on the relevant Record Date. The shareholders' register is maintained by Euroclear Finland through relevant book-entry account operators. Under the Finnish book-entry securities system, dividends are paid by account transfers to the accounts of the shareholders appearing in the register. As of the Listing, all shares of the Company entitle their holders equal rights to dividend and other distributions of the Company (including in an event of dissolution of the Company).[157] The date of expiry of the dividend is normally three years from the payment date of the dividend.

Under the Companies Act, a company may acquire or redeem its own shares. Decisions on the acquisition or redemption of a company's own shares must be made by the General Meeting of Shareholders and require at least two thirds of the votes cast and the shares represented at the meeting. The General Meeting of Shareholders may also authorize the Board of Directors to decide on an acquisition of a company's own shares using the unrestricted equity for a specific period of time, which cannot exceed 18 months. Own shares may be acquired in a proportion other than that of the shares held by the shareholders only if there is a weighty financial reason for the company to do so. As a general rule, own shares may be redeemed in a proportion other than that of the shares held by the shareholders only by the consent of all shareholders. In a public company, the decision to acquire or redeem own shares or to accept them as pledge may not be made if the treasury shares in the possession of, or held as pledges by, the company and its subsidiaries would exceed ten percent of all shares. Shares held by a company or its subsidiaries shall not be entitled to participate in the General Meeting of Shareholders or to dividend distribution.

Mandatory Tender Offer and Redemption Obligation

The Securities Markets Act requires that a shareholder whose holding in a company exceeds three-tenths or one-half of the total voting rights attached to the shares of the company, calculated in accordance with the Securities Markets Act, after the commencement of a public quotation of such shares must make a public tender offer for all the remaining shares and securities with an entitlement to its shares issued by the company for fair value. See "*Finnish Securities Market — Regulation of the Finnish Securities Markets*".

Under the Companies Act, a party holding more than nine-tenths of all the shares and votes attached to the shares in a company has the right to redeem the shares of the other shareholders of the company at fair value. In addition, any minority shareholder that possesses shares that may be so redeemed by the majority shareholder is entitled to require such majority shareholder to redeem the shares held by the minority shareholders.

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156 The EGM resolved to combine the currently existing share classes of the Company subject to the completion of the Listing. See "*— Changes to the Shares and Share Capital Prior to the Listing*" above.

157 The EGM resolved to combine the currently existing share classes of the Company subject to the completion of the Listing. See "*— Changes to the Shares and Share Capital Prior to the Listing*" above.

Control of Foreign Acquisitions

The Act on the Control of Foreigners' Acquisition of Finnish Companies (172/2012, as amended, the "**Control Act**") may be applied to the Company. The Control Act grants Finnish authorities control over the ownership of companies considered essential in terms of national security or emergency supply. Accordingly, the government may intervene with regard to qualifying acquisitions unless clearance for the acquisition has been obtained by the Finnish Ministry of Employment and the Economy.

The Control Act is applied to any acquisition by a foreign buyer that results in a holding of at least one-tenth, one-third or half of the votes (or corresponding actual influence) in an entity covered by the Control Act. For the purposes of the Control Act, a foreign buyer or owner is defined as any entity or person not domiciled within the EU or the European Free Trade Association (EFTA) member states. Also, if such a foreigner entity would hold at least one tenth of the votes (or corresponding actual influence) in a domestic or EU/EFTA domiciled entity, the Control Act would be applied. As regards companies in the defense industry, any non-Finnish domiciled buyer would be deemed a foreign buyer for the purpose of the Control Act (including Finnish buyers with at least one-tenth foreign ownership).

The Control Act applies to the acquisition of companies in the defense industry and other business undertakings considered critical in terms of securing functions fundamental to society based on their relevant industry, business or commitments and that would be vital for national security and emergency supply. For a company to be subject to the Control Act it is not sufficient that the company operates in a critical industry; the company in question also has to be individually deemed critical in this respect. There are no minimum thresholds for the number of employees or the amount of turnover or total assets of the acquired company before a clearance procedure is triggered.

The Control Act does not provide exact or clear criteria for which companies are covered by the act, but refers to government strategies for the maintenance of supplies and services in exceptional circumstances and emergencies. Under the Law on the Securing of Supplies (1390/1992, as amended) the government shall take steps to ensure the availability of vital infrastructure and supplies in exceptional circumstances or national emergencies. Regulatory guidance underlying the Control Act suggests that the goal of the Control Act is to facilitate this obligation. Thus companies involved in, for example, infrastructure, the production and transfer of electricity as well as in data and telecommunications could be subject to the Control Act, provided that the products or services produced by a company in question are deemed critical for the purposes of the act.

Transfer through the Finnish Book-entry Securities System

Upon a sale of shares through the Finnish book-entry securities system, the relevant shares are transferred from the seller's book-entry account to the buyer's book-entry account as an account transfer. For the sale, allocation data is recorded into Euroclear Finland's HEXClear system and, if necessary, a provision regarding the book-entry security is made to the book-entry account. The sale is registered as an advance transaction until settlement and payment, after which the buyer is automatically registered in the shareholders' register of the relevant company. Trades are normally cleared in Euroclear Finland's automated clearing and settlement system (HEXClear system) on the second banking day after the trade date unless otherwise agreed by the parties. In case the shares are registered in the name of a nominee and the seller's and buyer's shares are deposited in the same custodial nominee account, a sale of shares does not require any entries into the Finnish book-entry securities system unless the nominee changes or the shares are transferred from the custodial nominee account pursuant to the sale.

Foreign Exchange Control

Shares in a Finnish company may be purchased by non-residents of Finland without any separate Finnish exchange control consent. Non-residents may also receive dividends without separate Finnish exchange control consent, the transfer of assets out of Finland being subject to payment by the company of withholding taxes in the absence of an applicable taxation treaty. Non-residents having acquired shares in a Finnish limited liability company may receive shares pursuant to a bonus issue or through participation in a rights issue without separate Finnish exchange control consent. Shares in a Finnish company may be sold in Finland by non-residents, and the proceeds of such sale may be transferred out of Finland in any convertible currency. There are no Finnish exchange control regulations restricting the sale of shares in a Finnish company by non-residents to other non-residents.

PLAN OF DISTRIBUTION IN THE OFFERING

Placing Agreement

The Company, EQT and the Managers named below are expected to sign the Placing Agreement on or about October 10, 2017. According to the Placing Agreement, the Company agrees to issue and the Selling Shareholders agree to sell the Offer Shares to the purchasers procured by the Managers or, failing which, to the Managers themselves, and each of the Managers, severally and not jointly, will agree to procure purchasers for, or failing such procurement, to subscribe for or purchase, the percentage of the total number of Offer Shares opposite such Manager's name below.

	Percentage of Offer Shares
Carnegie Investment Bank AB	26.7%
Morgan Stanley & Co. International plc	26.7%
Skandinaviska Enskilda Banken AB (publ) Helsinki Branch	26.7%
Jefferies International Limited	10.0%
OP Corporate Bank plc	10.0%
Total	**100.0%**

The Placing Agreement provides that the obligations of the Managers to procure purchasers for, or failing which, to purchase themselves, the Offer Shares are subject to certain conditions and may be subject to termination by the Joint Global Coordinators (acting for themselves and on behalf of the Managers) under certain circumstances, including force majeure, pursuant to the Placing Agreement. If the Joint Global Coordinators elect to terminate the several commitments of the Managers, the Offering may be cancelled and, if cancelled, no Offer Shares will be delivered.

The Placing Agreement provides that the Company and EQT will indemnify the Managers against certain liabilities, including certain liabilities under the U.S. Securities Act.

Over-Allotment Option

Pursuant to the Placing Agreement, EQT and the Stabilizing Manager may agree that EQT shall grant the Stabilizing Manager an over-allotment option exercisable during the Stabilization Period to purchase or to procure purchasers for a maximum of 10,949,196 Additional Shares (assuming that EQT would not decide to increase the number of Sale Shares) or a maximum of 11,717,560 Additional Shares (assuming that EQT would decide to increase the number of Sale Shares by 5,122,433 Sale Shares) solely to cover over-allotments. The Additional Shares represent approximately 10.0 percent of the Shares and votes prior to the Offering and approximately 9.1 percent following the Offering assuming that the maximum number of New Shares are offered and subscribed for in the Offering. However, the Additional Shares always represent no more than 15 percent of the total number of New Shares and Sale Shares.

Stabilization

In connection with the Offering and in accordance with all applicable laws and rules, the Stabilizing Manager for the account of the Managers, may (but will be under no obligation to) over-allot Shares or effect stabilization transactions with a view to supporting the market price of the Shares during the Stabilization Period at a level higher than that which might otherwise prevail (provided that the aggregate principal amount of Shares allotted does not exceed 15 percent of the aggregate principal amount of the Offer Shares). However, stabilization action may not necessarily occur and may cease at any time. Any stabilization action may begin on or after the date of commencement of trading of the Shares on the Helsinki Stock Exchange and, if begun, may be ended at any time, but it must end no later than 30 days after that date. Any stabilization action or over-allotment must be conducted by the Stabilization Manager in accordance with all applicable laws and rules and can be undertaken at the offices of the Stabilization Manager and on the Helsinki Stock Exchange and Bats Trading Limited (Bats Europe) as well as Turquoise Global Holdings Limited (Turquoise). Stabilization may result in an exchange or market price of the Shares that is higher than might otherwise prevail, and the exchange or market price may reach a level that cannot be maintained on a permanent basis.

The Stabilization Manager will act as the central point under Art (6)5 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing regulation (EU) No 596/2014 of the

European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilization measures.

Any stabilization measures will be conducted in accordance with the Market Abuse Regulation and the Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilization measures.

The Stabilizing Manager and Selling Shareholders are expected to sign a share lending agreement on or about October 10, 2017 related to the settlement and stabilization. According to the share lending agreement, the Stabilizing Manager may borrow a number of Shares equal to the number of Additional Shares that are subject to the Over-Allotment Option.

Lock-up

The parties mentioned below shall agree with the Managers that, during a period ending 180 days from the Listing (i.e. until on or about April 8, 2018) as regards the Company, the Selling Shareholders and other existing shareholders of the Company and 360 days from the Listing, (i.e. until on or about October 5, 2018) as regards the members of the Board of Directors, executive officers and certain key employees of the Company, neither any of these persons nor any party acting on their behalf, save for the Offering and certain other exceptions, will, without the prior written consent of the Joint Global Coordinators, issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities exchangeable for or convertible into or exercisable for, or substantially similar to, Shares, or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise.

The lock-up does not apply to certain situations, including, as regards the Selling Shareholders and other parties named above, a takeover bid concerning the Company or a Share buyback directed to all shareholders, amongst others, and does not concern Shares other than those owned by the Selling Shareholders and other existing shareholders and the members of the Board of Directors or the executive officers and certain key employees of the Company at the date of admission of the Shares to trading on the Helsinki Stock Exchange.

By submitting a Commitment to participate in the Personnel Offering the respective party agrees to be bound by a lock-up in respect of the Shares. In accordance with these lock-up restrictions, parties participating in the Personnel Offering may not, without the prior written consent of the Joint Global Coordinators during a period ending 180 days after the Listing (i.e. until on or about April 8, 2018), sell, sell short or otherwise directly or indirectly transfer Shares subscribed for in the Personnel Offering, or option rights or warrants entitling to buy Shares subscribed for in the Personnel Offering or other securities convertible into or exercisable for Shares subscribed for in the Personnel Offering that they hold or purchase in the Personnel Offering or are authorized to dispose. Those participating in the Personnel Offering agree that the lock-up described herein can be recorded to their book-entry accounts.

The lock-ups concern in total approximately 39.5 percent of the Shares and votes after the Share Issue without the Over-Allotment Option (approximately 30.3 percent including the Over-Allotment Option) assuming that the Selling Shareholders sell the maximum number of Sale Shares and that the maximum number of New Shares are offered and subscribed for in the Offering.

Subscription Undertakings

The Cornerstone Investors, Varma Mutual Pension Insurance Company, Hartwall Capital Ltd, Rettig Group Ltd and Elo Mutual Pension Insurance Company, have each individually in September 2017 given subscription undertakings in relation to the contemplated Offering, under which the Cornerstone Investors have, each individually, committed to subscribe for Offer Shares at the Subscription Price, subject to certain conditions being fulfilled, including a condition that the maximum valuation of all of the Company's outstanding Shares (after any proceeds from the Share Issue and excluding treasury shares), based on the Subscription Price, does not exceed EUR 1,250 million. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of

Offer Shares covered in the subscription undertaking. The Cornerstone Investors have given subscription undertakings as follows:

- Varma Mutual Pension Insurance Company up to approximately 11.3 percent, for a total shareholding of 15 percent, including shareholding as at the date of the Prospectus; Hartwall Capital Ltd 10.1 percent and Rettig Group Ltd 10.1 percent of the outstanding Shares in the Company following completion of the possible Offering.
- Elo Mutual Pension Insurance Company amounts to EUR 50 million.

The aggregate subscription undertakings of the Cornerstone Investors would amount to approximately EUR 444 million or approximately 36 percent of the outstanding Shares at EUR 1,250 million valuation of all of the Company's outstanding Shares (after any proceeds from the Share Issue and excluding treasury shares). The Cornerstone Investors will not be compensated for their subscription undertakings.

Other Issues

No transfer tax is payable in connection with the issue or subscription of the New Shares. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for safekeeping of the Shares. The Sale Shares are sold in connection with the commencement of trading in the Shares on the Prelist of the Helsinki Stock Exchange, and no transfer tax is expected to be payable for these transfers. If transfer tax is due, the Selling Shareholders will pay any transfer tax payable on transfers of Sale Shares. Purchasers of the Shares which are not Finnish tax residents may be required to pay stamp taxes and other charges in accordance with the laws and practices applicable to such purchasers in addition to the Subscription Price.

The Company will submit a listing application to the Helsinki Stock Exchange for the listing of the Offer Shares and the existing Shares in the Company on the Official List maintained by the Helsinki Stock Exchange. Trading in the Offer Shares is expected to begin on the Prelist of the Helsinki Stock Exchange on or about October 11, 2017 and on the Official List of the Helsinki Stock Exchange on or about October 13, 2017. Trading in the Personnel Shares is expected to begin on or about October 13, 2017. The share trading code of the Shares is "TTALO" and ISIN code FI4000252127.

Offer Shares issued in the Public Offering and Personnel Offering are recorded in the book-entry accounts of investors who have made an approved Commitment on or about the first banking day after the Pricing takes place, on or about October 11, 2017. In the Institutional Offering, the Offer Shares will be ready to be delivered to investors against payment on or about October 13, 2017 through Euroclear Finland. All dealing in the Shares prior to settlement will be for the account and at the sole risk of the parties involved.

In connection with the Offering, the Managers and any affiliates acting as investors for their own account may take up Offer Shares and in that capacity may retain, purchase or sell Offer Shares for their own account and may offer or sell such securities other than in connection with the Offering, in each case, in accordance with applicable law. The Managers do not intend to disclose the extent of any such investment or transaction other than in accordance with any legal or regulatory obligation to do so.

The offering and sale of the Offer Shares will be made (a) inside the United States by the Managers through their respective selling agents to QIBs in reliance on and in compliance with Rule 144A or pursuant to another available exemption from, or a transaction subject to, the registration requirements of the U.S. Securities Act, (b) outside the United States in offshore transactions in reliance on and in compliance with Regulation S, including within Finland in a Public Offering and Personnel Offering pursuant to the Finnish Prospectus. Any offer or sale of Offer Shares in reliance on and in compliance with Rule 144A or pursuant to another exemption from, or a transaction subject to, the registration requirements of the U.S. Securities Act will be made by broker dealers registered as such under the U.S. Exchange Act. The Shares of the Company (including the Offer Shares) have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act.

No action has been or will be taken in any jurisdiction other than Finland that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares in any jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Offer Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

The Company and the Selling Shareholders have undertaken to pay the Managers a commission for the services provided in the Placing Agreement, which is based on the gross proceeds from the Offer Shares, including possible sale of Additional Shares pursuant to the Over-Allotment Option. The liability for the commission is divided between the Selling Shareholders and the Company on the basis of the share of gross proceeds received by the Company and each of the Selling Shareholders from Sale Shares and New Shares. In addition, the Company may at its own discretion pay the Managers an incentive fee.

The Selling Shareholders will receive gross proceeds of approximately EUR 719 million from the Share Sale assuming that all Sale Shares are sold (excluding 5,122,433 Sale Shares, which may be sold in addition to the preliminary maximum number of Sale Shares by a decision of EQT) and that the Over-Allotment Option is used up to 10,949,196 Additional Shares. The Company estimates that it will incur total fees, commissions and expenses related to the Offering of approximately a maximum of EUR 11.3 million assuming that the discretionary fee will be paid in full. The total amount of fees, commissions and estimated expenses in connection with the Offering to be paid by the Company and the Selling Shareholders is approximately EUR 33 million.

The Managers and their affiliates have engaged in transactions with and performed various investment banking, commercial banking and other services for the Company, the Selling Shareholders and their respective subsidiaries and affiliates in the past and may do so from time to time in the future and may be paid fees in connection with such services from time to time. However, all services provided by the Managers, including in connection with the Offering, have been provided as an independent contractor and not as a fiduciary to the Company or the Selling Shareholders.

The subscription period for the Offering will commence on September 28, 2017 at 10:00 a.m. (Finnish time) and end on October 6, 2017 at 4:00 p.m. (Finnish time) for the Public Offering, on October 10, 2017 at 12 p.m. (Finnish time) for the Institutional Offering and on October 6, 2017 at 4:00 p.m. (Finnish time) for the Personnel Offering. The subscription period may be discontinued or extended pursuant to the terms and conditions of the Offering. If the Placing Agreement is terminated, any monies received in respect of the Public Offering will be returned to applicants without interest.

As a result of the issuance of New Shares in the Offering, the number of Shares could increase to 128,060,815 Shares assuming that the maximum number of New Shares are offered and subscribed for in the Offering, which corresponds to a dilution for the existing shareholders of approximately 8.8 percent, as compared to the number of Shares in the Company following the completion of the combination of the Company's share classes and the issuance of new Shares without payment in proportion to shareholdings (share split), assuming that two new Shares would be issued for each Share belonging to the sole share class (see "*Description of the Shares and Share Capital — Changes to the Shares and Share Capital Prior to the Listing*") but prior to the issuance of the New Shares.

FINNISH SECURITIES MARKETS

The following summary is a general description of the Finnish securities markets and it is based on the laws of Finland as in effect as at the date of this Prospectus. The following summary is not exhaustive.

Trading and Clearing on the Helsinki Stock Exchange

Trading in and clearing of securities on the Helsinki Stock Exchange takes place in euro, and the minimum price increment in which the prices are quoted (tick size) depends on the share price. All price information is produced and published only in euro.

The Helsinki Stock Exchange uses the automated INET Nordic trading platform. INET Nordic is an order-based system in which orders are executed when price and volume information as well as other conditions match. The Helsinki Stock Exchange has three principal trading sessions: pre-open session, continuous trading and post-trading session. For shares, pre-open session begins at 9:00 a.m. and ends at 9:45 a.m. during which orders may be placed, changed or cancelled. The opening call begins at 9:45 a.m. and ends at 10:00 a.m. Continuous trading begins immediately after the opening call ends at 10:00 a.m. and trading continues at prices based on market demand until 6:25 p.m. when the closing call is initiated. Orders entered during the pre-open session and existing orders with several days' validity are automatically transferred into the opening call. Post-trading, during which contract transactions for shares can be registered as after-hours trading in confirmed prizes within the price limits based on the trading day, takes place between 6:30 p.m. and 7:00 p.m.

Trades are normally cleared in Euroclear Finland's automated clearing and settlement system (HEXClear system) on the second banking day after the trade date unless otherwise agreed by the parties. The Helsinki Stock Exchange is a part of the Nasdaq, Inc. ("**Nasdaq**"). Nasdaq offers trading across multiple asset classes, and its technology supports the operations of over 85 marketplaces in 50 countries. Nasdaq also owns and maintains the stock exchanges in Stockholm, Copenhagen, Reykjavik, Tallinn, Riga and Vilnius. Each country has its own official list and country-specific listing requirements. Nasdaq's Nordic List was launched on October 2, 2006 and it consists of the local stock exchanges in Helsinki, Copenhagen, Stockholm and Reykjavik. Through the Nordic List, the listing requirements for companies as well as the way of presenting the listed companies have been harmonized. In the Nordic List, companies are presented first by their market capitalization and then by their industry sector irrespective of the domicile of the company. The market's capitalization classification is divided into three categories: Large Cap, Mid Cap and Small Cap. Within each market capitalization segment, companies are sorted by their industry sector pursuant to the Industry Classification Benchmark (ICB).

Regulation of the Finnish Securities Market

The securities market in Finland is supervised by the Finnish Financial Supervisory Authority (the "**FIN-FSA**"). The principal statute governing the Finnish securities market is the Securities Markets Act, which contains regulations with respect to, among other matters, company and shareholder disclosure obligations, prospectuses as well as public tender offers. In addition, the Market Abuse Regulation regulates insider dealing, unlawful disclosure of inside information, market manipulation, and public disclosure of inside information. MAR establishes a uniform regulatory framework for market abuse regime in the EU. The FIN-FSA and the Helsinki Stock Exchange have also issued more detailed regulations on the securities markets pursuant to the Securities Markets Act. The FIN-FSA monitors compliance with these regulations.

The Securities Markets Act specifies the minimum disclosure requirements for Finnish companies applying to list on the Helsinki Stock Exchange or making a public offering of securities in Finland. The issuer of a security subject to public trading is obliged to regularly provide financial information of the company and, pursuant to MAR, publicly disclose to the public as soon as possible the inside information which directly concerns that issuer. An issuer may delay disclosure of inside information to the public provided that all of the conditions set out in MAR are met. Information disclosed shall be sufficient to enable investors to make an informed assessment of the security and the issuer thereof.

A shareholder is required, without undue delay, to notify a Finnish listed company and the FIN-FSA when its voting interest in, or its percentage ownership of, the total number of shares in such Finnish listed company reaches, exceeds or falls below five percent, ten percent, 15 percent, 20 percent, 25 percent, 30 percent, 50 percent, 66.67 percent (2/3) or 90 percent, calculated in accordance with the Finnish Securities Markets Act, or when it has on the basis of a financial instrument the right to receive an amount of shares that reaches, exceeds or falls below any such threshold. If a Finnish listed company receives information indicating that a voting interest or ownership interest has reached, exceeded or fallen below any of these thresholds, it must, without undue delay, publish such information and disclose it to the Helsinki Stock Exchange and to the main media. If a shareholder has violated its obligation to notify on voting interest or ownership, the FIN-FSA may due to a weighty reason prohibit the shareholder from using its right to vote and to be presented in the General Meeting of Shareholders for the shares to which the violation relates.

Pursuant to the Securities Markets Act, a shareholder whose proportion of voting rights in a listed company exceeds three-tenths (3/10) or exceeds one-half (1/2) of the total voting rights attached to the shares of the company, calculated in accordance with the Securities Markets Act, after the commencement of a public quotation of such shares must make a public tender offer for all the remaining shares and securities with an entitlement to its shares issued by the company for fair value. If the securities exceeding the thresholds referred to above have been acquired through a public tender offer on all shares and securities with an entitlement to the shares issued by the target company, no obligation to make a tender offer arises. If a company has two or more shareholders whose holdings of voting rights exceed the above-mentioned limit, only the shareholder with the most voting rights is required to make a tender offer. If the proportion of votes described above is exceeded solely due to the measures taken by the target company or other shareholders, the shareholder will not be obligated to make a tender offer until he or she acquires or subscribes for more shares in the target company or otherwise increases his or her proportion of votes in the target company. If the above-mentioned limit is exceeded due to the shareholders acting in concert when making a voluntary tender offer, the obligation to make a tender offer is not triggered if acting in concert is limited only to such tender offer. There is no obligation to make a tender offer if a shareholder or another party who is acting in concert with such shareholder gives up its voting rights in excess of the above-mentioned limit within one month after such limit was exceeded provided that the shareholder publishes its intention and voting rights are not used during such time.

Under the Companies Act, a shareholder holding shares representing more than nine-tenths of all the shares in a company and of the votes conferred by the shares has the right to redeem the shares of the other shareholders of the company at fair value. In addition, any minority shareholder that possesses shares that may be so redeemed by the majority shareholder in accordance with the Companies Act is entitled to require such majority shareholder to redeem its shares. The Companies Act includes detailed rules that apply to the calculation of the majority shareholder's proportion of shares and votes.

Under the Securities Markets Act, a Finnish listed company must directly or indirectly belong to an independent body, established in Finland, that broadly represents the business sector which has, in order to promote compliance with good securities markets practice, issued a recommendation which relates to the actions of the management of the target company regarding a public takeover bid (the "**Helsinki Takeover Code**"). Pursuant to the Securities Markets Act, a listed company must provide an explanation in case it is not committed to complying with the Helsinki Takeover Code.

Net short positions relating to shares tradable on the Helsinki Stock Exchange must be disclosed to the FIN-FSA in accordance with Regulation (EU) No 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps. The obligation to disclose net short positions applies to all investors and market participants. A net short position regarding shares admitted to trading on a regulated market must be disclosed when the position reaches, exceeds or falls below 0.2 percent of the issued share capital of the target company. A new notification must be disclosed for each 0.1 percent exceeding the above threshold. The FIN-FSA publishes the notified net short positions on its website, if the net short position reaches, exceeds or falls below 0.5 percent of the issued share capital of the target company.

The Finnish Penal Code (39/1889, as amended) contains provisions relating to the misuse of inside information, unlawful disclosure of inside information, market manipulation and breach of disclosure requirements. A breach of these provisions constitutes a criminal offence. Pursuant to MAR, the Securities Markets Act and the Finnish Act on the Financial Supervisory Authority (878/2008, as amended), the FIN-FSA has the right to impose administrative sanctions to the extent the offence does not fall within the scope of the Finnish Penal Code. The FIN-FSA may, for example, issue a public warning or impose an administrative fine or penalty payment for the breach of disclosure requirements or public tender offer, insider register or market abuse provisions. The disciplinary board of the Helsinki Stock Exchange may give a warning or note or impose a disciplinary fine or order the company to be removed from the stock exchange list.

Finnish Book-Entry Securities System

General

Any issuer established in the European Union that issues or has issued transferable securities which are admitted to trading or traded on trading venues, shall arrange for such securities to be represented in book-entry form. An issuer has the right to choose the central securities depository where the securities are issued. The book-entry system is maintained by the central securities depository. In Finland, the central securities depository is Euroclear Finland, which provides national clearing and settlement as well as registration services for securities. Euroclear Finland maintains a centralized book-entry securities system for both equity and debt securities. The business address of Euroclear Finland is Urho Kekkosen katu 5 C, FI-00100, Helsinki, Finland.

Euroclear Finland keeps, on behalf of the issuers, issuer-specific shareholders' registers of companies entered into the book-entry system. In addition, Euroclear Finland offers book-entry account services to shareholders, who have opened their accounts before enforcement of the Act on the Book-Entry System and Clearing Operations (348/2017, as amended), entered into force on June 21, 2017. The expenses incurred by Euroclear Finland in connection with maintaining the centralized book-entry securities system are borne mainly by the issuers and the account operators participating in the book-entry securities system during the transitional period of the Act on the Book-Entry System and Clearing Operations (348/2017, as amended). The account operators, which consist of, inter alia, credit institutions, investment service firms and other institutions licensed to act as clearing parties by the central securities depository administer the book-entry accounts and are entitled to make entries in the book-entry accounts.

Registration Procedure

In order to hold entries in the book-entry system, a security holder or such holder's nominee must establish a book-entry account with an account operator or register its shares through a nominee registration process in order to effect share entries. Finnish shareholders are not allowed to hold his or her shares through nominee registration in Finland. Non-Finnish shareholders may deposit book-entries in a custodial nominee account, where the shares are registered in the name of a custodial account holder in the company's shareholders' register. A custodial nominee account must contain information on the custodial account holder instead of the beneficial owner and indicate that the account is a custodial nominee account. Book-entry securities owned by one or more beneficial owners may be registered in a custodial nominee account. In addition, the shares owned by a foreigner, foreign entity or trust may be registered in a book-entry account opened in the name of such foreigner, foreign entity or trust, but the holding may be registered in the name of a nominee in the company's shareholders' register. For shareholders who have not transferred their shares into book-entries, a joint book-entry account shall be opened with the central securities depository and the issuer is entered as the account holder. All transactions in securities registered with the book-entry securities system are executed as computerized book-entry transfers. The account operator confirms book-entry transfers by sending notifications of all transactions to the holder of the respective book-entry account. The account holders also receive an annual statement of their holdings as of the end of each calendar year.

Each book-entry account is required to contain specified information with respect to the account holder and other holders of rights to the book-entries entered into the account as well as information on an account operator administering the book entry account. In addition, the book-entry account shall contain information with respect to the type and number of book-entry securities registered and the rights and restrictions pertaining to the account and to the book-entry securities registered in the account. A nominee registration is identified as such upon entry. Euroclear Finland and the account operators are bound by strict confidentiality requirements, although certain information (for example the name and address of each account holder) contained in the register is public, except in the case of nominee registration. The FIN-FSA is entitled to receive certain information on nominee registrations upon request. However, a company must keep the shareholders' register accessible to everyone at the head office of the company or, if the company's shares are incorporated in the book entry system, at the registered office of the Central Securities Depository in Finland, except in the case of nominee registration.

Each account operator is strictly liable for errors and omissions on the registers maintained by it and for any unauthorized disclosure of information. If an account holder has suffered a loss as a result of a faulty registration or an amendment to, or deletion of, rights in respect of registered securities and an account operator is unable to compensate for such loss due to insolvency that is not temporary, such account holder is entitled to receive compensation from the statutory registration fund of Euroclear Finland. The capital of the registration fund must be at least 0.0048 percent of the average of the total market value of the book-entry securities included in the book-entry securities system during the previous five years and, in any event, must at least equal to EUR 20 million. The compensation to be paid to an injured party shall be equal to the amount of damages suffered from a single account operator subject to a maximum amount of EUR 25,000 per account operator. The liability of the registration fund to pay damages in relation to each individual incident is limited to EUR ten million.

Custody of the Shares and Nominee Registration

A non-Finnish shareholder may appoint an account operator (or certain other Finnish or non-Finnish organizations approved by central securities depository) to act as a custodial nominee account holder on its behalf. A custodial nominee account holder is entitled to receive dividends on behalf of the shareholder. A holder of nominee-registered shares wishing to attend and vote at General Meetings of Shareholders must be registered temporarily in the shareholders' register not later than the date set out in the notice to convene the meeting, which date shall be subsequent to the Record Date of the relevant General Meeting of Shareholders. A holder of nominee-registered shares temporarily registered in the shareholders' register shall be deemed to have enrolled to the meeting and no further enrolment is required provided that such holder of nominee-registered shares on the Record Date would be entitled, by virtue of such shares, to be registered in the shareholders' register of the company held by Euroclear Finland. When the holder of nominee-registered shares is known, a custodial nominee account holder is required, on request, to disclose to the FIN-FSA and the relevant company the identity of the holder of any shares registered in the name of such custodial nominee, as well as the number of shares owned by such holder of nominee-registered shares. If the identity of the holder of nominee-registered shares is not known, the custodial nominee account holder is required to disclose the identity of the representative acting on behalf of the holder of nominee-registered shares and the number of shares held, and to submit a written declaration to the effect that the holder of the nominee-registered shares is not a Finnish natural person or a Finnish legal entity.

Finnish depositories for both Euroclear Bank, S.A./N.V. — as operator of Euroclear Finland — and Clearstream have custodial accounts within the book-entry securities system and, accordingly, non-Finnish shareholders may hold their shares listed on the Helsinki Stock Exchange in their accounts in Euroclear Bank, S.A./N.V. and in Clearstream.

Shareholders wishing to hold their shares in the book-entry securities system in their own name and who do not maintain a book-entry account in Finland are required to open a book-entry account at an authorized account operator in Finland and a convertible euro account at a bank.

Compensation Fund for Investor and Deposit Insurance Fund

The Finnish Act on Investment Services (747/2012, as amended) sets forth a compensation fund for investors. Under the Finnish Act on Investment Services, investors are divided into professional and non-professional investors. The fund does not compensate any losses by professional investors. The definition of professional investor includes business enterprises and public entities, which can be deemed to understand the securities markets and their associated risks. An investor may also provide notice in writing that, on the basis of his or her professional skills and experience in the securities markets, he or she is a professional investor; however, natural persons are presumed to be non-professional investors.

Investment firms and credit institutions must belong to the compensation fund. The compensation fund safeguards payment of clear and indisputable claims when an investment company or a credit institution has been declared bankrupt, is undergoing a restructuring process or is otherwise, for a reason other than temporary insolvency, not capable of paying claims within a determined period of time. For valid claims, the compensation fund will pay 90 percent of the investor's claim against each investment company or credit institution, up to a maximum of EUR 20,000. The compensation fund does not provide compensation for losses due to decreases in stock value or bad investment decisions. Accordingly, investors continue to be liable for the consequences of their own investment decisions.

Pursuant to the Act on Finnish Resolution Authority (1195/2014, as amended), depositary banks must belong to a deposit guarantee scheme, which is intended to safeguard payments of receivables in the depositary bank's account or receivables in the forwarding of payments that have not yet been entered into an account if the depositary bank becomes insolvent and the insolvency is not temporary. The customers of a depositary bank can be compensated by the deposit insurance fund up to a maximum of EUR 100,000. An investor's funds can be safeguarded either by the deposit insurance fund or the compensation fund; however, an investor's funds cannot be safeguarded by both funds at the same time.

TAXATION

The following summary is based on the tax laws of Finland as in effect and applied as at the date of this Prospectus, as well as on the current case law and tax practice. Any changes in tax laws and their interpretation may also have a retroactive effect on taxation. The following summary is not exhaustive and does not take into account or discuss the tax laws, case law or tax practice of any country other than Finland. Prospective investors are advised to consult a tax adviser in order to obtain information about tax consequences resulting from the Offering as well as the purchase, ownership and disposition of the Offer Shares in Finland or elsewhere. Prospective investors, whose taxation may be impacted by the tax laws of other countries, should consult their own tax advisers as to the tax implications related to their individual circumstances.

Finnish Taxation

Background

The following is a general description of Finnish income and transfer tax consequences that may be relevant in terms of the Offering. The description below is applicable to individuals and limited companies that are tax resident or tax non-resident in Finland, and it discusses the Finnish tax laws applicable to distribution of dividends and capital gains arising from the sale of the Shares.

The following does not address the taxation of the Group itself or any tax consequences applicable to shareholders who are subject to special tax rules. Such shareholders include, among others, entities exempt from income tax, non-business carrying entities, individuals taxable under the Finnish Business Income Tax Act and general or limited partnerships. Furthermore, this description does not address the tax consequences of Finnish resident shareholders in controlled foreign corporations in Finland, different restructurings of corporations or Finnish inheritance tax or gift tax consequences.

This description is based on:

- the Finnish Income Tax Act (1535/1992, as amended);
- the Finnish Business Income Tax Act (360/1968, as amended);
- the Finnish Act on the Taxation of Non-residents' Income (627/1978, as amended);
- the Finnish Transfer Tax Act (931/1996, as amended); and
- the Finnish Tax Procedure Act (1558/1995, as amended)

In addition, case law and any decisions and statements made by the tax authorities in effect and available as at the date of this Prospectus have also been taken into account. Tax legislation, case law and statements given by tax authorities are subject to change, which could also have retroactive effects.

General

The scope of taxation in Finland is defined by the tax liability position of a taxpayer. Finnish residents are subject to Finnish taxation on their worldwide income (unlimited tax liability). Non-residents are taxed only on Finnish source income (limited tax liability). In addition, all income of non-residents derived from a permanent establishment located in Finland is taxed in Finland. Tax treaties binding on Finland may restrict the applicability of Finnish internal tax legislation and prevent the Finnish taxation of income derived from Finland by a non-resident.

Generally, a natural person is deemed a resident of Finland for tax purposes if the person stays in Finland for more than six consecutive months or if the permanent home and abode of the person is in Finland. A Finnish citizen is deemed a resident of Finland for tax purposes during the year he or she has emigrated from Finland and three subsequent years unless he or she proves that no essential ties to Finland existed during the relevant tax year. Earned income is taxed at progressive tax rates. Capital income up to EUR 30,000 per calendar year is taxed at a rate of 30 percent and, if the overall capital income exceeds EUR 30,000 during a calendar year, the tax rate for the exceeding amount is 34 percent. Corporate entities established under the laws of Finland are regarded as residents of Finland and thus subject to corporate income tax on their worldwide income. In addition, non-residents are subject to Finnish corporate income tax on their income connected with their permanent establishments situated in Finland. The current corporate income tax rate is 20 percent.

Distribution of unrestricted equity (in accordance with Chapter 13 Section 1 Subsection 1 of the Finnish Companies Act) by a public listed company pursuant to section 33a (2) of the Income Tax Act (the "**Listed**

Company") is taxable as dividend. Hence, the description below addressing the tax implications of dividends is also applicable with respect to distribution of unrestricted equity.

The following is a summary of certain Finnish tax consequences relating to the purchase, ownership and disposition of Offer Shares by Finnish resident and non-resident shareholders.

Taxation of Finnish Corporations

Purchasing the Offer Shares

No income taxation is triggered by purchasing or owning the Offer Shares per se. For the dividends received based on the Offer Shares, please see below "*Dividends Received Based on the Offer Shares*" and for Finnish transfer taxation, please see below "*Taxation of Investors not Resident in Finland — Transfer Tax*".

Dividends Received Based on the Offer Shares

The tax treatment of dividends distributed by a Listed Company varies depending on whether the Finnish company receiving the dividend is a Listed Company or a non-listed company.

Dividends received by a Listed Company from another Listed Company are generally exempt from tax. However, in the event that the underlying Finnish shares belong to the investment assets of such a shareholder, 75 percent of the dividend received by the Listed Company is taxable income and 25 percent is tax-exempt income. Only financial, insurance and pension institutions may have investment assets. The actual tax rate in these situations is 15 percent.

If the recipient is a non-listed company, the dividends it receives are fully subject to corporate income tax if such a shareholder does not directly own at least 10 percent of the share capital of the distributing company. If the direct ownership is at least 10 percent when the dividend is distributed, the dividend received on such shares is tax-exempt. However, if a non-listed company receives a dividend from shares of a Finnish company included in its investment assets, 75 percent of the dividend is taxable income and 25 percent is tax-exempt regardless of the ownership threshold.

Disposal of the Offer Shares: Capital Gains and Losses

Finnish corporations are subject to a national corporate income tax on their worldwide income. Any capital gains from the sale of the Offer Shares are generally regarded as taxable income arising from business activities or other activities of Finnish resident corporations. The taxable income of a Finnish corporation is determined separately for business activities and for other activities. Income belonging to both baskets is taxed according to a fixed tax rate of 20 percent, but business activities are taxable under the Finnish Business Income Tax Act, whereas other activities are taxable under the Finnish Income Tax Act. Shares belonging to the business activities basket may be fixed assets, current assets, investment assets or financial assets of a Finnish corporation. The taxation of a disposal of shares and loss of value varies according to the asset type for which the shares qualify.

The capital gain (as well as the capital loss) is calculated by deducting the total sum of the actual acquisition cost and selling costs from the sales price. The acquisition cost of the Offer Shares sold is thus deductible from the income in the basket to which the Offer Shares sold belonged and in which the sales price was recorded.

Any capital loss arising from the sale of Offer Shares attributable to business activities is deductible from income in the business income basket. Confirmed tax losses from business activities can be carried forward and deducted against taxable income from business activities for 10 years following the loss-making year. Capital losses attributable to other income can only be offset against capital gains arising in the same income basket and can be carried forward only for the subsequent five tax years.

However, capital gains based on the disposal of shares in a limited liability company may be tax-exempt for corporate entities provided, among other things, that the seller company has owned at least 10 percent of the company's share capital for at least one year continuously and that the shares belong to the seller's fixed assets attributable to business activities. Capital losses relating to the disposals of shares entitled to this tax exemption will not be tax deductible. Capital losses arising from the disposal of shares, which belong to the seller's fixed assets but do not qualify for tax-exemption, are deductible only from capital gains arising from the disposal of shares, which belong to the seller's fixed assets, in the same tax year and the subsequent five fiscal years.

Taxation of Finnish Resident Individuals

Purchasing the Offer Shares

No income taxation is triggered by purchasing or owning the Offer Shares per se. For the dividends received based on the Offer Shares, please see below "*Dividends received based on the Offer Shares*" and for Finnish transfer taxation, please see below "*Taxation of Investors not Resident in Finland — Transfer Tax*".

Dividends Received Based on the Offer Shares

85 percent of dividends received by a natural person resident in Finland from a Listed Company is taxable as capital income, whereas 15 percent is tax-exempt income. The current applicable tax rate is 30 percent for capital income of up to EUR 30,000 per calendar year and 34 percent for any amount exceeding EUR 30,000 per calendar year.

When a Listed Company distributes dividends to individuals, the Listed Company is obligated to withhold advance tax on the dividend payments. As at the date of this Prospectus, the tax withholding is 25.5 percent of the amount of the dividend. The advance tax withheld by the distributing company is credited against the final tax payable for the tax year by the recipient of the dividend. Finnish tax resident individuals must check from their pre-completed tax return that the dividend information has been correctly reported, and, when necessary, correct the right amount of dividends and tax withholding into the tax return.

Disposal of the Offer Shares: Capital Gains and Losses

Capital gains from the sale of Offer Shares are taxed as capital income of the Finnish resident individual. The current tax rate applied to capital gains is 30 percent for capital income of up to EUR 30,000 per calendar year and 34 percent for any amount exceeding EUR 30,000 per calendar year. However, capital gains from assets that do not belong to the person's business activities are exempt from tax if the total amount of the transfer prices of the person's sold assets does not exceed EUR 1,000 in a tax year (excluding sales prices of assets from which capital gains are tax exempt under Finnish tax laws).

Capital losses arising from the sale of Offer Shares are deductible primarily from capital gains and secondarily from other capital income arising in the same tax year and the following five tax years. Capital losses will not be taken into account when calculating the capital income deficit for the tax year in question, and it does hence not entitle to a deficit credit. Capital losses will not, however, be tax deductible if the total amount of the acquisition costs (and also sales prices) of the assets sold by the individual does not exceed EUR 1,000 in a tax year (excluding sales prices of assets from which capital gains are tax exempt under Finnish tax laws).

Capital gains and losses are calculated as the difference between the transfer price and the aggregate of the actual acquisition cost and sales-related expenses. Alternatively, individuals may choose to apply the presumptive acquisition cost instead of the actual acquisition cost for the Offer Shares. As the presumptive acquisition cost, 20 percent is deducted from the transfer price but, if the shareholder has held the Offer Shares for at least 10 years, the presumptive acquisition cost is 40 percent of the transfer price. If the presumptive acquisition cost is applied instead of the actual acquisition cost, all expenses arising from acquiring the gains are deemed to be included in the presumptive acquisition cost and, therefore, cannot be deducted separately from the transfer price.

Natural persons resident in Finland must enter information about any disposal of the Offer Shares during the tax year in their pre-completed tax return.

Taxation of Finnish Resident Employees Participating in the Personnel Offering

Pursuant to the Finnish Income Tax Act, an employer can offer its new shares to an employee with a discount of up to 10 percent without triggering taxable benefit. The discount is defined as the difference between the fair market value of the shares (as defined in the Finnish Income Tax Act) and the subscription price of the new shares. In Finnish tax practice, an offering price in an initial public offering has typically been accepted as the fair market value for the shares, and hence a 10 percent discount calculated based on the offering price should generally not exceed the maximum tax exempt discount by Finnish tax laws. To qualify for the above tax-exemption, the shares offered by an employer must be new shares issued and the shares shall be offered to the majority of the personnel.

Any potential discount in excess of the maximum 10 percent on the subscription price (or any discount on the purchase price of existing shares) may be deemed to be taxable as earned income, which is treated as salary for tax withholding purposes. The income is taxable as earned income for the year in which an employee was granted the excess discount.

A discount in a personnel offering is generally exempt from social security and pension insurance contributions. An employees' health care contribution is, however, payable on the possible taxable part of the benefit, and, to the extent that the tax exemption does not apply to the discount due to the fact that the shares are not offered to the majority of the personnel, the full social security contributions are usually payable.

See "*Taxation of Finnish Resident Individuals — Dividends Received Based on the Offer Shares*" and "*Taxation of Finnish Resident Individuals — Disposal of the Offer Shares: Capital Gains and Losses*" for further information on the taxation of dividends of Finnish resident personnel participating in the Personnel Offering and capital gains upon sale of the shares subscribed for in the Personnel Offering. It should be noted, however, that the 10 percent tax-exempt part of the subscription discount is not included in the acquisition cost of the shares.

As discussed under "*Taxation of Investors not Resident in Finland — Transfer Tax*" below, no Finnish transfer tax is payable in connection with the issuance and subscription of new shares.

Taxation of Investors not Resident in Finland

Purchasing the Offer Shares

No income taxation is triggered by purchasing or owning the Offer Shares per se. For the dividends received based on the Offer Shares, please see below "*Dividends Received based on the Offer Shares*" and for Finnish transfer taxation, please see below "*Transfer Tax*".

Dividends received based on the Offer Shares

In connection with the payment of dividends from a Finnish company to a non-resident investor, the Finnish dividend payer is generally obliged to withhold withholding tax in connection with the payment of the dividend, and no other Finnish taxes are payable on the dividend.

The current withholding tax rate applicable to dividends paid to non-resident corporate entities is 20 percent, and that applicable to dividends paid to non-resident individuals and other non-corporate recipients is 30 percent. The withholding tax may be reduced or removed pursuant to tax treaty provisions applicable to the dividend.

However, no withholding tax shall be levied on dividends paid to such corporate entities residing within the European Union, as defined in Article 2 of the Parent-Subsidiary Directive (2011/96/EU, as amended), if the recipient company directly holds at least 10 percent of the share capital of the dividend distributing Finnish company.

Dividends paid to certain foreign corporate entities resident within the European Economic Area may qualify for a complete exemption from Finnish withholding taxation or may be subject to withholding taxation at a reduced rate, based on how the dividend would have been taxed, had it been paid to a corresponding Finnish entity. No withholding tax shall be levied in Finland from dividends to a non-resident entity distributed by Finnish company, if (i) the entity receiving dividend resides in the EEA; (ii) the Mutual Assistance Directive (2011/16/EU) or an agreement on mutual assistance and information exchange in tax matters applies to the home state of the recipient of the dividend; and (iii) the company receiving a dividend is equivalent to a Finnish entity defined in the Finnish Income Tax Act, Section 33d, Sub-section 4, or Section 6a of the Finnish Business Income Tax Act; (iv) the dividend would be fully tax-exempt if paid to a Finnish corresponding corporation or entity; and (v) the entity establishes (with a certificate from the home member state's tax authority) that in accordance with the agreements on avoiding double taxation applicable in the home state of the recipient of dividends, the withholding tax cannot be reimbursed in full.

Notwithstanding the aforementioned, the dividend is only partly tax-exempt if the Offer Shares belong to the investment assets of the recipient corporate entity, and that corporate entity is not a corporate entity defined in the Parent-Subsidiary Directive directly holding at least 10 percent of the capital of the distributing company. In this case, the applicable withholding tax rate is currently 15 percent. A prerequisite for this tax treatment is that the recipient corporate entity has its registered office in a state fulfilling the conditions i) and ii) above and that the entity fulfils the conditions set out under iii) above. Depending on the applicable tax treaty, the withholding tax rate may also be lower than 15 percent.

When the shares of a Finnish company are nominee-registered, the Finnish company paying the dividend pays them to the nominee-registered custodian account, whose custodian remits the dividends paid to the beneficial owners. If the recipient of the dividend paid to a nominee-registered share is resident in a tax treaty state, withholding tax is always levied on the dividend at a rate of at least 15 percent, or a higher percentage provided for in the applicable tax treaty, provided that, pursuant to the information duly ascertained by the payer, the recipient qualifies under the tax treaty provisions applicable to dividends. The recipient of dividends may, prior to the payment, provide the payer with information on his or her domicile and the other requirements for the application of the tax treaty, in which case he or she may receive the dividend payable on the nominee-registered share at a lower tax rate pursuant to the applicable tax treaty. This means that with respect to dividends on shares held through a nominee account, tax is withheld at the rate set in the applicable tax treaty, higher than 15 percent or 15 percent absent thorough clarification of the identity of the person beneficially entitled to the dividend. Such procedure, however, requires that the foreign custodian intermediary is registered in the Finnish tax authorities' register and that it is resident in a country with which Finland has a tax treaty. Also, the foreign custodian intermediary must have an agreement with the Finnish account operator regarding the custody of the shares. In such agreement, the foreign custodian intermediary must, among other things, commit to report the dividend receiver's residential country to the account operator and to provide additional information to the tax authorities, if needed. If these provisions are not fulfilled, a 30 percent withholding tax is withheld on the nominee account's dividends.

If the recipient of the dividends is a non-resident natural person residing in the EEA, he or she can claim, provided that certain preconditions are met, that the taxation of dividends paid by a Finnish company is carried out in accordance with the Tax Procedure Act instead of withholding tax. A precondition is that the mutual assistance in tax matters between Finland and the recipient's country of residence is organized in accordance with the Mutual Assistance Directive (2011/16/EU) or a tax treaty concerning executive assistance and exchange of information and, furthermore, that the Finnish withholding tax cannot, by virtue of provisions in the applicable tax treaty, be credited in its entirety in the country where the recipient is residing.

Disposal of the Offer Shares: Capital Gains and Losses

Investors that are not resident in Finland for tax purposes are not generally subject to Finnish tax on capital gains arising from the transfer of the Offer Shares, unless the transfer of the Offer Shares relates to business activities carried out in Finland (through a permanent establishment) or more than 50 percent of the total assets of the company in question consists of real estate properties located in Finland.

Transfer Tax

Transfer tax is not payable in Finland in connection with the issuance of or subscription for new shares.

Transfer tax is generally not payable on the transfer of shares subject to public trading on a regulated market or multilateral trading facility against fixed cash consideration on the condition that the broker or other party to the transaction is an investment firm, a foreign investment firm or other investment services provider as defined in the Finnish Act on Investment Services (747/2012, as amended) or the transferee has been approved as a trading party in the market where the transfer is executed. If the intermediary or other trading party is not a securities broker as defined in the Transfer Tax Act (i.e. the intermediary is a foreign broker that does not have a branch or office in Finland), the precondition for the tax exemption is that the transferee notifies the Finnish tax authorities of the transfer within two months of the transfer or that the intermediary submits an annual notification to the tax authorities pursuant to the Tax Procedure Act.

The exemption does not apply to certain specifically defined disposals, such as transfers of shares by means of a capital contribution or distribution, or transfers of shares in which the consideration consists partially or completely of employment or work. Also, the exemption does not apply to transfers of shares carried out in order to fulfil the provisions in the Companies Act concerning the purchase of minority shareholdings under squeeze-out rules. Furthermore, the exemption does not apply to a transfer of shares if it is based on an offer made after the public trading with the share in question has ended or before it has begun. However, such transfer may qualify for the exemption if it takes place in the context of a sale of shares that is a part of a combined public offer to sell existing shares and subscribe for new shares of the company, in which the shares transferred are specified only after the public trading has begun and in which the sales price is equal to the subscription price of the new shares. This means, among others, that a sale of shares taking place as a part of an initial public offering and that has been agreed before the trading has commenced in public trading on a regulated market or multilateral trading facility, may under certain circumstances be exempt from transfer tax, provided that, inter alia, new shares are being issued in the same initial public offering.

If the transfer of shares does not fulfil the conditions set out above, the purchaser has a liability to pay transfer tax at a rate of 1.6 percent of the transaction price. Transfers of shares in real estate companies, as defined in the Transfer Tax Act, are subject to transfer taxation at a rate of 2.0 percent. However, if the purchaser is neither a tax resident in Finland nor a Finnish branch or office of a foreign credit institution, investment firm, fund management company or EEA alternative investment fund manager, the seller must collect the tax from the purchaser. If the broker is a Finnish stockbroker or credit institution, or a Finnish branch or office of a foreign stockbroker or credit institution, it is liable to collect the transfer tax from the purchaser and pay the tax to the state. If neither the purchaser nor the seller is tax resident in Finland or a Finnish branch or office of a foreign credit institution, foreign investment firm, fund management company or EEA alternative investment fund manager, the transfer of shares will be exempt from Finnish transfer tax, unless shares in real estate companies are transferred.

No transfer tax is collected if the amount of the tax is less than EUR 10.

Certain tax considerations in Sweden

The following is a summary of certain tax consequences based on Swedish legislation that can arise in relation to the transactions considered in this Prospectus. The summary is based on current Swedish legislation and is solely intended to provide general information to private individuals and Swedish limited liability companies (Sw. *Aktiebolag*) with unlimited tax liability in Sweden that are considering to subscribe for or purchase Offer Shares, unless stated otherwise. In this case, "unlimited tax liability" refers to holders of shares or other securities who are (i) a natural person who is resident or is permanently living in Sweden or who has an essential connection with Sweden, or (ii) any legal entity registered in Sweden or whose board of directors is domiciled in Sweden if registration has not taken place.

The summary is not exhaustive and will, for example, not cover:

- situations where shares have been acquired by means of shares in so called closely held companies;
- situations involving tax exempt dividends and capital gains on shares deemed to be held for business purposes under the Swedish participation exemption regime;
- situations where shares are held by a general partnership or a limited partnership;
- situations where shares are held as current assets in business operations;
- foreign companies conducting business through a permanent establishment in Sweden;
- situations where shares are held by investment companies, insurance companies or investment funds;
- situations where shares have been acquired by employees at a discounted rate (below fair market value), or
- situations where shares are held in an investments savings account (Sw. *investeringssparkonto*) or endowment insurance (Sw. *kapitalförsäkring*).

The tax consequences for each individual shareholder will ultimately depend on the holder's particular circumstances. Everyone considering to subscribe for or purchase Offer Shares is therefore recommended to consult their tax advisors regarding the tax consequences which might arise in connection to the transactions considered in this Prospectus, including the effects of foreign tax legislation (including regulations), tax treaties and other rules which may apply.

Private individuals

Capital gains taxation

When publicly traded shares (including shares that are traded on the Helsinki Stock Exchange) are sold, a taxable gain or a tax-deductible loss may arise in Swedish taxation. Capital gains are taxed in the category income from capital at a rate of 30 percent. The capital gain or the capital loss is normally calculated as the difference between the sale proceeds less expenses relating to the disposal, and the acquisition cost of the shares (Sw. *omkostnadsbeloppet*). The acquisition cost for all shares of the same series and type should generally be calculated jointly in accordance with the average method (Sw. *genomsnittsmetoden*).

The acquisition cost for publicly traded shares may alternatively be determined using the standard method (Sw. *schablonmetoden*) under which the acquisition cost is calculated as 20 percent of the sale proceeds less expenses relating to the disposal.

Capital losses on publicly traded shares may be fully offset against taxable capital gains on shares and other publicly traded securities, except for units in investment funds containing only Swedish receivables. Capital losses not absorbed by these set-off rules are deductible at 70 percent in the capital income category. Should a net loss arise in the capital income category, a reduction is granted of the municipality and state income tax, property tax and municipality property fee with 30 percent of the net loss that does not exceed 100,000 Swedish krona and at 21 percent of any remaining net loss. Any excess net loss cannot be carried forward to future tax years.

Taxation of dividends

In Swedish taxation, private individuals are taxed on dividends in the category income from capital at a rate of 30 percent.

For withholding taxes, please see "– *Finnish taxation*".

Transfer taxes

In Swedish taxation, there is no stamp duty or transfer tax on security transactions.

Swedish limited liability companies

Taxation of capital gains and dividends

Swedish limited liability companies will be taxed on all income, including capital gains and dividend payments at the ordinary corporate income tax rate of 22 percent. Capital gains and capital losses shall be calculated in accordance with the rules applicable to private individuals (please see "– *Private individuals – Capital gains taxation*"). Deductible capital losses on shares may only be offset against taxable capital gains on shares and other securities taxed as shares. Capital losses may in certain cases be utilized against capital gains in other group companies, presuming that the criteria for group contributions are fulfilled. A capital loss that cannot be utilized may be carried forward and utilized against future capital gains on shares and other securities taxed as capital gains, without any limitation in time.

For withholding taxes, please see "– *Finnish taxation*".

Transfer taxes

In Swedish taxation, there is no stamp duty or transfer tax on security transactions.

Shareholders with limited tax liability in Sweden

Capital gains taxation

In accordance with a special tax rule, non-resident private individuals may be subject to Swedish capital gains taxation upon disposal of certain securities (e.g. shares and subscription rights), if they have been domiciled in Sweden or have had a habitual abode in Sweden at any time during the calendar year in which the shares are disposed or the 10 preceding calendar years. However, in regard to foreign securities, e.g. shares in Finnish companies, this rule applies only to securities acquired when the individual was still subject to unlimited tax liability in Sweden (please note that the rules can also apply to securities acquired though rollover of such securities). Further, the applicability of this rule may be limited by the applicable tax treaty for the avoidance of double taxation.

DOCUMENTS ON DISPLAY

Documents on Display

Copies of the following documents as well as the documents incorporated by reference are on display during the period of validity of this Prospectus on weekdays during normal business hours between 9 a.m. and 4 p.m. at the registered office of the Company at Jaakonkatu 3, FI-00100 Helsinki, Finland:

1. the Articles of Association of the Company valid as at the date of this Prospectus;
2. the audited consolidated financial statements and auditor's reports as at and for the years ended December 31, 2016, 2015 and 2014;
3. the unaudited consolidated interim report as at and for the six months ended June 30, 2017;
4. Diacor's audited consolidated financial statements and auditor's report for the year ended December 31, 2016;
5. this Prospectus; and
6. the decision of the FIN-FSA regarding the Finnish Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE TO THE PROSPECTUS

Certain documents have been incorporated by reference to this Prospectus pursuant to the European Commission Regulation 809/2004 Article 28. The copies of the documents incorporated by reference are available on weekdays during normal business hours between 9 a.m. and 4 p.m. at the registered office of the Company at Jaakonkatu 3, FI-00100 Helsinki, Finland, and on the investor website of the Company at www.terveystalo.com/IPO.

The documents incorporated by reference to this Prospectus are presented below.

Document	Audited consolidated financial statements (FAS) of Diacor terveyspalvelut Oy for the year ended December 31, 2016 and auditor's report.

Diacor's audited consolidated financial statements for the year ended December 31, 2016 have been incorporated by reference to this Prospectus. These financial statements have been prepared on a basis consistent with the FAS and are not comparable with financial information prepared in accordance with IFRS, as adopted by the EU (see "*Unaudited Pro Forma Financial Information*").

ANNEX A — THE SELLING SHAREHOLDERS

The following table sets forth the Selling Shareholders as well as their relation to Terveystalo and the registered address of each Selling Shareholder. In addition, the following table sets forth for illustrative purposes the number of Sale Shares of each Selling Shareholder (excluding 5,122,433 Sale Shares which can be sold by virtue of a resolution of EQT in addition to the preliminary maximum number of Sale Shares) after the completion of the share class combination and the issuance of new shares without payment in proportion to shareholdings (share split), assuming that two new Shares would be issued for each one single class Share.

Name of the Selling Shareholder	Relation to Terveystalo	Number of Sale Shares	Registered address
Lotta Holding I S.à r.l. ("**EQT**")	Shareholder	59,614,666 (maximum number)	23, Rue Aldringen, L-1118 Luxembourg
AdeJep Invest Oy	Controlled by Company's private practitioner	19,104 (maximum number, in the same proportion as EQT)	Vuopajanranta 21, 96400 Rovaniemi, Finland
Aho, Pasi	Employee	16,506 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Björkwall, Riina	Employee	2,515	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Groundhog-Holding Oy	Controlled by Laura Räty (Senior Vice President, Public Partnerships)	20,635 (in the same proportion as EQT)	c/o Accountor Oy, Siltasaarenkatu 18-20 A, 00530 Helsinki, Finland
Halonen, Jaakko	Employee	53,634 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Heikkinen, Anna-Mari	Employee	4,669	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Helminen, Riina-Riitta	Employee	57,987 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
The Helsinki Deaconess Institute Foundation sr	Shareholder	1,496,745	Alppikatu 2, 00530 Helsinki, Finland
Hintikka, Kari	Employee	30,647 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Hynninen, Thomas	Employee	8,172	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Impilä, Juha	Employee	30,647 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Jokisalo, Minna	Employee	15,323 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Juutinen, Antti	Private practitioner in the Company	12,418 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Kangasniemi, Kari	Employee	13,437	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Karppi, Johanna	Senior Vice President, HR and Legal	22,986 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)

Name of the Selling Shareholder	Relation to Terveystalo	Number of Sale Shares	Registered address
Kinnari, Susanna	Senior Vice President, Communications, Marketing and Brand	42,437 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Kolu, Timo	Employee	30,647 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Korhonen-Hurskainen, Leena	Employee	582	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Koski, Ilona	Employee	19,104 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Kotilainen, Niki	Employee	16,506 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Kukkonen, Jarmo	Employee	8,022 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Kurki, Timo	Employee and private practitioner in the Company	15,282 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Kurttila, Kirsi-Marja	Private practitioner in the Company	2,910	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Kuusniemi, Kristiina	Employee and private practitioner in the Company	2,910	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Kyrki, Tapani	Employee	114,932 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Lohi, Jouni	Private practitioner in the Company	582	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Manninen, Pekka	Employee	114,932 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Matikka, Marjut	Employee	22,986 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Metsäniemi, Päivi	Employee	4,669	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Parry, Sirkka	Employee	30,647 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Parvinen, Lasse	Employee	82,841 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Pietilä, Mikko	Private practitioner in the Company	582	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Proesthetics Oy	Controlled by an employee	15,133 (maximum number, in the same proportion as EQT)	Birger Carlstedtin kuja 1 A, 02230 Espoo, Finland
Puhakka, Hanna	Employee	16,506 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)

Name of the Selling Shareholder	Relation to Terveystalo	Number of Sale Shares	Registered address
Raeneva, Brigitta	Private practitioner in the Company	3,819 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Rantala, Johanna	Employee	3,819 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Riihijärvi, Sari	Employee	57,987 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Riska, Anne	Employee	53,634 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Ristiniemi, Jukka	Private practitioner in the Company	3,819 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Saksi, Siina	Chief Operating Officer, Clinic Network	114,932 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Seppänen, Hanna	General Counsel	16,506 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Sinvil Oy	Controlled by Company's private practitioner	6,685 (maximum number, in the same proportion as EQT)	Yrjänäisenranta 12, 90650 Oulu, Finland
S-Nova Oy	Controlled by Company's private practitioner	3,819 (maximum number, in the same proportion as EQT)	Arentitie 8 E 28, 00410 Helsinki, Finland
Somnicum Oy	Controlled by Company's private practitioner	9,550 (maximum number, in the same proportion as EQT)	Pyhäjärvenkatu 5A, 33100 Tampere, Finland
Sundberg, Mari	Employee	2,515	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Tuominen, Juha(2)	Chief Medical Officer	365,141 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Varjonen, Mari	Employee	12,380 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Westman, Pia	Chief Operating Officer, Centralized Services and Capital Region	53,634 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)
Virtala, Ville	Employee	18,388 (maximum number, in the same proportion as EQT)	Jaakonkatu 3, 00100, Helsinki, Finland(1)

(1) Business address.
(2) The shares are administered by Mandatum Life Insurance Company Limited.

ANNEX B — THE ARTICLES OF ASSOCIATION OF TERVEYSTALO (UNOFFICIAL ENGLISH TRANSLATION)

The Articles of Association described in this annex are in effect as of the Listing.

1 § The name of the Company is Terveystalo Oyj and the domicile of the Company is Helsinki. The parallel name of the Company in Swedish is Terveystalo Abp and in English Terveystalo Plc.

2 § The Company's field of business is to produce, directly or through its subsidiaries and affiliates, health and social services, to engage in operating medical centres, hospitals, care homes and other operations related to health and social services, such as the procurement and sale of products and services related to the aforementioned services, to produce and offer consulting, medical training and other professional services, staffing services, drug trials and medical research as well as insurance mediation. The Company may also engage in the manufacturing and importing of machines, equipment and products related to its field of business and their purchase, sale and rental business as well as engage in the development, purchase, sale, rental and licensing of ICT-related solutions relating to its field of business and provide professional services related to such solutions. The Company may own, control and trade intangible rights, shares and portions, real estate, land, buildings and portions of a real estate and other securities and shares entitling to the ownership of them as well as engage in security trading.

3 § Each share entitles its holder to cast one (1) vote at a General Meeting of Shareholders. The shares of the Company belong to the book-entry securities system.

4 § The Board of Directors of the Company shall comprise a minimum of five (5) and a maximum of eight (8) ordinary members. The term of the members of the Board of Directors shall expire at the closing of the Annual General Meeting following the election.

5 § The Company has a Managing Director appointed by the Board of Directors.

6 § The Chairman of the Board of Directors and the Managing Director, each alone, and two (2) members of the Board of Directors together or a member of the Board of Directors together with the Managing Director have the right to represent the Company. The Board of Directors may authorise one or more persons to represent the Company.

7 § The Company's Annual General Meeting shall be held annually within six (6) months of the expiration of the financial period.

8 § The Company's financial period is the calendar year.

9 § The General Meeting shall elect one (1) auditor to examine the administration and accounts of the Company. The auditor shall be an audit firm authorised by the Finnish Patent and Registration Office with an authorized public accountant in charge. The term of the auditor shall expire at the closing of the Annual General Meeting following the election.

10 § The notice to convene a General Meeting shall be delivered by publishing the notice on the website of the Company no earlier than three (3) months and no later than three (3) weeks prior to the General Meeting, in any event no later than nine (9) days before the record date of the General Meeting.

In order to attend a General Meeting, a shareholder must register with the Company no later than the date specified in the notice of meeting, which date may not be earlier than ten (10) days prior to the General Meeting. As the Company's shares are included in the book-entry system, the provisions of the Finnish Companies Act concerning the right to participate in a General Meeting shall also be taken into account.

11 § At the Annual General Meeting, the following shall be presented:

1. the financial statements, which encompasses the consolidated financial statements, and
2. the auditor's report;

decided upon:

3. the adoption of the financial statements
4. the use of the profit shown on the balance sheet,
5. the discharge of the members of the Board of Directors and the Managing Director from liability,
6. the remuneration of the members of the Board of Directors and the auditor, and
7. the number of the members of the Board of Directors;

elected:

8. the members of the Board of Directors, and
9. the auditor; and

addressed:

10. other issues possibly indicated in the notice of the meeting.

ANNEX C — AUDITOR'S REPORT CONCERNING UNAUDITED PRO FORMA FINANCIAL INFORMATION

KPMG

KPMG Oy Ab
Töölönlahdenkatu 3 A
PO Box 1037
00101 Helsinki, FINLAND

Telephone +358 20 760 3000
www.kpmg.fi

Independent Auditor's Assurance Report on the Compilation of Pro Forma Financial Information Included in a Prospectus

To the Board of Directors of Terveystalo Plc

We have completed our assurance engagement to report on the compilation of pro forma financial information of Terveystalo Plc prepared by the board of directors. The unaudited pro forma financial information comprises the pro forma statement of income for the six-month interim period ended June 30, 2017 and the twelve-months period ended December 31, 2016, and related notes and it is set out in section "Unaudited Pro Forma Financial Information" of the offering circular dated September 27, 2017 issued by Terveystalo Plc. The applicable basis used by the board of directors of Terveystalo Plc in preparing the pro forma financial information is specified in Annex II of Commission Regulation (EC) No 809/2004 and described in the section "Unaudited Pro Forma Financial Information" of the offering circular.

The pro forma financial information has been compiled by the board of directors to illustrate the impact of the transactions described in section "Unaudited Pro Forma Financial Information" of the offering circular on the company's financial performance for the twelve-months period ended December 31, 2016 and for the six-months period ended June 30, 2017, as if the acquisitions had been undertaken at January 1, 2016 for the pro forma statements of income. As part of this process, information about the company's financial performance has been extracted by the board of directors from the company's financial statements for the period ended December 31, 2016, on which an audit report has been issued and the company's interim report for the period ended June 30, 2017, on which a review report has been issued.

The board of directors' responsibility for the pro forma financial information

The board of directors is responsible for compiling the pro forma financial information in accordance with Commission Regulation (EC) No 809/2004.

The practitioner's independence and quality control

We are independent from the company according to the ethical requirements in Finland and we have complied with other ethical requirements, which apply to the engagement conducted.

The practitioner applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The practitioner's responsibilities

Our responsibility is to express an opinion, as required by item 7 of Annex II of Commission Regulation (EC) No 809/2004, as to whether the pro forma financial information has been compiled, in all material respects, by the board of directors on the basis stated and whether that basis is consistent with the accounting policies applied by the issuer.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE 3420) *Assurance engagements to report on the compilation of pro forma financial information*, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance as to whether the pro forma financial information has been compiled by the board of directors, in all material respects, in accordance with Commission Regulation (EC) No 809/2004.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of the pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis stated and that basis is consistent with the accounting policies of the issuer involves performing procedures to assess whether the basis used by the board of directors in the compilation of the pro forma financial information provides a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

– the basis stated has been consistently applied in the pro forma adjustments; and

– the resulting pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion,

– the pro forma financial information has been properly compiled on the basis stated on in the section "Unaudited Pro Forma Financial Information" of the offering circular dated September 27, 2017 and

– the basis stated is consistent with the accounting policies applied by Terveystalo Plc.

Restriction to the distribution of the report

This report has been issued solely for the purposes of including in the offering circular prepared in accordance with Commission Regulation (EC) No 809/2004. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Helsinki, September 27, 2017
KPMG OY AB

Jari Härmälä
Authorized Public Accountant, KHT

ANNEX D — AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 AND UNAUDITED CONSOLIDATED INTERIM REPORT AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2017

The Company's audited consolidated financial statements as at and for the years ended December 31, 2016 and 2015 and the unaudited consolidated interim report as at and for the six months ended June 30, 2017 have been prepared in accordance with IFRS.

Certain of the historical financial information as at and for the years ended December 31, 2016, 2015 and 2014 presented herein differs from the historical financial information in the Company's audited statutory consolidated financial statements adopted by the annual general meeting due to the adoption of IFRS 15 *Revenue from Contracts with Customers* in 2017. The restated audited consolidated financial statements have been prepared for inclusion in this Prospectus and they have not been considered or adopted at the Company's annual general meeting. More information on the effects of the adoption of IFRS 15 standards is presented in Note 7 "Revenue distribution" of the audited consolidated financial statements included elsewhere in this Prospectus.

TERVEYSTALO PLC

Consolidated Interim Report June 30, 2017

(Translation from the Finnish Original)

Condensed consolidated statement of income

In thousands of euro	Note	1–6/2017	Restated 1–6/2016	Restated 2016
Revenue	**5**	**344,175**	**281,300**	**546,964**
Other operating income		880	888	7,142
Materials and services	6	-160,665	-133,559	-259,343
Employee benefit expenses	7	-98,573	-81,880	-155,519
Depreciation, amortization and impairment losses		-19,075	-19,034	-39,257
Other operating expenses	8	-50,031	-34,607	-70,390
Operating profit		**16,711**	**13,108**	**29,597**
Financial income		81	804	1,918
Financial expenses		-9,951	-11,188	-22,029
Net finance expenses		-9,870	-10,384	-20,111
Profit before taxes		**6,841**	**2,724**	**9,486**
Income taxes		1,191	1,613	3,237
Profit for the period		**8,032**	**4,337**	**12,723**
Profit attributable to:				
Owners of the parent company		8,019	4,265	12,606
Non-controlling interests		13	72	117

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

Condensed consolidated statement of comprehensive income

In thousands of euro	Note	1–6/2017	1–6/2016	2016
Profit for the period		**8,032**	**4,337**	**12,723**
Total comprehensive income		**8,032**	**4,337**	**12,723**
Total comprehensive income attributable to:				
Owners of the parent company		8,019	4,265	12,606
Non-controlling interest		13	72	117
Earnings per share for profit attributable to the shareholders of the parent company, in euro				
Basic earnings per share		0.02	0.01	0.04
Diluted earnings per share		0.02	0.01	0.04

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

Condensed consolidated statement of financial position

In thousands of euro	Note	30.6.2017	30.6.2016	31.12.2016
ASSETS				
Non-current assets				
Property, plant and equipment	10	90,810	68,973	65,498
Goodwill	9	582,903	447,719	449,125
Other intangible assets	9	116,917	123,177	113,914
Investment properties		594	615	605
Investments in associates		0	11	0
Other receivables		10	12	10
Deferred tax assets		6,578	6,310	5,962
Total non-current assets		797,813	646,816	635,114
Current assets				
Inventories		5,584	4,659	4,448
Trade and other receivables		73,737	51,477	53,713
Cash and cash equivalents		20,373	4,028	39,099
Total current assets		99,694	60,163	97,260
Assets held for sale		1,972	1,105	1,724
TOTAL ASSETS		**899,480**	**708,085**	**734,098**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital		3	3	3
Invested non-restricted equity reserve		401,871	307,998	307,998
Retained deficit		-68,160	-84,457	-76,178
Non-controlling interest		53	1,164	444
TOTAL EQUITY		**333,767**	**224,709**	**232,265**
Non-current liabilities				
Non-current financial liabilities		353,495	320,892	315,693
Deferred tax liabilities		25,593	26,999	24,990
Provisions		5,203	3,838	4,500
Other liabilities		29,765	29,072	29,540
Total non-current liabilities		**414,056**	**380,801**	**374,723**
Current liabilities				
Provisions		2,284	1,086	695
Trade and other payables		118,135	79,299	94,897
Current tax liabilities		215	393	42
Current financial liabilities		31,024	21,797	31,476
Total current liabilities		151,657	102,574	127,110
TOTAL LIABILITIES		**565,713**	**483,375**	**501,833**
TOTAL EQUITY AND LIABILITIES		**899,480**	**708,085**	**734,098**

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

Condensed consolidated statement of changes in equity

In thousands of euro	Equity attributable to owners of the parent company					
	Share capital	Invested non-restricted equity reserve	Retained deficit	Total	Non-controlling interests	Total equity
Equity 1.1.2017	3	307,998	-76,178	231,822	444	232,265
Comprehensive income						
Profit for the period	-	-	8,019	8,019	13	8,032
Transactions with owners						
Directed share issue*	-	93,873	-	93,873	-	93,873
Transactions with non-controlling interests						
Change in non-controlling interests	-	-	-	-	-404	-404
Equity 30.6.2017	**3**	**401,871**	**-68,160**	**333,714**	**53**	**333,767**

* Increase in invested non-restricted equity reserve relate to the purchase of the Diacor Group. As a part of the transaction Terveystalo Oy issued 4,382,146 new class A-shares and 43,764,100 new class D-shares to the Helsinki Deaconess Institute Foundation.

In thousands of euro	Equity attributable to owners of the parent company					
	Share capital	Invested non-restricted equity reserve	Retained deficit	Total	Non-controlling interests	Total equity
Equity at 1.1.2016	3	307,998	-88,721	219,279	1,098	220,376
Comprehensive income	-	-	-	-	-	-
Profit for the period	-	-	4,265	4,265	72	4,337
Other adjustments	-	-	-	-	-6	-6
Equity at 30.6.2016	**3**	**307,998**	**-84,457**	**223,544**	**1,164**	**224,709**

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

Condensed consolidated statement of cash flows

In thousands of euro	1–6/2017	1–6/2016	2016
Cash flows from operating activities			
Profit before income taxes	6,841	2,724	9,486
Adjustments for			
Non-cash transactions			
Depreciation, amortization and impairment losses	19,075	19,034	39,257
Change in provisions	-1,337	2,514	2,786
Other non-cash transactions	365	-107	-277
Gains and Losses on sale of property, plant, equipment and other changes	0	-117	-4,692
Net finance expenses	9,870	10,384	20,109
Changes in			
Trade and other receivables	-2,523	-3,322	-5,358
Inventories	-239	18	316
Trade and other payables	3,110	-11,933	3,602
Interest received	60	38	77
Income taxes paid	-369	-219	-635
Net cash from operating activities	**34,852**	**19,015**	**64,670**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	-56,649	-3,711	-4,721
Acquisition of property, plant and equipment	-6,087	-3,874	-7,895
Acquisition of intangible assets	-2,108	-2,023	-3,833
Proceeds from the disposal of subsidiaries, net of cash disposed of	0	0	4,819
Proceeds from sale of available-for-sale financial assets	146	190	1,834
Acquisition of business operations, net of cash acquired	-595	-1,025	-1,025
Repayment of borrowings	-5,140	-324	-324
Proceeds from sale of property, plant and equipment	0	790	2,188
Dividends received	20	0	3
Net cash from investing activities	**-70,413**	**-9,976**	**-8,955**
Cash flows from financing activities			
Proceeds from non-current borrowings	40,750	0	0
Repayment of non-current borrowings	0	-7,022	-14,137
Proceeds from current borrowings	11,582	8,523	25,429
Repayment of current borrowings	-22,632	-7,992	-14,929
Payment of finance lease liabilities	-3,126	-2,770	-5,952
Payment of hire purchase liabilities	-1,774	-867	-2,147
Interests and other financial expenses paid	-7,664	-11,506	-21,266
Acquisition of non-controlling interests	-300	0	-235
Net cash from financing activities	**16,836**	**-21,633**	**-33,237**
Net change in cash and cash equivalents	**-18,726**	**-12,593**	**22,479**
Cash and cash equivalents at January 1	39,099	16,621	16,621
Cash and cash equivalents at June 30 / December 30	20,373	4,028	39,099

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

Notes to the condensed consolidated interim financial statements

1 Corporate information

Terveystalo Group is leading healthcare service company in Finland. The Group offers healthcare, occupational healthcare, diagnostics and medical services to private customers, companies and other organizations, the public sector and insurance companies through more than 180 clinics and in more than approximately 100 locations. Group operates in Finland. The Group's parent company is domiciled in Helsinki and the registered address is Jaakonkatu 3, 00100 Helsinki. A copy of the consolidated financial statements is available at the head office of the Group. These interim financial statements were authorized for issue by Terveystalo's Board of Directors on September 27, 2017. All presented figures have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

2 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 2016. Terveystalo Group early adopted the new IFRS 15 Revenue from Contracts with Customers standard in financial year 2017 before the mandatory application date. More detailed information regarding the Group's revenue and the effects of the adoption of IFRS 15 standard as well as comparative revenue information are presented in the Group's last annual and restated consolidated financial statements as at and for the year ended 31 December 2016. In all other aspects, the accounting policies adopted are consistent with those of the annual financial statements for 2016. None of the amended standards and interpretations that became effective 1 of January 2017, have had a significant impact on the Terveystalo's financial reporting.

Terveystalo Group has not yet adopted following new standards already issued by the IASB: IFRS 9 Financial Instruments (effective for financial years beginning on or after 1 January 2018): 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 impacts of IFRS 9 on Terveystalo Oy's consolidated financial statements have been assessed and the expected impacts are not significant. 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. The standard is not endorsed by EU. IFRS 16 requires the lessees to recognize the lease agreements on the balance sheet 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 contacts 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 started a preliminary assessment of the impacts 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 not yet quantified the impacts of the adoption of IFRS 16 on its consolidated financial statements. More detailed assessments of the impacts will be done over the next twelve months. The transition alternatives has not yet been decided.

3 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 restated consolidated financial statements as at and for the year ended 31 December 2016.

4 Subsequent events

After the end of the reporting period Terveystalo Group has agreed upon refinancing with Nordic financial institutions. Refinancing includes a 320 Meur committed arrangement and a 130 Meur uncommitted arrangement enabling more flexibility for Terveystalo Group in following its strategy. Refinancing also leads to a significant decrease in Group's interest expenses.

Terveystalo announced after the reporting period on 14 September 2017 that it is planning its listing on the Nasdaq Helsinki Ltd stock exchange. The long-term liabilities of the Company include a deferred purchase price of EUR 25 million, which relates to the acquisition of the Group's operational functions from Bridgepoint Capital in 2013. The deferred purchase price becomes payable immediately after the completion of the listing. Based on commitments by the Company's current shareholders, the current shareholders will make an investment without consideration of EUR 25 million, corresponding to the deferred purchase price, to the Company's reserve for invested non-restricted equity in connection with the listing prior to the repayment of the deferred purchase price.

5 IFRS 15

Terveystalo Group has previously, during the reporting period 2016, clarified the principles of revenue recognition and related presentation and recognised the fees for services provided by private practitioners to occupational healthcare, insurance and public sector customers on gross basis, i.e. based on accrued gross sales. Group's services consist mainly of occupational healthcare services, general practice and clinic hospital operations, dental services and diagnostic services, as well as rental income on the Group's premises from the practitioners. 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 in financial years 2016 and 2015. Terveystalo offers its primary and outpatient secondary healthcare services to three distinct customer groups: corporate customers, private customers and public customers.

The Company's corporate customer group comprises Terveystalo's corporate insurance customers and occupational healthcare customers, excluding municipal occupational healthcare customers. The customers in the corporate customer group include private sector corporations, associations, foundations and state administration and represent all main industries, such as construction, retail, manufacturing and professional industries. The Company offers services to corporate customers of all sizes, from entrepreneurs and small companies to medium and large-sized companies, including some of the largest employers in Finland.

The Company's private customers group comprises private individuals, families and retirees and private insurance customers. Some of the Company's occupational healthcare end-users also use the Company's services as private customers, such as occupation healthcare end-users with children.

The Company's public customers group comprises public sector organizations in Finland, such as municipalities, municipal federations and hospital districts and includes municipal occupational healthcare customers.

Disaggregation of revenue

In thousands of euro	1–6/2017	1–6/2016	2016
Corporate	189,475	153,816	292,288
Private	128,500	101,099	197,597
Public	26,200	26,386	57,080
Total	**344,175**	**281,300**	**546,964**

Contract balances

In thousands of euro	30.6.2017	30.6.2016	31.12.2016
Receivables, which are included in trade and other receivables	65,680	46,600	50,585
Contract liabilities	6,185	4,428	1,038

6 Materials and services

In thousands of euro	1–6/2017	1–6/2016	2016
Purchase of materials	-14,211	-11,438	-21,901
Change in inventories	229	-15	-341
External services	-146,683	-122,106	-237,101
Total	**-160,665**	**-133,559**	**-259,343**

7 Employee benefit expenses

In thousands of euro	1–6/2017	1–6/2016	2016
Salaries and fees	-80,550	-65,755	-125,797
Other personnel expenses	-18,023	-16,125	-29,722
Total	**-98,573**	**-81,880**	**-155,519**

8 Other operating expenses

In thousands of euro	1–6/2017	1–6/2016	2016
Rents, leases and premises	-20,188	-15,406	-31,173
Other operating expenses	-29,843	-19,201	-39,217
Total	**-50,031**	**-34,607**	**-70,390**

9 Intangible assets

1–6/2017 In thousands of euro	In	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
Acquisition cost 1.1.2017		517,125	74,495	83,000	23,749	698,369
Acquisition of subsidiaries		133,268	9,310	-	1,467	144,045
Additions		510	-	-	2,129	2,639
Acquisition cost 30.6.2017		**650,903**	**83,805**	**83,000**	**27,345**	**845,053**
Accumulated amortizations and impairment losses 1.1.2017		-68,000	-40,868	-12,675	-13,787	-135,330
Impairment losses		-	-	-	-315	-315
Amortization for the reporting period		-	-5,051	-2,113	-2,426	-9,590
Accumulated amortizations and impairment losses 30.6.2017		-68,000	-45,919	-14,788	-16,528	-145,235
Carrying amount 1.1.2017		449,125	33,628	70,325	9,962	563,040
Carrying amount 30.6.2017		**582,903**	**37,887**	**68,213**	**10,817**	**699,820**

9 Intangible assets (Continued)

1–6/2016 In thousands of euro	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
Acquisition cost 1.1.2016	512,348	74,495	83,000	19,095	688,938
Acquisition of subsidiaries	3,370	-	-	-	3,370
Additions	-	-	-	2,087	2,087
Acquisition cost 30.6.2016	**515,718**	**74,495**	**83,000**	**21,182**	**694,395**
Accumulated amortizations and impairment losses 1.1.2016	-68,000	-27,007	-8,450	-8,901	-112,358
Amortization for the reporting period	0	-6,642	-2,113	-2,388	-11,143
Accumulated amortizations and impairment losses 30.6.2016	-68,000	-33,649	-10,563	-11,289	-123,501
Carrying amount 1.1.2016	444,348	47,488	74,550	10,194	576,581
Carrying amount 30.6.2016	**447,719**	**40,846**	**72,438**	**9,893**	**570,896**

2016 In thousands of euro	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
Acquisition cost 1.1.2016	512,348	74,495	83,000	19,095	688,938
Acquisition of subsidiaries	4,777	-	-	126	4,903
Additions	-	-	-	4,528	4,528
Acquisition cost 31.12.2016	**517,125**	**74,495**	**83,000**	**23,749**	**698,369**
Accumulated amortizations and impairment losses 1.1.2016	-68,000	-27,007	-8,450	-8,901	-112,358
Amortization for the reporting period	-	-13,861	-4,225	-4,886	-22,972
Accumulated amortizations and impairment losses 31.12.2016	-68,000	-40,868	-12,675	-13,787	-135,330
Carrying amount 1.1.2016	444,348	47,488	74,550	10,194	576,581
Carrying amount 31.12.2016	**449,125**	**33,628**	**70,325**	**9,962**	**563,040**

10 Property, plant and equipment

1–6/2017 In thousands 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	71	35,226	62,845	15,670	3,013	116,823
Acquisition of subsidiaries	1,888	9,810	5,655	6,350	-	23,703
Additions	-	471	6,633	2,937	776	10,818
Disposals	-	-	-34	-5	-	-39
Acquisition cost 30.6.2017	1,959	45,507	75,100	24,952	3,789	151,306
Accumulated depreciation and impairment losses 1.1.2017	-	-8,865	-35,924	-5,847	-690	-51,326
Depreciation for the reporting period	-	-1,764	-5,804	-1,454	-148	-9,170
Accumulated depreciation and impairment losses 30.6.2017	-	-10,629	-41,728	-7,301	-838	-60,496
Carrying amount 1.1.2017	71	26,360	26,921	9,823	2,323	65,498
Carrying amount 30.6.2017	**1,959**	**34,878**	**33,372**	**17,651**	**2,951**	**90,810**

10 Property, plant and equipment (Continued)

1–6/2016 In thousands of euro	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1.1.2016	1,144	37,253	52,230	13,553	1,448	105,626
Acquisition of subsidiaries	-	-	105	335	5	444
Additions	-	1,409	3,859	759	147	6,174
Disposals	-111	-230	-	-	-	-341
Acquisition cost 30.6.2016	1,033	38,433	56,194	14,647	1,600	111,906
Accumulated depreciation and impairment losses 1.1.2016	-	-5,887	-25,099	-3,708	-347	-35,041
Depreciation for the period	-	-1,453	-5,245	-975	-100	-7,774
Impairment losses	-	-	-114	-	-3	-117
Accumulated depreciation and impairment losses 30.6.2016	-	-7,340	-30,458	-4,683	-450	-42,932
Carrying amount 1.1.2016	1,144	31,366	27,131	9,845	1,101	70,586
Carrying amount 30.6.2016	**1,033**	**31,093**	**25,736**	**9,963**	**1,150**	**68,973**

2016 In thousands of euro	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1.1.2016	1,144	37,253	52,230	13,553	1,448	105,626
Acquisition of subsidiaries	-	-	221	384	5	610
Additions	-	2,785	10,611	1,877	1,561	16,834
Disposal of subsidiaries	-853	-1,893	-56	-13	-	-2,815
Disposals	-220	-834	-162	-131	-1	-1,347
Reclassifications	-	-2,085	-	-	-	-2,085
Acquisition cost 31.12.2016	71	35,226	62,845	15,670	3,013	116,823
Accumulated depreciation and impairment losses 1.1.2016	-	-5,887	-25,099	-3,708	-347	-35,041
Depreciation for the period	-	-2,978	-10,711	-2,139	-277	-16,105
Impairment losses	-	-	-114	-	-66	-180
Accumulated depreciation and impairment losses 31.12.2016	-	-8,865	-35,924	-5,847	-690	-51,326
Carrying amount 1.1.2016	1,144	31,366	27,131	9,845	1,101	70,586
Carrying amount 31.12.2016	**71**	**26,360**	**26,921**	**9,823**	**2,323**	**65,498**

11 Business combination

During the six months ended 30 June 2017, the Group has 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 strengthen 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.

11 Business combination (Continued)

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.

In thousands of euro	
Consideration	
Cash	19,790
Shares	93,873
Total consideration transferred	**113,663**

Identifiable assets acquired and liabilities assumed

In thousands of euro	
Cash and cash equivalents	6,154
Intangible assets	7,632
Property, plant and equipment	12,724
Inventories	697
Trade and other receivables	15,926
Trade and other payables	-16,172
Provisions	-15
Deferred tax liabilities	-1,483
Interest bearing liabilities	-13,465
Total identifiable net assets acquired	11,998
Goodwill	**101,665**

The acquisition resulted 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 values of Diacors' intangible assets (customer relationships) are still provisional pending on the completion of the fair value measurements of customer relationships. The fair value of the acquired trade and other receivables amounts to EUR 15.9 million for which the risk 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 is recognised 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 in 30 June 2017 would have been EUR 378.8 million and the consolidated profit for the period would have been EUR 9.1 million. As 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 Oy 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 strengthen 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

11 Business combination (Continued)

of financial position has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect.

In thousands of euro	
Consideration	
Cash	43,401
Total consideration transferred	**43,401**

Identifiable assets acquired and liabilities assumed

In thousands of euro	
Cash and cash equivalents	2,291
Intangible assets	1,956
Property, plant and equipment	11,389
Inventories	144
Trade and other receivables	1,633
Trade and other payables	-2,368
Provisions	-17
Deferred tax liabilities	-380
Interest bearing liabilities	-2,099
Total identifiable net assets acquired	12,549
Goodwill	**30,852**

The acquired property, plant and equipment is valued at fair value based on market prices for similar items when they are available. As part of these acquisitions, the Group has acquired customer relationships. The fair value of the relationships and customer contracts, which are included in other intangible assets, has been determined based on the discounted net cash flows of the existing customer relationships. As a result of the acquisition a goodwill amounting to EUR 30.9 million has been recognized. The goodwill is attributable to synergies expected from the acquisition as well as personnel know-how. The recognized goodwill is not deductible for tax purposes. The fair values of the acquired intangible assets of Porin Lääkäritalo are still provisional pending on the completion of an independent valuation of the fair value measurements of customer relationships. 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 is recognised 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 Group's financial statements from the date 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 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 net assets have been adjusted to correspond Terveystalo Group's accounting principles in all material respect.

In thousands of euro	
Consideration	
Cash	1,427
Total consideration transferred	**1,427**

11 Business combination (Continued)

Identifiable assets acquired and liabilities assumed

In thousands of euro	
Cash and cash equivalents	203
Property, plant and equipment	654
Inventories	56
Trade and other receivables	40
Trade and other payables	-354
Interest bearing liabilities	-526
Total identifiable net assets acquired	**74**
Goodwill	**1,353**

The acquired property, plant and equipment is valued at fair value based on market prices for similar items when they are available. As a result of these business combinations, goodwill amounting to EUR 1.4 million has been recognized. The recognized goodwill is attributable to synergies expected from acquisitions as well as personnel know-how. The recognised goodwill is not deductible for tax purposes. The fair value of the acquired trade and other receivables amounts to EUR 0.04 million, for which the risk impairment has been deemed non-significant. The Group has incurred acquisition-related expenses of EUR 0.02 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 0.08 million is recognised 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.

12 Group's key financial ratios

Terveystalo Group, EUR million	1–6/2017	1–6/2016	2016
Revenue	344.2	281.3	547.0
Adjusted EBITDA*	45.8	37.5	72.9
Adjusted EBITDA, %*	13.3	13.3	13.3
Adjusted EBITA*	36.7	29.7	56.8
Adjusted EBITA, %*	10.6	10.6	10.4
Modified EBITDA*	35.8	32.1	68.9
Modified EBITDA, %*	10.4	11.4	12.6
Modified EBITA*	26.6	24.4	52.7
Modified EBITA, %*	7.7	8.7	9.6
Operating profit (EBIT)*	16.7	13.1	29.6
Operating profit (EBIT), %*	4.9	4.7	5.4
Adjusted net income*	21.8	15.8	30.3
Return on equity (ROE), %*	5.7	3.9	5.6
Equity ratio, %*	37.2	31.8	31.7
Earnings per share (€)	0.02	0.01	0.04
Gearing, %*	109.1	150.7	132.6
Total assets	899.5	708.1	734.1
Average personnel FTE	3,209	2,618	2,605
Personnel at the end of financial period	4,445	3,518	3,463

* Alternative performance measure. The Company presents alternative performance measures as additional information to financial measures presented in the consolidated statement of income, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In the Company's view, the alternative performance measures 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.

13 Calculation of financial ratios and alternative performance measures

Financial ratios

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

Alternative performance measures

Return on equity, %	=	$\dfrac{\text{Profit/loss for the period (annualised)}}{\text{Equity (including non-controlling interest) (average)}}$	x 100%
Equity ratio, %	=	$\dfrac{\text{Equity (including non-controlling interest)}}{\text{Total assets} - \text{advances received}}$	x 100%
Gearing, %	=	$\dfrac{\text{Interest-bearing liabilities} - \text{interest bearing receivables and cash and cash equivalents}}{\text{Equity}}$	x 100%
Adjusted EBITDA*	=	Earnings Before Interest, Taxes, Depreciation, Amortization, impairment losses and adjustments	
Adjusted EBITDA, %*	=	$\dfrac{\text{Earnings Before Interest, Taxes, Depreciation, Amortization, impairment losses and adjustments}}{\text{Revenue}}$	x 100%
Adjusted EBITA*	=	Earnings Before Interest, Taxes, Amortization, impairment losses and adjustments	
Adjusted EBITA, %*	=	$\dfrac{\text{Earnings Before Interest, Taxes, Amortization, impairment losses and adjustments}}{\text{Revenue}}$	x 100%
Modified EBITDA	=	Earnings Before Interest, Taxes, Depreciation and Amortization and impairment losses	
Modified EBITDA, %	=	$\dfrac{\text{Earnings Before Interest, Taxes, Depreciation and Amortization and impairment losses}}{\text{Revenue}}$	x 100%
Modified EBITA	=	Earnings Before Interest, Taxes, Amortization and impairment losses	
Modified EBITA, %	=	$\dfrac{\text{Earnings Before Interest, Taxes, Amortization and impairment losses}}{\text{Revenue}}$	x 100%
Operating profit (EBIT)	=	Earnings Before Interest and Taxes	
Operating profit (EBIT), %	=	$\dfrac{\text{Earnings Before Interest and Taxes}}{\text{Revenue}}$	x 100%
Adjusted net income*	=	Profit (loss) for the period+ amortization of intangible assets identified in business combinations (PPA amortization, net of tax)+ adjustments (net of tax)	

* 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.

14 Reconciliation of alternative performance measures

Return on equity, %	1–6/2017	1–6/2016	2016
Profit/loss for the period (annualised)	16.0	8.6	12.7
Equity (including non-controlling interest) (average)	283.0	222.5	226.3
Return on equity, %	5.7%	3.9%	5.6%

Equity ratio, %	1–6/2017	1–6/2016	2016
Equity (including non-controlling interest)	333.8	224.7	232.3
Total assets	899.5	708.1	734.1
Advances received	1.2	0.8	1.0
Equity ratio, %	37.2%	31.8%	31.7%

Gearing, %	1–6/2017	1–6/2016	2016
Interest-bearing liabilities	384.5	342.7	347.2
Interest-bearing receivables and cash and cash equivalents	20.4	4.0	39.1
Equity	333.8	224.7	232.3
Gearing, %	109.1%	150.7%	132.6%

Adjusted EBITDA, In millions of euro	1–6/2017	1–6/2016	2016
Profit (loss) for the period	8.0	4.3	12.7
Income tax expense	-1.2	-1.6	-3.2
Net finance expenses	9.9	10.4	20.1
Depreciation, amortization and impairment losses	19.1	19.0	39.3
Adjustments*	10.0	5.4	4.0
Adjusted EBITDA, In millions of euro	45.8	37.5	72.9

Adjusted EBITDA, %	1–6/2017	1–6/2016	2016
Adjusted EBITDA	45.8	37.5	72.9
Revenue	344.2	281.3	547.0
Adjusted EBITDA, %	13.3%	13.3%	13.3%

Adjusted EBITA, In millions of euro	1–6/2017	1–6/2016	2016
Profit (loss) for the period	8.0	4.3	12.7
Income tax expense	-1.2	-1.6	-3.2
Net finance expenses	9.9	10.4	20.1
Amortization and impairment losses	9.9	11.3	23.1
Adjustments*	10.0	5.4	4.0
Adjusted EBITA, In millions of euro	36.7	29.7	56.8

Adjusted EBITA, %	1–6/2017	1–6/2016	2016
Adjusted EBITA	36.7	29.7	56.8
Revenue	344.2	281.3	547.0
Adjusted EBITA, %	10.6%	10.6%	10.4%

Modified EBITDA, In millions of euro	1–6/2017	1–6/2016	2016
Profit (loss) for the period	8.0	4.3	12.7
Income tax expense	-1.2	-1.6	-3.2
Net finance expenses	9.9	10.4	20.1
Depreciation, amortization and impairment losses	19.1	19.0	39.3
Modified EBITDA, In millions of euro	35.8	32.1	68.9

Modified EBITDA, %	1–6/2017	1–6/2016	2016
Modified EBITDA	35.8	32.1	68.9
Revenue	344.2	281.3	547.0
Modified EBITDA, %	10.4%	11.4%	12.6%

14 Reconciliation of alternative performance measures (Continued)

Modified EBITA, In millions of euro	1–6/2017	1–6/2016	2016
Profit (loss) for the period	8.0	4.3	12.7
Income tax expense	-1.2	-1.6	-3.2
Net finance expenses	9.9	10.4	20.1
Amortization and impairment losses	9.9	11.3	23.1
Modified EBITA, In millions of euro	26.6	24.4	52.7

Modified EBITA, %	1–6/2017	1–6/2016	2016
Modified EBITA	26.6	24.4	52.7
Revenue	344.2	281.3	547.0
Modified EBITA, %	7.7%	8.7%	9.6%

Operating profit (EBIT), In millions of euro	1–6/2017	1–6/2016	2016
Profit (loss) for the period	8.0	4.3	12.7
Income tax expense	-1.2	-1.6	-3.2
Net finance expenses	9.9	10.4	20.1
EBIT, In millions of euro	16.7	13.1	29.6

Operating profit (EBIT), %	1–6/2017	1–6/2016	2016
EBIT	16.7	13.1	29.6
Revenue	344.2	281.3	547.0
EBIT, %	4.9%	4.7%	5.4%

Adjusted net income, In millions of euro	1–6/2017	1–6/2016	2016
Profit (loss) for the period	8.0	4.3	12.7
PPA amortization	7.2	9.0	18.0
Tax related to PPA amortization	-1.4	-1.8	-3.6
Adjustments*	10.0	5.4	4.0
Tax related to adjustments	-2.0	-1.1	-0.8
Adjusted net income, In millions of euro	21.8	15.8	30.3

*Adjustments EUR Million	1–6/2017	1–6/2016	2016
Acquisition related expenses(1)	6.6	0.5	0.2
Restructuring related expenses(2)	3.2	4.5	6.2
Gain on sale of asset	0.0	0.0	-4.6
Strategic projects, new operations and other items affecting comparability	0.3	0.4	2.2
Total adjustments	10.0	5.4	4.0

* 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.

(1) including transaction costs and expenses from integration of acquired businesses

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

15 Collateral and other contingent liabilities

In thousands of euro	30.6.2017	30.6.2016	31.12.2016
Liabilities secured by mortgages and pledged shares			
Loans from financial institutions(1)	357,234	320,155	314,179
Unused overdraft facilities	54,391	60,111	98,200
Total	**411,625**	**380,266**	**412,379**
Business mortgages	992,000	992,000	992,000
Real estate mortgages	11,924	-	-
Carrying amount of the pledged shares	402,219	308,000	308,000
Total	**1,406,143**	**1,300,000**	**1,300,000**
Securities for own debts			
Deposits	14,195	469	36,978
Rental deposit	1,560	118	118
Guarantees	555	383	941
Total	**16,310**	**970**	**38,037**
Other contingent liabilities			
Operating lease liabilities			
Less than one year	114	124	102
Between one year and five years	23	31	34
Total	**137**	**155**	**136**
Other operating lease liabilities(2)			
Less than one year	30,061	24,226	22,443
Between one year and five year	97,910	80,371	70,250
Later	77,758	73,214	64,015
Total	**205,729**	**177,810**	**156,708**

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 auditing period. The maximum amount of the responsibility is EUR 121 thousand on 30.6.2017 (EUR 0 thousand on 30.6.2016 and EUR 0 thousand on 31.12.2016).

(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.

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Independent Auditor's Report on Review of Interim Financial Information of Terveystalo Plc

To the Board of Directors of Terveystalo Plc

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Terveystalo Plc which comprise the condensed consolidated statements of financial position as at June 30, 2017 and 2016, condensed consolidated statements of income, statement of comprehensive income, changes in equity, and cash flows for the six months ended June 30, 2017 and 2016 and notes to the condensed interim information. The Board of Directors and the CEO are responsible for the preparation and presentation of the condensed consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements ISRE 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information of Terveystalo Plc as at June 30, 2017 and 2016 and for the six month period ended June 30, 2017 and 2016 has not been prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

Helsinki, September 27, 2017

KPMG OY AB

Jari Härmälä
Authorized Public Accountant, KHT

Consolidated statement of income

In thousands of euro	Note	For the year ended 31 December Restated 2016	Restated 2015
Revenue	7	**546,964**	**505,619**
Other operating income	8	7,142	2,918
Materials and services	9	-259,343	-233,970
Employee benefit expenses	10	-155,519	-145,563
Depreciation, amortization and impairment losses	11	-39,257	-39,696
Other operating expenses	12	-70,390	-69,986
Operating profit		**29,597**	**19,322**
Financial income	13	1,918	725
Financial expenses	13	-22,029	-22,100
Net finance expenses		**-20,111**	**-21,375**
Profit/loss before taxes		**9,486**	**-2,052**
Income taxes	14	3,237	3,193
Profit for the period		**12,723**	**1,141**
Profit attributable to			
Owners of the parent company		12,606	1,105
Non-controlling interests		117	36
Consolidated statement of comprehensive income			
Profit for the period		12,723	1,141
Total comprehensive income		**12,723**	**1,141**
Total comprehensive income attributable to:			
Owners of the parent company		12,606	1,105
Non-controlling interest		117	36
Earnings per share for profit attributable to the shareholders of the parent company, in euro			
Basic earnings per share		0.04	0.00
Diluted earnings per share		0.04	0.00

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

Consolidated statement of financial position

In thousands of euro	Note	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Property, plant and equipment	15	65,498	70,586
Goodwill	16, 17	449,125	444,348
Other intangible assets	16	113,914	132,232
Investment properties	18	605	629
Investments in associates		0	24
Other receivables	19	10	69
Deferred tax assets	14	5,962	5,589
Total non-current assets		635,114	653,477
Current assets			
Inventories		4,448	4,582
Trade and other receivables	19	53,713	47,589
Cash and cash equivalents	21	39,099	16,621
Total current assets		97,260	68,792
Assets held for sale		1,724	1,298
TOTAL ASSETS		734,098	723,567

In thousands of euro	Note	31.12.2016	31.12.2015
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		3	3
Invested non-restricted equity reserve		307,998	307,998
Retained deficit		-76,178	-88,721
Non-controlling interest		444	1,098
Total equity		232,265	220,376
Non-current liabilities			
Non-current financial liabilities	23	315,693	328,881
Deferred tax liabilities	14	24,990	28,080
Provisions	24	4,500	2,259
Other liabilities		29,540	29,128
Total non-current liabilities		374,723	388,349
Current liabilities			
Provisions	24	695	150
Trade and other payables	25	94,897	92,675
Current tax liabilities	25	42	403
Current financial liabilities	23	31,476	21,613
Total current liabilities		127,110	114,842
TOTAL LIABILITIES		501,833	503,191
TOTAL EQUITY AND LIABILITIES		734,098	723,567

The notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

In thousands of euro	1.1.–31.12.2016	1.1.–31.12.2015
Cash flows from operating activities		
Profit before income taxes	9,486	-2,052
Adjustments for		
Non-cash transactions		
Depreciation, amortization and impairment losses	39,257	39,696
Change in provisions	2,786	980
Other non-cash transactions	-277	-620
Gains and Losses on sale of property, plant, equipment and other changes	-4,692	-28
Net finance expenses	20,109	21,417
Changes in		
Trade and other receivables	-5,358	330
Inventories	316	474
Trade and other payables	3,602	-474
Interest received	77	81
Income taxes paid	-635	128
Net cash from operating activities	64,670	59,932
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	-4,721	-40,279
Acquisition of property, plant and equipment	-7,895	-9,551
Acquisition of intangible assets	-3,833	-3,214
Proceeds from the disposal of subsidiaries, net of cash disposed of	4,819	0
Proceeds from sale of available-for-sale financial assets	1,834	200
Proceeds from sales of business operations	0	700
Acquisition of business operations, net of cash acquired	-1,025	0
Repayment of borrowings	-324	0
Proceeds from sale of property, plant and equipment	2,188	28
Dividends received	3	0
Net cash from investing activities	-8,955	-52,116
Cash flows from financing activities		
Proceeds from non-current borrowings	0	28,989
Repayment of non-current borrowings	-14,137	-12,863
Proceeds from current borrowings	25,429	18,203
Repayment of current borrowings	-14,929	-18,203
Payment of finance lease liabilities	-5,952	-6,728
Payment of hire purchase liabilities	-2,147	-791
Interests and other financial expenses paid	-21,266	-19,667
Proceeds from sale of financial assets and other financial income	0	3
Acquisition of non-controlling interests	-235	-42
Net cash from financing activities	-33,237	-11,098
Net change in cash and cash equivalents	22,479	-3,283
Cash and cash equivalents at 1 January	16,621	19,903
Cash and cash equivalents at 31 December	39,099	16,621

The notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

In thousands of euro	Equity attributable to owners of the parent company					
	Share capital	Invested non-restricted equity reserve	Retained deficit	Total	Non-controlling interests	Total equity
Equity at 1.1.2016	3	307,998	-88,721	219,279	1,098	220,376
Comprehensive income						
Profit for the period	-	-	12,606	12,606	117	12,723
Transactions with non-controlling interests						
Change in non-controlling interests	-	-	-	-	-770	-770
Other adjustments	-	-	-63	-63	-	-63
Equity at 31.12.2016	3	307,998	-76,178	231,822	444	232,265

In thousands of euro	Equity attributable to owners of the parent company					
	Share capital	Invested non-restricted equity reserve	Retained deficit	Total	Non-controlling interests	Total equity
Equity at 1.1.2015	3	307,998	-89,911	218,089	385	218,473
Comprehensive income						
Profit for the period	-	-	1,105	1,105	36	1,141
Transactions with owners of the parent company						
Dividends	-	-	-6	-6	-2	-8
Transactions with non-controlling interests						
Change in non-controlling interests	-	-	-	-	767	767
Other adjustments	-	-	91	91	-88	3
Equity at 31.12.2015	3	307,998	-88,721	219,279	1,098	220,376

The notes are an integral part of these consolidated financial statements. For more information refer to note 22.

1 Corporate information

Terveystalo Plc is Terveystalo Group's parent company. Terveystalo Group was established on 2 October 2013 by founding of the parent company Terveystalo Plc and a 100% owned subsidiary Terveystalo Holding I Oy (formerly Lotta Holding II Oy). The changed name of the parent company was registered to the Trade Register on 27 January 2014.

Terveystalo Plc is owned by EQTVI fund and Varma Mutual Pension Insurance Company as well as management and key personnel of the Group.

Terveystalo Group is a leading healthcare service company in Finland. The Group offers healthcare, occupational healthcare, diagnostics and medical services to private customers, companies and other organizations, the public sector and insurance companies through more than 140 clinics and in more than 70 towns. Group operates mainly in Finland.

The Group's parent company is domiciled in Helsinki and the registered address is Jaakonkatu 3, 00100 Helsinki. A copy of the consolidated financial statements is available at the head office of the Group.

2 Accounting policies for the consolidated financial statements

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Terveystalo Group has early adopted the new IFRS 15 *Revenue from Contracts with Customers* standard in financial year 2017 before the mandatory application date of the standard. In connection with the listing on the Helsinki Stock Exchange and the prospectus process, the Group has retrospectively restated its revenue in accordance with IFRS 15 for the financial year 2016 and for comparative year 2015. The International Financial Reporting Standards refer to the standards and associated interpretations in The Finnish Accounting Act and in regulations issued under it that are approved by the EU for application in accordance with the procedure laid down in Regulation (EC) No. 1606/2002.

The consolidated financial statements also comply with the requirements of the Finnish Accounting Act and Companies Act complementing the IFRSs. In addition disclosure information has been amended to correspond the requirements of a listed company.

The consolidated financial statements have been prepared under a historical cost basis, with the exemption of assets and liabilities acquired in business combinations initially recognised at fair value, and derivative financial instruments measured at fair value.

The Group's consolidated financial statements are presented in thousands of euros.

2.2 Subsidiaries

The consolidated financial statements include the parent company Terveystalo Plc and all its subsidiaries where over 50% of the voting rights are controlled by the parent company or the parent company otherwise controls the company. The Group controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The subsidiaries are included in the consolidated financial statements starting from the date on which control commences until the date on which control ceases.

All business combinations are accounted for by using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprise assets transferred, liabilities incurred and the equity interests issued by the Group measured at fair value. Identifiable assets acquired and liabilities assumed and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. On an acquisition-by-acquisition basis, non-controlling interest in the acquiree is measured either at fair value or at value, which equals the proportional share of the non-controlling interest in the identifiable net assets acquired.

All acquisition costs, with the exception of costs related to issue of debt or equity securities, are recognised as expense as incurred. The consideration transferred does not include transactions treated separately from the acquisition that are recognised through profit or loss. Any contingent consideration is measured

2 Accounting policies for the consolidated financial statements (Continued)

at fair value and it is classified as liability or equity. Contingent consideration classified as liability is measured at fair value at the end of reporting period and the resulting profit or loss is recognised in profit or loss. Contingent consideration classified as equity is not remeasured.

If the Group gains control in stages in the acquiree, the existing interest will be measured at fair value through profit or loss.

Goodwill arising on an acquisition is recognised as the excess of the aggregate of the consideration transferred, the amount of non-controlling interests in the acquiree and previously held equity interest in acquiree over the fair value of the Group's share of the identifiable net assets acquired. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the resulting gain is recognised in profit or loss.

Intra-Group transactions, receivables, liabilities and unrealised gains, as well as the distribution of profits within the Group are eliminated in the preparation of the consolidated financial statements. Accounting policies of subsidiaries have been aligned where necessary to correspond to the Group's principles.

Transactions with non-controlling interests that do not result in loss of the control are accounted for as an equity transactions thus, as transactions with owners as their capacity as owners. Difference between fair value of the consideration paid and acquired net assets is recognised in equity. Also, gains and losses arising from sales of shares to non-controlling interest are recognised in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is measured at fair value through profit or loss.

Terveystalo Group does not have such subsidiaries, which have a significant non-controlling interest.

2.3 Associates

Associates are entities over which the Group has significant influence. Significant influence generally arises when the Group holds over 20% of the voting rights, or otherwise has significant influence, but no control over the entity.

Associates are consolidated using the equity method. They are initially recognised at cost, which includes transaction expenses. If the Group's share of the associated company's losses exceeds the carrying amount of the investment, the investment is recognised at zero value in the consolidated statement of financial position. Recognition of further losses exceeding the carrying amount is discontinued, unless the Group has incurred legal or constructive obligations on behalf of the associate.

Unrealised gains resulting from the transactions between the Group and associates are eliminated according to the Group's share of ownership. Goodwill relating to an associate is included in the carrying amount of the investment. The Group's share of the associated company's profit or loss for the period is separately disclosed below other operating income. Adjustments have been made when necessary to the associate's accounting policies to align to those of the Group.

At each reporting date, the Group reviews the carrying amounts of the investments in associates to determine whether there is any objective indication of impairment. If any such evidence of impairment exists, then the impairment loss is determined. An impairment loss is the amount by which the carrying amount of an investment in associates exceeds its recoverable amount. An impairment loss is recognised in profit or loss.

If the Group's ownership interest in an associate is reduced, but the significant influence is retained, that proportion of the items, which have previously been presented in other comprehensive income, is recognised in profit or loss. Correspondingly, the reduction in the carrying amount of the associated companies' shares is reflected in profit or loss.

Terveystalo Group did not own associates during the reporting period 2016.

2.4 Mutual real estate companies

Housing companies and mutual real estate companies are consolidated to the financial statements as subsidiaries using the acquisition method when the Group has control over the company.

2 Accounting policies for the consolidated financial statements (Continued)

Such mutual real estate companies, in which Terveystalo Group and other parties have either contractually or articles of association based rights to the assets and obligations for the liabilities relating to the arrangement, are accounted for as joint operations. Group includes in its consolidated financial statements proportion to its ownership its share of the income, expenses and other comprehensive income as well as proportion of the assets and liabilities related to joint operations starting from the date joint control commences until the date joint control ceases.

Depreciation on premises used in operations is recognised on a straight-line basis over a 40-year depreciation period.

Apartments, which are not used in business operations, are accounted for as investment properties.

2.5 Investment properties

Investment property refers to properties held by the Group in order to earn rental income or for capital appreciation or both. Investment properties are measured at acquisition cost and depreciated on straight-line basis over a 40-year depreciation period.

2.6 Foreign currency transactions

The consolidated financial statements are presented in thousands of euros and parent company in euros. Euro is the functional and presentation currency of the Group's parent company and the Group companies. All amounts have been rounded to the nearest thousand unless otherwise indicated.

The Group had no significant foreign currency transactions during the reporting period.

Transactions in foreign currencies are translated into respective functional currency at the exchange rate on the transaction date. Gains and losses arising from transactions denominated in foreign currency and from translation of monetary items are recognised in profit or loss as financial income or expenses. At the reporting date the Group has no significant foreign currency denominated monetary or non-monetary statement of financial position items.

2.7 Intangible assets

Goodwill

Goodwill arising in a business combination is recognised as the excess of the aggregate of the consideration transferred, the amount of non-controlling interests in the acquiree and previously held equity interest in acquiree over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill is not amortised but tested for impairment annually. For impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units. Goodwill is measured at cost less accumulated impairment losses. An Impairment loss in respect of goodwill is not reversed.

Gain or losses on disposed unit includes also the carrying amount of goodwill.

Other intangible assets

Intangible assets are recognised initially at cost if the cost of the asset can be measured reliably and if it is probable that the future economic benefits attributable to the asset will flow to the Group.

Intangible assets acquired in a business combination are measured at fair value at the acquisition date separately from goodwill, if the assets meet the definition of an asset, are identifiable or rise from contractual or legal rights.

Other intangible assets are measured at cost and amortized on a straight-line basis over the known or estimated useful lives.

Other intangible assets include software and licenses, as well as acquired companies' customer relationships and trademarks. Other intangible assets are amortized on a straight-line basis over their expected useful lives.

The Group has no intangible assets with indefinite useful lives.

Amortization periods used for intangible assets are the following:

Software	5 years
Customer agreements and related customer relationships	3–7 years
Trademarks	20 years or shorter useful life

Research and development

Research costs are recognised as an expense as incurred in the income statement. Development costs are capitalised when certain capitalisation criteria are met. Development costs that do not qualify for the capitalisation criteria are recognised as expense. The estimated useful lives of capitalised development costs are 3–5 years.

2.8 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

Magnetic resonance imagining equipment	10 years
Buildings	10–40 years
Machinery and equipment	2–7 years
Improvements to office premises	2–10 years

Premises used in operations are depreciated on a straight-line basis over a 40-year depreciation period.

Machinery, equipment and other tangible assets acquired through a finance lease are recognised in the statement of financial position and are depreciated over the shorter of the useful life or lease term. Depreciation periods vary from 2 to 6 years.

Operational premises acquired through sale and-leaseback contracts are capitalised at the discounted minimum lease payments and depreciated over the lease period. Depreciation periods vary from 8 to 15 years. Property, plant and equipment also include artworks which are not depreciated.

Gains and losses on the sale and disposal of property, plant and equipment are presented in other operating income or other operating expenses.

Maintenance expenditure are not included in the carrying amounts of property, plant and equipment. When parts of the magnetic resonance imagining equipment have to be replaced, the Group capitalises the replacement costs as a separate item. Borrowing costs directly attributable to the acquisition or construction of qualifying tangible assets are capitalised as part of the carrying amount of the asset.

The residual values and useful lives of property, plant and equipment are reviewed at each reporting date.

2.9 Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups are classified as assets held-for-sale if it is highly probable that they will be recovered primarily through sale and the sale is highly probable.

Non-current assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell, if it is highly probable that their carrying amount will be recovered primarily through sale rather than through continuing use.

2.10 Leases—Group as a lessee

Leases of property, plant and equipment, in which the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Assets acquired through a finance lease agreement are recognised on the statement of financial position at inception of the lease period at the lower of fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance lease agreements are depreciated over the shorter of the useful life of the asset and the lease period. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each reporting period during the lease period as to produce a constant periodic rate of interest on the remaining balance of liability. The finance lease liability is included in interest-bearing financial liabilities.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating lease contracts are expensed on a straight-line basis over the lease periods. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Classification of contracts as leases is based on the substance of the arrangement and more specifically on whether the arrangement is dependent on a certain asset and whether the arrangement conveys the right to use that asset.

2.11 Financial assets and liabilities

Financial assets

Financial assets are classified in accordance with IAS 39 *Financial instruments: Recognition and measurement* into the following categories: financial assets at fair value through profit or loss, loans and other receivables, and available-for-sale financial assets. Classification is based on the purpose of the acquisition of the item and is made upon initial recognition.

The purchases of financial assets are recognised at fair value upon initial recognition. The sales of financial assets are recognised at sale price. The purchases and sales of financial instruments are recognised on trade date, which by definition is the date when the Group becomes committed to the purchase or sale.

Financial assets are classified as at fair value through profit or loss if they have been mainly acquired for short-term trading purposes.

Derivatives that do not qualify for the IAS 39 hedge accounting criteria have been classified as held for trading assets. Held for trading financial assets are included in current assets and in non-current assets. The Group does not apply hedge accounting.

Financial assets at fair value through profit or loss are initially measured at fair value. Fair value is determined based on their current quotation in active markets, that is, their market bid price. Realised or unrealised gains and losses arising from changes in fair values are recognised in profit or loss in the period in which they are incurred. Financial assets at fair value through profit or loss include publicly listed shares and interest-bearing investments and interest rate derivatives.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets and which are not held for trading purposes by the Group. They are measured at amortized cost. They are recognised in current or non-current financial assets in the statement of financial position based on their nature; they are recognised as non-current, if they mature after 12 months.

Available-for-sale assets are non-derivative financial assets that are designated into this category, and that are not classified into any other category. They are included in non-current assets unless the Group has an intention to hold the instrument for less than 12 months from the reporting date, in which case they are included in current assets. Available-for-sale assets consist of shares and investments. They are measured at fair value or, if their fair value cannot be reliably measured, at cost deducted by any impairment loss. Available-for-sale financial assets include unquoted shares, for which fair values cannot be reliably measured since no active markets exist, and which are therefore measured at cost deducted by any impairment loss.

Financial asset is derecognised when the contractual rights to the cash flows from that asset expire, or the financial assets are transferred to another party and the Group substantially transfers all the risks and rewards of ownership to another party.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, bank deposits available on demand, and other short-term highly liquid investments. Items included in cash and cash equivalents have original maturities of three months or less from the acquisition date.

2 Accounting policies for the consolidated financial statements (Continued)

Financial liabilities

Financial liabilities are divided into liabilities measured at fair value through profit or loss and liabilities measured at amortized cost. The classification of the Group's liabilities is presented in note 5.

Financial liabilities are initially recognised at fair value which is based on the consideration received. For liabilities measured at amortized cost the transaction costs are included in the initial amount recognised and subsequently the financial liability is measured at amortized cost using the effective interest method.

Financial liabilities are included in non-current and current liabilities and they can be either interest-bearing or non-interest-bearing. Financial liabilities are classified as current liabilities, unless the Group has an unconditional right to postpone the payment of the liability to at least 12 months from the reporting date.

Overdraft accounts included in Group cash pool account structure are included in current interest-bearing financial liabilities and they are presented on a net basis, because the Group has a contractual legal right of set-off to settle or otherwise eliminate an amount due to a debtor fully or in part.

2.12 Impairment

Tangible and intangible assets

At the end of each reporting period, the Group assesses whether there are any indications of impairment. If any indications of an impairment exist, the recoverable amount of the asset is determined. Irrespective of whether there is any evidence of impairment, the recoverable amount is determined annually for the following assets: goodwill and intangible assets not yet available for use. The Group has no intangible assets, which have an indefinite useful life. Evidence of impairment is assessed at the geographical level using the common resources i.e at the lowest unit level, which is mainly independent of the other units and whose cash flows can be distinguished from the cash flows of equivalent units.

The recoverable amount of an asset is the higher of fair value less costs to sell or value in use. The value in use is the amount of future cash flows of an asset or cash generating unit discounted to present value. The discount rate used is the pre-tax discount rate which reflects the market view on the time value of money and specific risks related to the asset.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

If impairment loss is related to a cash generating unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit, and then to reduce the carrying amounts of the other assets on a pro rata basis. The useful life of an asset, which is subject to depreciation or amortization, is reassessed when an impairment loss is recognised. The impairment loss recognised for other assets than goodwill is reversed if there has been a change in estimates used to determine the recoverable amount. The reversal of the impairment loss cannot exceed the carrying amount of the asset if impairment loss had not been recognised. Impairment loss recognised for goodwill is not reversed.

Financial assets

At the end of each reporting period the Group evaluates whether there are indications of potential impairment of a single financial asset or a group of financial assets. If the fair value of an available for sale equity instrument is substantively below the acquisition cost, this is an indication of an impairment of an available for sale equity instrument. The impairment loss is recognised in the income statement immediately. The impairment loss for equity investments classified to available for sale investments will not be reversed through income statement. The impairment loss for investments in interest rate instruments will be reversed through income statement.

The Group will recognise an impairment loss on trade receivables if there is objective evidence that the receivable cannot be collected in full. Significant financial difficulties of the debtor, probability of a bankruptcy, defaults in payments or significant delays in payments are indicators of impairment in trade receivables. The impairment loss to be recognised in profit or loss is the difference between the carrying value of the receivable and the estimated future cash flows. An impairment loss will be reversed through income statement if the decrease in the impairment is based on an objective evidence of an event which has been realized after the initial recognition of the impairment loss.

2.13 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined by using FIFO (first in, first out) method. Net realisable value is the cost of goods less obsolescence allowance.

2.14 Pension benefits

Pension plans are classified as either defined contribution plans or defined benefit plans. The Group's pension plans are classified as defined contribution plans. The Group's employee pension plans are arranged through pension insurance companies.

The Finnish TyEL pension insurance is treated as a defined contribution plan. In defined contribution plans, the Group makes fixed contributions into the plan. The Group has no legal or constructive obligation to make additional payments if the pension insurance company is unable to pay pension benefits earned by employees in the reporting period or in previous periods. Contributions made into defined contribution plans are recognised through profit or loss in the reporting period which they relate.

2.15 Provisions and contingent liabilities

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are recognised at the present value of the expenditure required to fulfil the obligation. Discount rate reflects current market assessments of the time value of money and the risks specific to the obligation. If the obligation can be partially compensated by a third party, the compensation is treated as a separate asset, when it is virtually certain that the compensation will be received.

Leases become onerous if the leased premises become vacant, or if they are subleased at a lower rate than paid for the head lease. A provision is recognised for an estimated loss from vacant lease premises over the remaining lease period, and for losses from subleased premises.

A contingent liability is a possible obligation arising as a result of past events, and whose existence will be confirmed only when an uncertain future event takes place, not wholly within control of the entity. Also, a present obligation which probably does not require a cash settlement or on which the value cannot be reliably estimated is considered as a contingent liability. Contingent liabilities are disclosed in the notes.

2.16 Share capital

The share capital of Terveystalo Plc is EUR 2,500 dividing into 308,000,000 shares. EUR 307,997,500 of the subscribed capital has been allocated in invested non-restricted equity reserve. According to the current Finnish Companies Act subscription price of new shares are allocated in share capital, unless it has not been according to Issue Decision totally or partly allocated in invested non-restricted equity reserve.

2.17 Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the financial period. The company has no equity instruments or arrangements that would have dilution effect related to calculation of earnings per share.

The weighted average shares outstanding at December 31, 2016 was 308,000,000 and December 31, 2015 was 308,000,000.

2.18 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make certain estimates and assumptions that may result in differences between the realised outcomes and these estimates. In addition, the application of accounting policies requires judgement. Estimates and judgements are based on prior experiences and other factors, such as assumptions regarding future events. The critical issues requiring management's judgement are presented below:

Selection and application of accounting policies requiring management's judgment

The Group management exercises judgement in making decisions regarding the selection and application of accounting policies in the financial statements. This particularly applies to cases for which the effective IFRS standards allow alternative principles for recognition, measurement and presentation. In the reporting period 2016 management decided to clarify the principles of revenue recognition and the related presentation. From the reporting period 2016 onwards Group recognises the fees from employed healthcare professionals and private practitioners relating to occupational healthcare, insurance and public sector customers on gross basis, i.e. based on accrued gross sales. Based on management judgement, the Group has primary responsibility for providing these services to customers and therefore, it acts as a principal, because it has exposure to the significant risks and rewards associated with the contractual arrangements. The change is based on the currently effective revenue recognition standards. In addition, Terveystalo Group has early adopted IFRS 15 *Revenue from Contracts with Customers* standard in financial year 2017 before the mandatory application date of the standard. More detailed information regarding the revenue recognition principles are presented in accounting policies 2.19 *Revenue recognition* and the effects of the adoption of IFRS 15 standard are presented in note 7 *Disaggregation of revenue*.

Intangible assets in connection with business combinations

IFRS 3 requires the acquirer to recognise intangible assets separately from goodwill, if the criteria of the standard are met. Recognising intangible assets separately at fair value requires management to estimate the expected future cash flows. Management has used available market information when possible in determining the fair values. If no market information has been available, the measurement of intangible assets has been based on historical income from the asset and the planned use in operation. The valuations are based on discounted cash flows and estimated disposal or replacement prices, and the valuation requires management to make estimates of the future use of the asset and impact on the company's financial position. Changes in the company's future operations may cause changes in valuation.

Management believes that the used estimates and assumptions are reasonable for measurement of fair values. In addition, the Group's property, plant and equipment and intangible assets are assessed to determine whether there is any indication of impairment at least at each reporting date.

The valuation of contingent considerations

Management makes judgements and estimates fair value of the contingent considerations, measured on a provisional basis related to business combinations. The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast revenue, the amount to be paid under each scenario and the profitability of each scenario.

Lease agreements classified between finance and other leases

Management makes judgements and estimates while assessing when all risks and rewards incidental to ownership of a leased asset are substantially transferred to the Group.

Sources of estimation uncertainty

Estimates used in preparation of the financial statements are considered to represent management's best understanding at the reporting date. The estimates are based on management's prior experience and most probable expectations concerning the future at the reporting date. These estimates are related, amongst other, to the expected development of the Group's economic environment in terms of sales and cost level. The Group monitors the realisation of the estimates and assumptions and changes in the underlying factors on a regular basis together with the operating units by using several internal and external information sources. Changes in estimates or assumptions are recognised in the period when the estimate or assumption is revised, and in the future periods if the change affects the subsequent periods.

2 Accounting policies for the consolidated financial statements (Continued)

Impairment testing

The impairment testing for the goodwill is carried out annually. The Group has no other intangible assets with an indefinite useful life. The recoverable amounts of cash generating units are estimated based on the calculations of their value in use. The preparation of these calculations requires the use of estimates. Even though management believes that the used estimates and assumptions are appropriate, the estimated recoverable amounts may differ from the actual results. See note 17 for more detailed information.

Segment information

Management has exercised judgement in determining that Terveystalo presents one reportable segment. For Terveystalo, all the aggregation criteria determined in IFRS 8 are met and, therefore the regions can be aggregated to one reportable segment since same services are offered in all regions, customer type is similar in all regions, methods used to provide services are similar and regulatory environment and operational risks are same in all regions. Terveystalo operates mainly in Finland.

2.19 Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership and control over the services and products have been transferred to the buyer. Revenue from services is recognised when the service is rendered. Revenue is recognised to the extent that the Terveystalo Group expects to be entitled in exchange for the goods and services taking into account the terms and conditions of the customer contracts and business practices.

Group's revenue consists mainly of rendering of services. Group's services consists mainly of occupational healthcare services, general practise and clinic hospital operations, dental services and diagnostic services, as well as rental income on the Group's premises from the practitioners. Regarding long-term contracts revenue is recognised over the term of the contract, as the customer simultaneously receives and consumes the benefits from the service as Terveystalo provides the service. Regarding private practitioners Terveystalo acts as a principal and recognises revenue on gross basis based on accrued gross sales and fees related to purchasing these services are recognised in materials and services expenses.

Group's remaining performance obligations on the reporting date are part of a contract with a maximum expected term of one year or revenue recognised by the reporting date corresponds to the benefit of the service provided by Terveystalo for the customer. Terveystalo Group has not incurred any costs of obtaining to be recognised as an asset. Customer contracts do not include any significant financing components.

Terveystalo Group has early adopted the new IFRS 15 *Revenue from Contracts with Customers* standard in financial year 2017 before the mandatory application date of the standard. With regard to the application of the new IFRS 15 standard the Group has clarified the principles of revenue recognition. In connection with the listing on the Helsinki Stock Exchange and the prospectus process, the Group has retrospectively adjusted its revenue in accordance with IFRS 15 for the financial year 2016 and comparative information. More detailed information regarding the effects of the adoption of IFRS 15 standard are presented in note 7 *Disaggregation of revenue*.

2.20 Government grants

Government grants are presented in other operating income as they do not relate to acquired assets. Grants are recognised when there is reasonable assurance that grants will be received and Group will comply with the conditions associated with the grants.

2.21 Interests and dividends

Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive the dividend is established.

2.22 Operating profit

IAS 1 (Presentation of Financial Statements) standard does not define operating profit. The Group has defined it as follows: Operating profit is calculated by adding other operating income to revenue, deducting costs related to materials and services, deducting costs related to employee benefits,

2 Accounting policies for the consolidated financial statements (Continued)

depreciation, amortization and impairments as well as other operating expenses. Foreign exchange differences and changes in the fair value of derivative financial instruments are included in operating profit in case they originate from operative business items; otherwise they are recognised in financial income and expenses.

2.23 Income tax

Income taxes comprises current tax based on taxable income for the period and deferred tax. Tax related to items recognised directly in equity or in other comprehensive income is recognised correspondingly in equity. The current tax recognised in profit or loss or in other comprehensive income is calculated using enacted tax rate. Current tax includes any adjustment to tax in respect of previous years.

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts in taxation. Deferred tax is not recognised in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss at the date of the transaction. Deferred tax is not recognised for non-tax deductible goodwill or for subsidiaries' retained earnings to the extent that it is probable that the temporary difference will not reverse in the foreseeable future.

The most significant temporary differences arise from depreciation on property, plant and equipment acquired through business combinations, unused tax losses, and fair value adjustments relating to business combinations.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred taxes are calculated using tax rates enacted by the reporting date.

2.24 Segment information

Terveystalo presents only one segment as the geographic segments being the primary basis for monitoring profitability can be aggregated to one segment. Terveystalo's chief operating decision maker is the CEO.

2.25 Application of new and amended IFRSs

New and amended standards applied in the financial year 2016

Terveystalo Group has applied as from 1 January 2016 the following new and amended standards that have come into effect:

- *Annual Improvements to IFRSs* (2012–2014 cycle) (effective for financial years beginning on or after 1 January 2016): 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 cycle contains amendments to four standards. Their impacts vary standard by standard but are not significant.
- Amendment to IAS 1 *Presentation of Financial Statements*: *Disclosure Initiative* (effective for financial years beginning on or after 1 January 2016). The amendments clarify the guidance in IAS 1 in relation to applying the materiality concept, disaggregating line items in the statement of financial position and in the statement of income, presenting subtotals and to the structure and accounting policies in the financial statement. The amendments have had a minor impact on presentation in Terveystalo Plc's consolidated financial statements.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets—Clarification of Acceptable Methods of Depreciation and Amortization* (effective for financial years beginning on or after 1 January 2016): The amendments state that revenue-based methods of depreciation cannot be used for property, plant and equipment and may only be used in limited circumstances to amortize intangible assets if revenue and the consumption of the economic benefits of the intangible assets are highly correlated. The amendments have had no impact on Terveystalo Plc's consolidated financial statements.
- Amendments to IFRS 11 *Joint Arrangements—Accounting for Acquisitions of Interests in Joint Operations* (effective for financial years beginning on or after 1 January 2016): The amendments

require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments have had no impact on Terveystalo Plc's consolidated financial statements.

Terveystalo Group has early adopted the new IFRS 15 *Revenue from Contracts with Customers* standard in financial year 2017 before the mandatory application date. The new standard replaces the requirements of earlier standards and interpretations regarding revenue recognition. IFRS 15 provides a 5-step model for the revenue recognition from customer contracts and specifies, among other things, to what extent and when revenue can be recognised. In accordance with the standard revenue is recognised as control is passed either over time or at a point in time.

More detailed information regarding the Group's revenue and the effects of the adoption of IFRS 15 standard are presented in note 7 *Disaggregation of revenue* and information regarding Group's revenue recognition principles are presented earlier in accounting policies 2.19 *Revenue recognition*.

Adoption of new and amended standards and interpretations applicable in future financial years

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.

- Amendments to IFRS 15—*Clarifications to IFRS 15 Revenue from Contracts with Customers** (effective for financial years beginning on or after 1 January 2018). Terveystalo evaluates the effects of the clarifications.
- IFRS 9 *Financial Instruments* (effective for financial years beginning on or after 1 January 2018): 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 impacts of IFRS 9 on Terveystalo Plc's consolidated financial statements have been assessed and the expected impacts are not significant.
- 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 recognise 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 contacts 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 started a preliminary assessment of the impacts 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 not yet quantified the impacts of the adoption of IFRS 16 on its consolidated financial statements. More detailed assessments of the impacts will be done over the next twelve months. The transition alternatives has not yet been decided.
- Amendments to IAS 7 *Statement of Cash Flows- Disclosure Initiative** (effective for financial years beginning on or after 1 January 2017). The changes were made to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments have an impact on the disclosures on Terveystalo Plc's consolidated financial statements.

* = not yet endorsed for use by the European Union as of 31 December 2016.

2 Accounting policies for the consolidated financial statements (Continued)

- Amendments to IAS 12 *Income Taxes—Recognition of Deferred Tax Assets for Unrealised Losses**(effective for financial years beginning on or after 1 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments have no impact on Terveystalo Plc's consolidated financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Join Venture* (the effective date has been postponed indefinitely). The amendments address to clarify the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments have no impact on Terveystalo Plc's consolidated financial statements.

3 Financial risk management

The Group is exposed to various financial risks in its normal business activities. The objective of the Group's risk management is to minimize the negative effects of changes in the financial markets on the Group's profit and financial position. The Group's main financial risks are liquidity risk, credit risk and interest rate risk. The Group's risk management principles are approved by the Board of Directors and the Group's financial department is responsible for the implementation of the principles. The Group's financial department identifies and assesses risks and acquires instruments needed to hedge against them. The Group uses mainly interest rate swaps in its risk management.

3.1 Interest rate risk

The Group's revenue and operative cash flows are mainly independent of fluctuations in market interest rate. The Group is exposed to interest rate risk as the fair values of financial liabilities may change due to changes in interest rates. This risk mainly relates to loan portfolio. The Group may fund itself either in variable or fixed interest rates, and use interest rate swaps and interest rate cap agreements to hedge against interest rate risks.

The Group does not apply hedge accounting according to IAS 39.

In 2016 the Group's average interest rate for loans from financial institutions was 4.1% (2015: 4.7%). An increase of one percentage point in the average interest rate would have increased the Group's interest expenses by EUR 3.1 million during the year 2016 (2015: EUR 3.0 million).

100% of the Group's loans from financial institutions are variable rate loans. The Group does not have open interest rate derivative contracts at the reporting date.

3.2 Currency risk

The Group operates mainly in Finland and its cash flows are mainly denominated in euro, and thus the Group is not exposed to significant transaction risks caused by foreign currency positions, or risks generated from the translation of foreign currency denominated investments to the functional currency of the parent company. All of the Group's loans are denominated in euro.

3.3 Credit risk

Majority of the Group's incoming cash flows are payments from established institutions, public sector and companies with appropriate credit rating. However, trade receivables from companies include credit risk. Credit risk is managed mainly by monitoring the customer's credit rating on a regular basis and by cooperating with collection agencies. In addition, the Group's customers include private people whose invoicing is primarily carried out in connection with rendering services.

The Group has no major customer specific risk concentrations and its credit risk is diversified. Credit risk is managed by monitoring the amount, maturity distribution and turnover of trade receivables. Credit risk is also monitored on a client by client basis.

The Group's maximum credit risk is equal to the carrying amount of financial assets at the reporting date. The maturity distribution of the Group's trade receivables is disclosed in note 19.

3 Financial risk management (Continued)

3.4 Liquidity risk

The Group aims to assess and monitor continuously the amount of funding required by business operations, in order to ensure sufficient liquidity to finance its operations, to repay maturing loans as well as to carry out investments and acquisitions of companies according to the growth strategy. The Group's cash and cash equivalents comprise of cash in bank accounts, cash in hand and cash payments not yet recorded into the Group's bank accounts (cash in transit) at the reporting date.

The Group manages liquidity risk by monitoring unused liquidity reserves and forecasting future cash flows.

The Group has an overdraft facility in use, of which EUR 98.2 million remained unused at the reporting date (2015: EUR 46.6 million).

The table below presents a contractual maturity analysis of financial liabilities. The figures are undiscounted and they include both interest payments and repayments of principals. The undiscounted cash flows related to finance lease liabilities differ from the amounts in the statement of financial position because the amounts recognised in the statement of financial position are discounted to the end of the reporting period. Interest payments which are based on variable rates have been presented using variable rates as of the end of the reporting date.

31.12.2016

In thousands of euro	Carrying amount	Contractual cash flows	1 year	1–2 years	2–5 years	over 5 years
Loans from financial institutions	305,004	381,432	36,526	25,993	74,872	244,041
Finance lease liabilities	31,913	39,121	6,237	4,945	11,456	16,483
Hire purchase liabilities	10,251	10,748	3,074	2,853	4,807	15
Trade payables	19,581	19,581	19,581	-	-	-

31.12.2015

In thousands of euro	Carrying amount	Contractual cash flows	1 year	1–2 years	2–5 years	over 5 years
Loans from financial institutions	308,438	381,949	28,237	43,799	99,748	210,165
Finance lease liabilities	33,879	42,269	7,243	5,476	11,442	18,108
Hire purchase liabilities	8,177	8,536	2,035	2,024	3,473	1,004
Trade payables	19,452	19,452	19,452	-	-	-
Interest rate derivatives	1,838	945	945	-	-	-

The Group's loan contracts include covenant terms which are typical terms for a company owned by private equity investors. The covenant terms limit, amongst other things, the use of collaterals, substantial company acquisitions, disposal of assets, as well as significant changes in business operations and in the ownership. Creditors may demand an instant repayment of the loans if covenant levels are breached. The covenants were not breached during the financial period.

3.5 Market risk of investment activities

The Group is not significantly exposed to price risks arising from fluctuations in market prices of quoted shares because the Group has no significant investments in them.

3.6 Commodity risk

The Group is not significantly exposed to commodity risks related to availability and price fluctuations of commodities.

3.7 Capital management

The objective of the Group's capital management is to support business operations and to ensure competitive operating conditions with optimal capital structure, as well as to enable the implementation of the strategy.

3 Financial risk management (Continued)

In addition to operative cash flows the capital structure is managed by share issues, by increase or repayment of financial liabilities, possible conversions between equity and financial liabilities, as well as through operative decisions on investments and growth and potential disposals of assets in order to reduce liabilities.

The development of the Group's capital structure is monitored, amongst others things with the following ratios: change in net debt, ratio of net debt to operating margin, and ratio of operating cash flows to the financial expenses.

The Group's net debt to equity ratio (gearing) was 132.6% at the reporting date (2015: 151.5%). The ratio is calculated by dividing interest-bearing net debt with equity. The net debt includes interest-bearing liabilities less interest-bearing receivables and cash and cash equivalents. The Group's interest-bearing liabilities were EUR 347.2 million at the reporting date (2015: EUR 350.5 million). Significant part of the interest-bearing liabilities consists of loans from financial institutions.

The Group's gearing**) is calculated as follows:

In thousands of euro	2016	2015
Interest-bearing liabilities	347,169	350,480
Cash and cash equivalents	39,099	16,621
Net debt	308,069	333,859
Equity	232,265	220,376
Gearing**)	**132.6%**	**151.5%**

**) Alternative performance measure.

4 Determination of fair values

The carrying amounts of current financial instruments, such as cash and cash equivalents, trade receivables, trade payables and interest liabilities, do not significantly differ from the corresponding fair values due to their short maturity. The unquoted equity investments are classified on level 3. These are measured at the lower of cost or fair value. Professional assessment has been used to assess the fair value.

Fair value hierarchy of financial assets and liabilities measured at fair value in 2016

In thousands of euro	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Unquoted equity investments	-	-	1,724	1,724
Total	-	-	1,724	1,724

Fair value hierarchy of financial assets and liabilities measured at fair value in 2015

In thousands of euro	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Unquoted equity investments	-	-	1,298	1,298
Total	-	-	1,298	1,298

4 Determination of fair values (Continued)

In thousands of euro	Level 1	Level 2	Level 3	Total
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives held for trading	-	-	-	-
Interest rate swaps	-	1,838	-	1,838
Total	-	1,838	-	1,838

5 Financial assets and liabilities—carrying amount and fair value

In thousands of euro at 31.12.2016	Note	Fair value through profit or loss	Loans and other receivables	Available for sale investments	Financial liabilities at amortized cost	Carrying amount	Fair value
Financial assets							
Non-current							
Other receivables	19	-	10	-	-	10	10
Current							
Trade and other receivables	19	-	53,713	-	-	53,713	53,713
Cash and cash equivalents	21	-	39,099	-	-	39,099	39,099
Total		-	92,823	-	-	92,823	92,823
Financial liabilities							
Loans from financial institutions	23	-	-	-	305,004	305,004	305,004
Hire purchase liabilities	23	-	-	-	10,251	10,251	10,251
Finance lease liabilities	23	-	-	-	31,913	31,913	31,913
Trade and other payables	25	-	94,897	-	-	94,897	94,897
Total		-	94,897	-	347,169	442,066	442,066

In thousands of euro at 31.12.2015	Note	Fair value through profit or loss	Loans and other receivables	Available for sale investments	Financial liabilities at amortized cost	Carrying amount	Fair value
Financial assets							
Non-current							
Other receivables	19	-	69	-	-	69	69
Current		-	-	-	-	-	-
Trade and other receivables	19	-	47,589	-	-	47,589	47,589
Cash and cash equivalents	21	-	16,621	-	-	16,621	16,621
Total		-	64,278	-	-	64,278	64,278
Financial liabilities							
Loans from financial institutions	23	-	-	-	308,157	308,157	308,157
Other interest bearing debts		-	-	-	281	281	281
Hire purchase liabilities	23	-	-	-	8,177	8,177	8,177
Finance lease liabilities	23	-	-	-	33,879	33,879	33,879
Trade and other payables	25	-	90,837	-	-	90,837	90,837
Interest rate derivatives	25	1,838	-	-	-	1,838	1,838
Total		1,838	90,837	-	350,495	443,170	443,170

The Group doesn't apply hedge accounting according to IAS 39. The changes in fair values of interest rate derivatives are recognised in profit or loss as finance income and costs.

6 Business combination

Year 2016

During 2016, the Group has made several business acquisitions. The biggest acquisition is presented separately and the other smaller acquisitions are disclosed in aggregate.

6 Business combination (Continued)

Acquisition of Tampereen Hammaslääkäriasema Oy

On 29 April 2016 Terveystalo Healthcare Oy acquired 100% of the shares of Tampereen Hammaslääkäriasema Oy. The acquired subsidiary has been consolidated to the Group financial statements from the acquisition month onwards.

The purchase price allocations are based on the acquiree's balance sheet values closest to the date of acquisition. The balance sheet has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect.

The following table summarises the acquisition date fair value of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Consideration in thousands of euro	
Cash	1,819
Total consideration transferred	**1,819**
The fair value of the ownership before the acquisition	0
Total Consideration	**1,819**

Identifiable assets acquired and liabilities assumed in thousands of euro	
Cash and cash equivalents	136
Intangible assets	336
Property, plant and equipment	525
Inventories	59
Trade and other receivables	83
Trade and other payables	-1,190
Total identifiable net assets acquired	**-52**
Goodwill	**1,871**

As a result of this acquisition goodwill amounting to EUR 1.9 million has been recognised. The recognised goodwill is attributable to synergies expected from the acquisition as well as personnel know-how. The recognized goodwill is not deductible in taxation.

The fair value of the acquired trade and other receivables amounts to EUR 0.08 million for which the risk of changes in value has been deemed non-significant.

The Group incurred acquisition-related expenses of EUR 0.06 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

The contributed recognised revenue from the acquisition in year is EUR 2.5 million and the loss is EUR 0.2 million.

If the acquisition had occurred on 1 January 2016, the Group's consolidated revenue in 2016 would have been EUR 548.2 million and the consolidated profit for the period EUR 12.8 million.

Other business combinations

On 29 January 2016 Terveystalo Healthcare Oy acquired 100% of the shares of Bitewell Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards. The purchase price includes contingent consideration, which is recognised as a liability as part of consideration, amounting to EUR 0.2 million. The contingent consideration is based on the revenue for years 2017–2018.

On 7 March 2016 Suomen Terveystalo Oy acquired the dental business from Hammasklinikka Dent Oy as an asset deal.

On 31 October 2016 Terveystalo Healthcare Oy acquired 100% of the shares of Vimadent Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards.

On 30 December 2016 Terveystalo Healthcare Oy acquired 100% of the shares of Forssan Erikoishammaslääkärit Oy and Hammaslääkäriasema Kymppihammas Oy. Only the balance sheet of the

6 Business combination (Continued)

acquired companies as of 31 December 2016 has been consolidated to the Group's financial statements. The income statement has not been consolidated. The purchase price of Forssan Erikoishammaslääkärit Oy includes contingent consideration, which is recognised as a liability as part of the consideration amounting to EUR 0.3 million. The contingent consideration is based on the revenue for years 2017–2018.

The purchase price allocations are based on the acquiree's balance sheet values closest to the date of acquisition. The balance sheet has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect.

The following table summarises the acquisition date fair value of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Consideration in thousands of euro	
Cash	3,058
Contingent consideration	465
Total consideration transferred	3,523
The fair value of the ownership before the acquisition	0
Total consideration	3,523

Identifiable assets acquired and liabilities assumed in thousands of euro	
Cash and cash equivalents	335
Intangible assets	50
Property, plant and equipment	283
Investments	61
Inventories	123
Trade and other receivables	134
Trade and other payables	-368
Total identifiable net assets acquired	618
Goodwill	**2,906**

As a result of these business combinations, goodwill amounting to EUR 2.9 million has been recognized. The recognized goodwill is attributable to synergies expected from acquisitions as well as personnel know-how. The recognised goodwill is not deductible in taxation.

The fair value of the acquired trade and other receivables amounts to EUR 0.1 million, for which the risk of changes in value has been deemed non-significant.

The Group has incurred acquisition-related expenses of EUR 0.08 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

The acquired property, plant and equipment is valued at fair value of quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. The acquired intangible assets are recognized separately from goodwill at the acquisition date at fair value when they are identifiable as assets, are separable or based on other contractual or other legal rights.

The contributed recognised revenue from these acquisitions in 2016 is EUR 1.9 million and the loss is EUR 0.2 million.

If the acquisition had occurred on 1 January 2016, the Group's consolidated revenue in 2016 would have been EUR 550.0 million and profit EUR 12.5 million.

Year 2015

During 2015 the Group has made several acquisitions. The two biggest acquisitions are presented separately and the other smaller acquisitions are disclosed in aggregate.

Turun Hammasplussa Group

On 29 May 2015 Terveystalo Healthcare Oy acquired 100% of the shares of Turun Hammasplussa Oy. As a part of the acquisition, ownership of Turun Teknohammas Oy, a subsidiary to Turun Hammasplussa Oy, 6 Business combination (Continued)

and Into Sales Oy, a subsidiary to Turun Teknohammas Oy were transferred to the Group. The acquired subsidiaries have been consolidated to the Group financial statements from the acquisition month onward.

The purchase price allocations are based on the acquired entities balance sheet values closest to the date of acquisition. The balance sheet has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect.

The following table summarises the acquisition date fair value of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Consideration in thousands of euro	
Cash	11,670
Total consideration transferred	**11,670**
The fair value of the ownership before the acquisition	
Total consideration	**11,670**

Identifiable assets acquired and liabilities assumed in thousands of euro	
Cash and cash equivalents	1,283
Intangible assets	96
Property, plant and equipment	649
Investments	296
Inventories	274
Trade and other receivables	763
Trade and other payables	-659
Total identifiable net assets acquired	**2,702**
Goodwill	**8,968**

As a result of this acquisition a goodwill amounting to EUR 9.0 million has been recognized. The recognised goodwill is attributable to synergies expected from acquisition as well as personnel know-how.

The fair value of the acquired trade receivables and other receivables amounts to EUR 0.8 million, for which the risk of changes in value has been deemed non-significant.

The Group has incurred acquisition-related expenses of EUR 0.3 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

The contributed recognized revenue from this acquisition in 2015 is EUR 3.0 million and the profit is EUR 0.6 million.

If the acquisition had occurred on 1 January 2015, the Group's consolidated revenue in 2015 would have been EUR 510.3 million and profit EUR 1.5 million.

Seinäjoen Lääketieteellinen Tutkimuslaitos Oy Group

On 31 December 2015 Terveystalo Healthcare Oy acquired 100% of the shares of Seinäjoen Lääketieteellinen Tutkimuslaitos Oy. As a part of the acquisition, ownership of 100% of the shares of KOy Seinäjoen Lääkäritalo and 62,4% of the shares of KOy Seinäjoen Marttilankulma were transferred to Terveystalo Group. In addition Seinäjoen Lääketieteellinen Tutkimuslaitos Oy owned 20% of the shares of Examinatio Magnetica Fennica Oy, in which Terveystalo Group has a 40% ownership. As a result of the acquisition Group's shares in Examinatio Magnetica Fennica Oy increased to 60%. Only the balance sheets of the acquired companies have been consolidated to the Group financial statements. The income statements have not been consolidated.

In addition, Seinäjoen Lääketieteellinen Tutkimuslaitos Oy owns 40% of the shares of EP-Magneetti Oy. The majority shareholder has informed the Group that they are using their expropriation rights, and due to that, EP-Magneetti Oy has not been consolidated as at 31.12.2015.

The acquisition of Seinäjoen Lääketieteellinen Tutkimuslaitos Oy includes contingent consideration, which is recognised as a liability as part of the consideration amounting to EUR 0.5 million. This contingent consideration was paid in January 2016.

6 Business combination (Continued)

The purchase price allocations are based on the acquired entities balance sheet values closest to the acquisition date. The balance sheet has been prepared in accordance with IFRS and Terveystalo Group accounting principles in all material respect.

The following table summarises the acquisition date fair value of the consideration transferred as well as the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

Consideration in thousands of euro	
Cash	19,350
Contingent consideration	500
Total consideration transferred	**19,850**
The fair value of the ownership before the acquisition	0
Total consideration	**19,850**

Identiafiable assets acquired and liabilities assumed in thousands of euro	
Cash and cash equivalents	1,870
Intangible assets	1,258
Property, plant and equipment	4,001
Investments in associates	14
Investments	38
Inventories	227
Trade and other receivables	1,990
Trade and other payables	-2,051
Loans	-191
Deferred tax liabilities	-118
Total identifiable net assets acquired	**7,038**
Non-controlling interest	-809
Goodwill	**13,621**

The acquired property, plant and equipment is valued at fair value based on quoted market prices for similar items when they are available. The acquired intangible assets are recognised separately from goodwill at the acquisition date at fair value when they are identifiable as assets, are separable or based on other contractual or other legal rights.

As part of these acquisitions, the Group has acquired customer relationships. The fair value of the relationships and customer contracts, which are included in other intangible assets, has been determined based on the estimated contract periods and the discounted net cash flows of the existing customer relationships.

As a result of this acquisition goodwill amounting to EUR 13.6 million has been recognised. The recognised goodwill is attributable to synergies expected from acquisitions, as well as personnel know-how.

The fair value of the acquired trade and other receivables amounts to EUR 2 million, for which the risk of changes in value has been deemed non-significant.

The Group has incurred acquisition-related expenses amounting of EUR 0.4 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

If the acquisition had occurred on 1 January 2015, the Group's consolidated revenue in 2015 would have been EUR 521.5 million and profit EUR 1.7 million.

Other business combinations

On 2 March 2015 Terveystalo Healthcare Oy acquired 100% of the shares of Lääkäriasema Syke Oy. The subsidiary has been consolidated to the Group financial statements from the acquisition month onward. The purchase price does not include any contingent consideration.

On 31 August 2015 Terveystalo Healthcare Oy acquired 100% of the shares of Jokilaaksojen Työterveys Oy. The subsidiary has been consolidated to the Group financial statements from the acquisition month onward.

6 Business combination (Continued)

On 30 September Terveystalo Healthcare Oy acquired 100% of the shares of Liikekeskuksen Hammaslääkärit Oy. The subsidiary has been consolidated to the Group financial statements from the acquisition month onward. The purchase price includes contingent consideration, which is recognised as a liability as part of the consideration amounting to EUR 0.5 million. The contingent consideration is based on the revenue for the years 2015–2017.

On 31 December 2015 Terveystalo Healthcare Oy acquired 100% of the shares of Densens Oy and Porin Hammaslääkäripalvelut Oy. The acquisition of Densens Oy includes contingent consideration, which is recognised as a liability as part of the consideration amounting to EUR 0.4 million. The contingent consideration is based on the revenue for the years 2016–2017.

The purchase price allocations are based on the acquired entities balance sheet values closest to the acquisition date. The balance sheet has been prepared in accordance with IFRS and Terveystalo Group accounting principles in all material respect.

The following table summarises the acquisition date fair value of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Consideration in thousands of euro	
Cash	15,684
Contingent consideration	975
Total consideration transferred	**16,659**
The fair value of the ownership before the acquisition	0
Total consideration	**16,659**

Identifiable assets acquired and liabilities assumed in thousands of euro	
Cash and cash equivalents	2,281
Intangible assets	1,006
Property, plant and equipment	708
Investments	995
Inventories	113
Trade and other receivables	809
Trade and other payables	-964
Loans	-37
Deferred tax liabilities	-146
Total identifiable net assets acquired	**4,765**
Non-controlling interest	0
Goodwill	**11,894**

As a result of this acquisition, goodwill amounting to EUR 11.9 million has been recognised. The recognised goodwill is attributable to synergies expected from acquisitions, as well as personnel know-how.

The fair value of the acquired trade and other receivables amounts to EUR 0.8 million, for which the risk of changes in value has been deemed non-significant.

The Group has incurred acquisition-related expenses amounting of EUR 0.4 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

The acquired property, plant and equipment is valued at fair value based on quoted market prices for similar items when they are available. The acquired intangible assets are recognised separately from goodwill at the acquisition date at fair value when they are identifiable as assets, are separable or based on other contractual or other legal rights.

As part of these business acquisitions, the Group has acquired customer relationships. The fair value of the relationships and customer contracts, which are included in other intangible assets, has been determined based on the estimated contract periods and the discounted net cash flows of the existing customer relationships.

The contributed recognised revenue from these acquisitions in 2015 is EUR 2.6 million and the profit is EUR 0.2 million.

6 Business combination (Continued)

If the acquisition had occurred on 1 January 2015, the Group's consolidated revenue in 2015 would have been EUR 513.1 million and profit EUR 1.3 million.

Acquisition of Non-controlling interests

During year 2015 the Group has made the following acquisitions:

- In September Suomen Terveystalo Oy acquired 25.7% of the shares of Sairaala Botnia Oy. As a result of this, The Group now owns 100% of the shares in the acquiree.

In September Terveystalo Healthcare Oy acquired 5.16% of the shares of Joensuun Magneetti Oy. As a result of this, The Group now owns 100% of the shares in the acquiree.

7 Disaggregation of revenue

Terveystalo Group has early adopted the new IFRS 15 *Revenue from Contracts with Customers* standard before the mandatory application date. The Group has elected to apply IFRS 15 standard using retrospective approach for all financial years presented and has adjusted comparative information accordingly. The Group's revenue recognition principles are presented earlier in the accounting policies.

With regard to the application of the standard, the Group has reviewed the revenue recognition principles and presentation in accordance with the new IFRS 15 standard, taking into account changes in service model and way of operating. In accordance with IFRS 15 standard, revenue also includes the fees for services provided by private practitioners to private customers. These fees are presented in revenue on a gross basis instead of the previous net based presentation and the effect on revenue and materials and services expenses are presented in the tables below. Comparative information has been adjusted accordingly. Based on management judgement, the Group has primary responsibility for providing services to customers and therefore, it acts as a principal, because it has exposure to the significant risks and rewards associated with the contractual arrangements. The gross basis is considered to result in a more faithful presentation of the Group's revenue. The adoption of IFRS 15 standard had no impact on the Group's equity.

Group's services consists mainly of occupational healthcare services, general practise and clinic hospital operations, dental services and diagnostic services, as well as rental income on the Group's premises from the practitioners. 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 in financial years 2016 and 2015.

Terveystalo offers its primary and outpatient secondary healthcare services to three distinct customer groups: corporate customers, private customers and public customers.

Corporate Customers

The Company's corporate customer group comprises Terveystalo's occupational healthcare customers, excluding municipal occupational healthcare customers, and corporate insurance customers. The customers in the corporate customer group include private sector corporations, associations, foundations and state administration and represent all main industries, such as construction, retail, manufacturing and professional industries. The Company offers services to corporate customers of all sizes, from entrepreneurs and small companies to medium and large-sized companies, including some of the largest employers in Finland.

Private Customers

The Company's private customers group comprises private individuals, families, retirees and private insurance customers. Some of the Company's occupational healthcare end-users also use the Company's services as private customers, such as occupational healthcare end-users with children.

Public Customers

The Company's public customers group comprises public sector organizations in Finland, such as municipalities, municipal federations and hospital districts and includes municipal occupational healthcare customers.

7 Disaggregation of revenue (Continued)

Disaggregation of revenue

In thousands of euro	1.1.–31.12.2016	1.1.–31.12.2015
Corporate	292,288	280,842
Private	197,597	170,063
Public	57,080	54,713
Total	546,964	505,619

Contract balances

In thousands of euro	2016	2015
Receivables, which are included in trade and other receivables	50,585	44,832
Contract liabilities	1,038	886

Terveystalo has not capitalised any contract costs as a result of obtaining contracts.

The effect of IFRS 15 transition on revenue

In thousands of euro	1.1.–31.12.2016	1.1.–31.12.2015
Previously reported (IAS 18)	472,967	442,404
Adoption of IFRS 15	73,997	63,215
Restated revenue (IFRS 15)	546,964	505,619

The effect of IFRS 15 transition on materials and services expenses

In thousands of euro	1.1.–31.12.2016	1.1.–31.12.2015
Previously reported	-185,346	-170,755
Adoption of IFRS 15	-73,997	-63,215
Restated materials and services expenses	-259,343	-233,970

8 Other operating income

In thousands of euro	1.1.–31.12.2016	1.1.–31.12.2015
Rental income	503	570
Gains on sale of property, plant and equipment	1,481	29
Gains on disposal of subsidiaries	3,221	0
Other items	1,938	2,319
Total	7,142	2,918

9 Materials and services

In thousands of euro	1.1.–31.12.2016	1.1.–31.12.2015
Purchases of materials	-21,901	-18,557
Change in inventories	-341	-379
External services	-237,101	-215,034
Total	-259,343	-233,970

Materials and services has been adjusted regarding the transition to IFRS 15 standard. More specific information is included in note 7 *Disaggregation of revenue.*

10 Employee benefit expenses

In thousands of euro	1.1.–31.12.2016	1.1.–31.12.2015
Wages and salaries	-125,797	-118,475
Pension expenses—defined contribution plans	-22,082	-20,734
Other social security costs	-7,640	-6,354
Total	-155,519	-145,563
Number of personnel at the end of the reporting period	3,463	3,416

11 Depreciation, amortization and impairment

In thousands of euro	1.1.–31.12.2016	1.1.–31.12.2015
Depreciation and amortization by asset type		
Intangible assets		
Trademarks	4,225	4,225
Customer relationships	13,764	13,500
Other intangible assets	4,572	4,552
Total	22,561	22,277
Property, plant and equipment		
Buildings	2,978	2,422
Machinery and equipment	10,711	11,924
Other property, plant and equipment	2,416	2,103
Total	16,105	16,450
Investment property	20	20
Total	**38,686**	**38,747**
Impairment losses by asset groups		
Other property, plant and equipment	66	0
Machinery and equipment	114	827
Assets held for sale	391	122
Total	**571**	**949**
Total depreciation, amortization and impairment losses	39,257	39,696

12 Other operating expenses

In thousands of euro	1.1.–31.12.2016	1.1.–31.12.2015
External services	1,996	1,964
Operating and maintenance expenses of premises and equipment	12,895	12,165
ICT expenses	11,473	10,896
Other personnel related expenses	3,836	3,391
Leases	23,003	24,108
Travel expenses	2,714	2,843
Marketing and communication	7,016	6,485
Acquisition related expenses	346	1,103
Other costs	7,109	7,032
Total	70,390	69,986

Auditor's fees

In thousands of euro	1.1.–31.12.2016	1.1.–31.12.2015
Audit, KPMG	126	135
Audit, other offices	7	4
Certifications and statements	5	0
Tax services	5	15
Other services	121	164
Total	264	318

13 Financial income and expenses

In thousands of euro	1.1.–31.12.2016	1.1.–31.12.2015
Interest income on loans and other receivables	77	81
Dividend income on available-for-sale financial assets	3	10
Net change in fair value of financial assets at fair value through profit or loss		
Interest rate derivatives, not under hedge accounting	1,838	635
Total financial income	1,918	725
Interest expense on financial liabilities measured at amortized cost		
Loans from financial institutions	-16,797	-16,535
Interest expense on finance lease agreements	-1,820	-1,781
Other financial expenses	-3,412	-3,783
Total financial expenses	-22,029	-22,100
Total financial income and expenses	-20,111	-21,375

Financial income and expenses do not include any significant foreign exchange gains or losses and there are no other foreign currency items in the consolidated statement of income.

14 Taxes

14.1 Income taxes

In thousands of euro Income taxes in the income statement	1.1.–31.12.2016	1.1.–31.12.2015
Current tax for the reporting year	-217	-199
Income taxes for prior periods	-18	-1
Deferred taxes	3,472	3,393
Total income taxes	3,237	3,193

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

Reconciliation of tax expense

In thousands of euro Reconciliation of the Group's tax rate to the Finnish tax rate	1.1.–31.12.2016	1.1.–31.12.2015
Profit or loss before taxes	9,486	-2,052
Tax using the Parent company's tax rate	-1,897	410
Tax rates in foreign jurisdictions	51	0
Tax exempt income	372	8
Non-deductible expenses	-96	-617
Recognition of previously unrecognised tax losses	244	0
Recognition of previously unrecognised deductible temporary differences	4,505	3,393
Taxes from previous periods	18	-1
Other	40	0
Total tax in the statement of income	3,237	3,193

14.2 Deferred tax assets and liabilities

During the year 2016
In thousands of euro

In thousands of euro Deferred tax assets:	1.1.2016	Recognised in profit or loss	Recognised in equity	Business combinations	31.12.2016
Provisions	169	594	0	0	763
Tax losses carried forward	3,594	243	0	0	3,837
Defined benefit plans	3	0	0	0	3
Finance leases	495	99	0	0	594
Interest rate derivatives	368	-368	0	0	0
Other temporary differences	961	-196	0	0	765
Total	5,590	372	0	0	5,962

14 Taxes (Continued)

In thousands of euro Deferred tax liabilities:	1.1.2016	Recognised in profit or loss	Recognised in equity	Business combinations	31.12.2016
Reversal of goodwill amortization	1,870	158	0	0	2,028
Business combinations	25,775	-3,613	0	0	22,162
Depreciation difference	244	37	0	0	281
Loan withdrawal expense	118	319	0	0	437
Other temporary differences	73	9	0	0	82
Total	28,080	-3,091	0	0	24,990

During the year 2015
In thousands of euro

In thousands of euro Deferred tax assets:	1.1.2015	Recognised in profit or loss	Recognised in equity	Business combinations	31.12.2015
Provisions	202	-33	0	0	169
Tax losses carried forward	3,656	-62	0	0	3,594
Defined benefit plans	3	0	0	0	3
Finance leases	420	75	0	0	495
Interest rate derivatives	495	-127	0	0	368
Other temporary differences	963	-2	0	0	961
Total	5,739	-149	0	0	5,590

In thousands of euro Deferred tax liabilities:	1.1.2015	Recognised in profit or loss	Recognised in equity	Business combinations	31.12.2015
Reversal of goodwill amortization	1,713	157	0	0	1,870
Business combinations	29,117	-3,606	0	264	25,775
Depreciation difference	277	-33	0	0	244
Deferred loan withdrawal expense	178	-60	0	0	118
Other temporary differences	73	0	0	0	73
Total	31,358	-3,542	0	264	28,080

Deferred tax assets are recognised from unused tax losses to the extent that is probable that future taxable profits will be available against which the losses can be used. Unused tax losses amount to EUR 102 million, of which for a portion of EUR 83 million no deferred tax asset has been recognized. At the end of the financial year 2016 the Group is subject to a tax audit and the outcome is yet to be known.

15 Property, plant and equipment

In thousands of euro	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1.1.2016	1,144	37,253	52,230	13,553	1,448	105,626
Acquisition of subsidiaries	0	0	221	384	5	610
Additions	0	2,785	10,611	1,877	1,561	16,834
Disposal of subsidiaries	-853	-1,893	-56	-13	0	-2,815
Disposals	-220	-834	-162	-131	-1	-1,347
Reclassifications	0	-2,085	0	0	0	-2,085
Acquisition cost 31.12.2016	71	35,226	62,845	15,670	3,013	116,823
Accumulated depreciation and impairment losses 1.1.2016	0	-5,887	-25,099	-3,708	-347	-35,041
Depreciation for the reporting period	0	-2,978	-10,711	-2,139	-277	-16,105
Impairment losses	0	0	-114	0	-66	-180
Accumulated depreciation and impairment losses 31.12.2016	0	-8,865	-35,924	-5,847	-690	-51,326
Carrying amount 1.1.2016	1,144	31,366	27,131	9,845	1,101	70,586
Carrying amount 31.12.2016	71	26,360	26,921	9,823	2,323	65,498

15 Property, plant and equipment (Continued)

Other tangible assets and advances paid include advances paid EUR 1,794 thousand at the reporting date.

In thousands of euro	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1.1.2015	239	28,625	35,503	9,679	1,051	75,097
Acquisition of subsidiaries	905	2,228	2,328	984	236	6,680
Additions	0	5,077	14,781	2,994	367	23,219
Disposals	0	0	-382	-104	-206	-692
Reclassifications	0	1,322	0	0	0	1,322
Acquisition cost 31.12.2015	1,144	37,253	52,230	13,553	1,448	105,626
Accumulated depreciation and impairment losses 1.1.2015	0	-3,444	-12,271	-1,806	-146	-17,667
Depreciation for the period	0	-2,443	-11,918	-1,902	-201	-16,464
Impairment losses	0	0	-910	0	0	-910
Accumulated depreciation and impairment losses 31.12.2015	0	-5,887	-25,099	-3,708	-347	-35,041
Carrying amount 1.1.2015	239	25,181	23,232	7,873	905	57,429
Carrying amount 31.12.2015	1,144	31,366	27,131	9,845	1,101	70,586

Other tangible assets and advances paid include advances paid EUR 548 thousand at the reporting date.

15.1 Finance leases

Property, plant and equipment include assets leased under finance lease as follows:

In thousands of euro	Buildings and constructions	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.1.2016	29,899	15,462	783	46,144
Additions	2,786	926	289	4,001
Acquisition cost 31.12.2016	32,685	16,388	1,072	50,145
Accumulated depreciation and impairment losses 1.1.2016	-4,495	-10,045	-347	-14,886
Depreciation for the reporting period	-2,897	-3,103	-317	-6,317
Accumulated depreciation and impairment losses 31.12.2016	-7,392	-13,148	-664	-21,204
Carrying amount 1.1.2016	25,405	5,417	436	31,258
Carrying amount 31.12.2016	25,293	3,240	409	28,942

In thousands of euro	Buildings and constructions	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.1.2015	24,822	14,059	572	39,453
Additions	5,077	1,403	211	6,691
Acquisition cost 31.12.2015	29,899	15,462	783	46,144
Accumulated depreciation and impairment losses 1.1.2015	-2,152	-5,156	-146	-7,454
Depreciation for the reporting period	-2,343	-4,889	-201	-7,433
Accumulated depreciation and impairment losses 31.12.2015	-4,495	-10,045	-347	-14,886
Carrying amount 1.1.2015	22,670	8,903	426	31,999
Carrying amount 31.12.2015	25,405	5,417	436	31,258

The Group has finance lease agreements with several counterparties. Rental payments are mainly based on the interest rate level at the inception of the lease. Some of the finance lease agreements include purchase

15 Property, plant and equipment (Continued)

options. The lease agreements do not include restrictions on dividends, additional indebtness or entering new lease agreements.

16 Intangible assets

In thousands of euro	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
Acquisition cost 1.1.2016	512,348	74,495	83,000	19,095	688,939
Acquisition of subsidiaries	4,777	0	0	126	4,903
Additions	0	0	0	4,528	4,528
Acquisition cost 31.12.2016	517,125	74,495	83,000	23,749	698,369
Accumulated amortizations and impairment losses 1.1.2016	-68,000	-27,007	-8,450	-8,901	-112,357
Amortization for the reporting period	0	-13,861	-4,225	-4,886	-22,972
Accumulated amortizations and impairment losses 31.12.2016	-68,000	-40,868	-12,675	-13,787	-135,330
Carrying amount 1.1.2016	444,348	47,488	74,550	10,194	576,581
Carrying amount 31.12.2016	449,125	33,628	70,325	9,962	563,040

Other intangible assets and advances paid include advances paid EUR 1,644 thousand at the reporting date.

In thousands of euro	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
Acquisition cost 1.1.2015	477,853	73,100	83,000	14,924	648,877
Acquisition of subsidiaries	34,495	1,395	0	0	35,890
Additions	0	0	0	4,850	4,850
Disposals	0	0	0	-679	-679
Acquisition cost 31.12.2015	512,348	74,495	83,000	19,095	688,939
Accumulated amortizations and impairment losses 1.1.2015	-68,000	-13,500	-4,225	-4,349	-90,074
Amortization for the reporting period	0	-13,507	-4,225	-4,552	-22,283
Accumulated amortizations and impairment losses 31.12.2015	-68,000	-27,007	-8,450	-8,901	-112,357
Carrying amount 1.1.2015	409,853	59,600	78,775	10,575	558,804
Carrying amount 31.12.2015	444,348	47,488	74,550	10,194	576,581

Other intangible assets and advances paid include advances paid EUR 2,569 thousand at the reporting date.

16 Intangible assets (Continued)

16.1 Development costs

Other intangible assets include development costs as follows:

In thousands of euro	Development costs
Acquisition cost 1.1.2016	998
Additions	203
Acquisition cost 31.12.2016	1,201
Accumulated amortizations and impairment losses 1.1.2016	-497
Amortization for the reporting period	-275
Accumulated amortizations and impairment losses 31.12.2016	-772
Carrying amount 1.1.2016	500
Carrying amount 31.12.2016	429

In thousands of euro	Development costs
Acquisition cost 1.1.2015	954
Additions	44
Acquisition cost 31.12.2015	998
Accumulated amortizations and impairment losses 1.1.2015	-216
Amortization for the reporting period	-281
Accumulated amortizations and impairment losses 31.12.2015	-497
Carrying amount 1.1.2015	738
Carrying amount 31.12.2015	500

17 Impairment testing of cash-generating units including goodwill

Goodwill is not amortized, but it is tested for impairment annually.

The goodwill has been allocated to the following cash-generating units and to the groups of cash-generating unit:

	31.12.2016			31.12.2015	
In thousands of euro	Goodwill	%	In thousands of euro	Goodwill	%
South and South-East Finland	159,026	35%	South and South-East Finland	158,426	36%
West and Central Finland	167,990	37%	West and Central Finland	164,771	37%
East and Northern Finland	122,109	27%	East and Northern Finland	121,151	27%
Total	449,125	100%	Total	444,348	100%

The goodwill recognised in business combinations has been allocated to cash generating units. Regions, which are the cash generating units, are South and South-East Finland, West and Central Finland and East and Northern Finland. The impairment testing is based on geographical regions. These regions consist of units, with separate budgets and performance measurement, but they use shared resources and are centrally managed. In the future as the Group's integration progresses, the units will use even more shared resources.

Intangible assets with an indefinite useful life have not been allocated to the units.

The impairment test of cash generating units is performed based on the unit's discounted future cash flows. The used discount rate is weighted average cost of capital (post-tax WACC). The basis for determining the cash generating unit's value in use is based on the budgets and estimates approved by the board. Budgets are based on historic performance of cash-generating units; however the future development has been taken into consideration. The impairment test was performed on balance sheet as per 31.10.2016.

17 Impairment testing of cash-generating units including goodwill (Continued)

The assumptions used in impairment calculations are:

The length of impairment testing period	5 years
Profitability growth rate during testing period	9.77%
Long-term growth rate	2.0%
Discount rate (post-tax WACC)	7.93%

The assumption for profitability growth is 9.77% (2015: 11.00%). This assumption is based on organic growth under normal market situation, general development in healthcare services and long term estimates by the group's management.

Subsequent cash flows are estimated by extrapolating the cash flow estimates using 2.0% (2015: 2.0%) growth factor.

The discount rate used in impairment testing during 2016 has been 7.93% (2015: 6.96%). The used discount rate is the average total expense for industry segment's equity and liabilities.

Based on the impairment testing, there is no need for recognition of impairment losses. All cash generating unit's value in use was higher than its carrying amount.

Sensitivity analysis

The Group has assessed the sensitivity of impairment testing to most critical assumptions. The sensitivity of impairment testing has been analyzed by calculating the percentage point changes in EBIT, WACC, organic growth estimates and terminal value growth rate.

The Units' recoverable amount is most sensitive to the discount rate. The most sensitive to changes in discount rate is Eastern and Northern Finland's recoverable amount. The increase in discount rate should be over 4 percentage points from assumptions, in order for recoverable amount to be equivalent to carrying amount in Eastern and Northern Finland. In Southern and Southeastern Finland the increase in discount rate should be over 5 percentage points from assumption, in order for recoverable amount be equivalent to carrying amount. In Western and Central Finland the increase in discount rate should be over 5 percentage points from assumption, in order for recoverable amount be equivalent to carrying amount.

The most sensitive to decrease in EBIT percentage is Eastern and Northern Finland's recoverable amount. The decrease in EBIT percentage should be over 4 percentage points from assumptions, in order for recoverable amount to be equivalent to carrying amount in Eastern and Northern Finland. In Southern and Southeastern Finland and in Western and Central Finland the decrease in EBIT percentage should be over 5 percentage points from assumption, in order for recoverable amount be equivalent to carrying amount.

When assessing the recoverable amounts of cash-generating units, management believes that no reasonably possible change in any of the key variables used would lead to a situation where the recoverable amount of the units would fall below their carrying amount.

18 Investment properties

In thousands of euro	1.1.–31.12.2016	1.1.–31.12.2015
Carrying amount at the beginning of the period	629	649
Disposals	-4	0
Depreciation for the period	-20	-20
Carrying amount at the end of the period	605	629

In thousands of euro	1.1.–31.12.2016	1.1.–31.12.2015
Income, expenses and other commitments related to investment properties		
Rental income from investment properties	110	109
Operating expenses for investment properties	-41	-81
Total	69	28

18 Investment properties (Continued)

Income and expenses relating to investment properties are presented based on the Group's ownership in the investment properties. There are no other contractual obligations related to investment properties.

Fair values of investment properties

Investment	m2	Value per m2 (In thousands of euro)	Total value (In thousands of euro)
Koy Jyväskylän Väinönkatu 30	1348	0.4–0.5	556–679

The value of Kiinteistö Oy Jyväskylän Väinönkatu has been determined based on the Group's share of ownership (16.81%).

19 Trade and other receivables

In thousands of euro	2016	2015
Non-current		
Loan receivables	10	69
Total non-current receivables	10	69
Current		
Trade receivables	50,585	44,832
Receivables from associates	0	18
Other receivables	67	67
Total current receivables	50,652	44,916
Accrued income and deferred expenses	3,062	2,672
Total	53,713	47,589

During the reporting period the Group has recognised impairment losses and provisions for impairment losses on trade receivables through profit or loss totaling EUR 359 thousand (2015: EUR 470 thousand). Based on the Group's view, the carrying amount of trade receivables corresponds to the maximum credit risk if the contractual parties are unable to meet their obligations related to financial instruments.

The material items in deferred income consists of accrued items. The fair value of receivables corresponds with their carrying amount. Receivables are denominated in euros.

Ageing of trade receivables and recognised impairment losses:

In thousands of euro	2016	Recognised impairment losses	Net 2016
Not past due	45,196	-	45,196
Past due			
Less than 30 days	3,773	-	3,773
31–90 days	865	-	865
91–180 days	361	-	361
Over 180 days	750	-359	391
Total	50,945	-359	50,585

19 Trade and other receivables (Continued)

In thousands of euro	2015	Recognised impairment losses	Net 2015
Not past due	41,066	-	41,066
Past due			
Less than 30 days	2,604	-	2,604
31–90 days	699	-	699
91–180 days	285	-	285
Over 180 days	648	-470	178
Total	45,302	-470	44,832

The trade receivables are denominated in euros.

20 Financial assets at fair value through profit or loss

The Group has no financial assets at fair value through profit or loss at 31 December 2016 or 31 December 2015.

21 Cash and cash equivalents

The Group's cash and cash equivalents at 31 December 2016, amounting to EUR 39,099 thousand (2015: EUR 16,621 thousand) consist of cash in hand and bank as well as, cash payments on the bank settlement account at the reporting date.

The carrying amounts in the statement of financial position correspond to the maximum amount of credit risk if the contractual parties are unable to meet their obligations. However, no significant counterparty risks are associated with cash and cash equivalents. The fair value of cash and cash equivalents correspond to their carrying amounts.

22 Share capital and invested non-restricted equity reserve

	Share, pieces	Share capital, In thousands of euro	Invested non-restricted equity reserve, In thousands of euro	Total, In thousands of euro
Parent company shares	308,000,000	3	307,998	308,000
31.12.2016	308,000,000	3	307,998	308,000

	Share, pieces	Share capital, In thousands of euro	Invested non-restricted equity reserve, In thousands of euro	Total, In thousands of euro
Parent company shares	308,000,000	3	307,998	308,000
31.12.2015	308,000,000	3	307,998	308,000

Shares and share capital

The share capital is divided into shares of different classes as follows:

- Class A shares—27,419,815: Each share carries 20 votes.
- Class B shares—3,092,208: Each share carries one vote.
- Class C shares—287,977: The share does not carry any voting rights.
- Class D shares—270,983,287: Each share carries 20 votes.
- Class E shares—3,340,259: Each share carries one vote.
- Class F shares—2,876,454: The share does not carry any voting rights.

22 Share capital and invested non-restricted equity reserve (Continued)

Class D, E and F shares have priority over class A, B and C shares when the company distributes dividends.

Shareholders of class A shares have the right to demand the conversion of their shares into class B or C shares, while shareholders of class D shares have the right to demand the conversion of their class D shares into class E or F shares.

Current shareholders havea a right of first refusal. A right of first refusal applies to the shares of all classes if the shares are acquired by parties other than the current shareholders.

Invested non-restricted equity reserve

Invested non-restricted equity reserve consists of other investments similar to equity and subscription price of shares as far it has not been recorded in share capital according to specific resolution. According to the current Finnish Companies Act subscription price of new shares is recognised in share capital, unless it has not been according to Issuance Resolution fully or partly recognised in invested non-restricted equity reserve.

23 Financial liabilities

Financial liabilities measured at amortized cost

	2016	2015
Non-current in thousands of euro		
Other interest-bearing liabilities	0	281
Loans from financial institutions	280,961	294,235
Hire purchase liabilities	7,410	6,216
Finance lease liabilities	27,322	28,149
Total	315,693	328,881

	2016	2015
Current in thousands of euro		
Loans from financial institutions	24,044	13,922
Hire purchase liabilities	2,841	1,961
Finance lease liabilities	4,591	5,730
Total	31,476	21,613
Total	**347,169**	**350,494**

The Group's loan agreements include covenants based on which creditors can demand an immediate repayment of the loans if certain covenant limits are breached. Covenants that are connected with cash flows and debt service, ratios between EBITDA and liabilities as well as EBITDA and financial expenses as defined in the loan contract are typical terms for a company owned by private equity investors. They limit, amongst other things, the use of collaterals, major business combinations, disposal of assets, as well as significant changes in operations and in ownership. The Group has met all covenant terms and conditions during the reporting period.

24 Provisions

In thousands of euro	2016	2015
Non-current provisions	4,500	2,259
Current provisions	695	150
Total	5,196	2,409

In thousands of euro	2016	2015
Onerous contracts	4,430	1,708
Other provisions	766	702
Total	5,196	2,409

24 Provisions (Continued)

Changes in provisions during the financial year 2016

In thousands of euro	Onerous contracts	Other provisions	Total
1.1.2016	1,708	702	2,409
Increase in provisions	3,238	327	3,565
Used provisions	-516	-263	-779
31.12.2016	4,430	766	5,196

Changes in provisions during the financial year 2015

In thousands of euro	Onerous contracts	Other provisions	Total
1.1.2015	501	928	1,429
Increase in provisions	1,645	205	1,850
Used provisions	-438	-431	-869
31.12.2015	1,708	702	2,409

Onerous contracts

The Group has long-term rental agreements for premises, which The Group is not able to use in its business. The rental agreements cannot be terminated before the end of the contract.

25 Trade and other payables

Current liabilities measured at amortised cost In thousands of euro	2016	2015
Trade payables	19,581	19,452
Current tax liabilities	42	403
Other payables	41,829	40,676
Advances received	1,038	868
Accrued expenses	32,449	29,840
Total	94,939	91,240

Current liabilities measured at fair value In thousands of euro	2016	2015
Current financial derivatives at fair value	0	1,838
Total	0	1,838

Material items in accrued liabilities include accrued employee benefit expenses. Non-interest bearing current liabilities are denominated in euro and their fair value equals their carrying amount.

26 Group companies

The Group's parent company is Terveystalo Plc domiciled in Finland.

26 Group companies (Continued)

Group companies as at 31.12.2016

Name	Group's share	Parent company's share	Domicile
Terveystalo Holding I Oy	100.00%	100.00%	Finland
Lotta Holding II S.à r.l.	100.00%	0.00%	Luxemburg
Lotta Holding III S.à r.l.	100.00%	0.00%	Luxemburg
Terveystalo Healthcare Holding Oy	100.00%	0.00%	Finland
Star Healthcare Oy	100.00%	0.00%	Finland
Terveystalo Healthcare Oy	100.00%	0.00%	Finland
Kiinteistö Oy Seinäjoen Lakeudentie	100.00%	0.00%	Finland
Suomen Terveystalo Oy	100.00%	0.00%	Finland
AVA Clinic SIA	87.50%	0.00%	Latvia
Turun Teknohammas Oy	100.00%	0.00%	Finland
Into Sales Oy	100.00%	0.00%	Finland
Porin Hammaslääkäripalvelu Oy	100.00%	0.00%	Finland
Densens Oy	100.00%	0.00%	Finland
Liikekeskuksen Hammaslääkärit Oy	100.00%	0.00%	Finland
Examinatio Magnetica Fennica Oy	60.00%	0.00%	Finland
Bitewell Oy	100.00%	0.00%	Finland
Tampereen Hammaslääkäriasema Oy	100.00%	0.00%	Finland
Vimadent Oy	100.00%	0.00%	Finland
Forssan Erikoishammaslääkärit Oy	100.00%	0.00%	Finland
Hammaslääkäriasema Kymppihammas Oy	100.00%	0.00%	Finland
Fertility Clinic Holding Oy	100.00%	0.00%	Finland

Group companies as at 31.12.2015

Name	Group's share	Parent company's share	Domicile
Terveystalo Holding I Oy	100.00%	100.00%	Finland
Lotta Holding II S.à r.l.	100.00%	0.00%	Luxemburg
Lotta Holding III S.à r.l.	100.00%	0.00%	Luxemburg
Terveystalo Healthcare Holding Oy	100.00%	0.00%	Finland
Star Healthcare Oy	100.00%	0.00%	Finland
Terveystalo Healthcare Oy	100.00%	0.00%	Finland
Joensuun Magneetti Oy	100.00%	0.00%	Finland
Kiinteistö Oy Seinäjoen Lakeudentie	100.00%	0.00%	Finland
Suomen Terveystalo Oy	100.00%	0.00%	Finland
AVA Clinic SIA	87.50%	0.00%	Latvia
Sairaala Botnia Oy	100.00%	0.00%	Finland
Jokilaaksojen Työterveys Oy	100.00%	0.00%	Finland
Turun Teknohammas Oy	100.00%	0.00%	Finland
Into Sales Oy	100.00%	0.00%	Finland
Seinäjoen Lääketieteellinen Tutkimuslaitos Oy	100.00%	0.00%	Finland
Kiinteistö Oy Seinäjoen Lääkäritalo	100.00%	0.00%	Finland
Kiinteistö Oy Seinäjoen Marttilankulma	62.40%	0.00%	Finland
Porin Hammaslääkäripalvelu Oy	100.00%	0.00%	Finland
Densens Oy	100.00%	0.00%	Finland
Liikekeskuksen Hammaslääkärit Oy	100.00%	0.00%	Finland
Examinatio Magnetica Fennica Oy	60.00%	0.00%	Finland

26.1 Changes in the Group structure

Financial year 2016

Following mergers took place during the financial year 2016:

- 31.1.2016 Jokilaaksojen Työterveys Oy merged with Suomen Terveystalo Oy.
- 31.3.2016 Joensuun Magneetti Oy merged with Suomen Terveystalo Oy.

26 Group companies (Continued)

- 31.3.2016 Sairaala Botnia Oy merged with Suomen Terveystalo Oy.
- 31.5.2016 Seinäjoen Lääketieteellinen Tutkimuslaitos Oy merged with Suomen Terveystalo Oy.

Following disposals of subsidiaries took place during the financial year 2016:

- 28.12.2016 Kiinteistö Oy Seinäjoen Lääkäritalo was disposed.
- 28.12.2016 Kiinteistö Oy Seinäjoen Marttilankulma was disposed.

Financial year 2015

Following mergers took place during the financial year 2015:

- 30.9.2015 Lääkäriasema Syke merged with Suomen Terveystalo Oy.
- 31.12.2015 Turun Hammasplussa Oy and Kiinteistö Osakeyhtiö Kokkolan Lääkäritalo merged with Suomen Terveystalo Oy.

27 Related party transactions

Group's related parties

The Group's related parties include the parent company, subsidiaries and the owner EQTVI fund. In addition, related parties include also Board of Directors, Group management and the CEO and their close family members.

The relationships of the parent company and the subsidiaries are disclosed in note 26.

Related party transactions during the financial year 2016

During the financial year 2016 the Group had no material transactions with the related parties.

Group's receivables from and liabilities to associates at the reporting date in thousands of euro	2016	2015
Receivables	0	18
Liabilities	0	0

Compensation of management

Remuneration of CEO in thousands of euro	2016	2015
Salaries and benefits	441	415
Pension costs*	82	76
Total	523	491

* Includes statutory pension, there is no defined contribution pension benefit. The CEO's contract will expire automatically without prior written notice upon the CEO reaches the age of 60.

Remuneration of the Board of directors in thousands of euro*	2016	2015
Fredrik Cappelen (Chairman of the board)	50	50
Matti Rihko	25	25
Ralf Michels	25	25
Åse Michelet	21	0
Total	121	100

* Other members of the board of directors are employed by EQT and hence did not receive remuneration.

Remuneration of members of the Executive team (outcluding the CEO) in thousands of euro	2016	2015
Salaries and benefits	1,459	1,104
Pension costs	287	220
Total	1,745	1,324

27 Related party transactions (Continued)

Bonus Scheme

The Company operates a bonus scheme, which is determined by the Board of Directors of the Company upon the recommendation of the Remuneration Committee. The CEO and the members of the Executive Team are eligible to participate in the bonus scheme in accordance with the Company's bonus policy. Annual bonuses are payable based on the attainment of key performance targets of the Company. The key performance targets of the CEO and the Executive Team are based on the Company's EBITDA as well as the individual business and performance targets. The individual business and performance targets are set by the manager of the participant in the bonus scheme.

Management holdings

Name	Position	Class A shares	Class B shares	Class E shares	Class D Shares
Fredrik Cappelen(1)	Chairman of the Board of Directors	122,090	0	0	155,387
Vesa Koskinen . . .	Member of the Board of Directors	0	0	0	0
Åse Aulie Michelet(2)	Member of the Board of Directors	7,972	0	0	45,248
Ralf Michels	Member of the Board of Directors	49,946	0	0	135,039
Matti Rihko(3)	Member of the Board of Directors	49,946	0	0	135,039
Åsa Riisberg	Member of the Board of Directors	0	0	0	0
Yrjö Närhinen(4) . .	Chief Executive Officer	0	656,574	0	0
Juha Tuominen(5) . .	Chief Medical Officer	0	277,477	0	0
Jens Jensen	SVP, Commercial	0	56,798	37,796	0
Juha Juosila	Chief Digital Officer	0	44,841	29,839	0
Johanna Karppi . . .	SVP, HR and Legal	0	16,649	11,099	0
Heikki Kiiskilä . . .	Business Director, Eastern and Northern Finland	0	83,243	55,495	0
Susanna Kinnari . .	SVP, Communications, Marketing and Brand	0	30,737	20,487	0
Ilkka Laurila	Chief Financial Officer	0	146,846	97,898	0
Laura Räty(6)	SVP, Public Partnerships	0	14,947	9,946	0
Siina Saksi	Business Director, Western and Central Finland	0	83,243	55,495	0
Pia Westman	Business Director, Southern and South-Eastern Finland	0	38,847	25,898	0
Total		**229,954**	**1,450,202**	**343,953**	**470,713**

(1) Fredrik Cappelen's ownership consists of 122,090 class A shares and 155,387 class D shares owned by Baskina AB, which he controls.

(2) Åse Aulie Michelet's ownership consists of 7,972 class A shares and 45,248 class D shares owned by Michelet Consult AS, which she controls.

(3) Matti Rihko's ownership consists of 49,946 class A shares and 135,039 class D shares held by Mandatum Life Insurance Company Limited, Rihko being the ultimate beneficiary.

(4) Yrjö Närhinen's ownership consists of 277,477 class B shares owned by Närhen pesä Oy, which he controls and 379,097 class B shares held by Mandatum Life Insurance Company Limited, Närhinen being the ultimate beneficiary.

(5) Juha Tuominen's ownership consists of 277,477 class B shares held by Mandatum Life Insurance Company Limited, Tuominen being the ultimate beneficiary. Further, Juha Tuominen's spouse, with her controlling entities, owns 1,671 class C shares and 16,692 class F shares.

(6) Laura Räty's ownership consists of 14,947 class B shares and 9,946 E shares owned by Groundhog-Holding Oy which she controls.

28 Subsequent events

After the reporting date, Terveystalo has expanded its healthcare services by acquiring the shares in Porin Lääkäritalo Group. The acquisition date was January 2, 2017. The consideration paid for the acquisition is EUR 43.4 million, which is paid in cash. According to preliminary calculations, the goodwill arising on the acquisition is EUR 30.9 million.

Terveystalo acquired Diacor Terveyspalvelut Oy from Helsinki Deaconess Institute Foundation, LähiTapiola Keskinäinen Vakuutusyhtiö and LähiTapiola Keskinäinen Henkivakuutusyhtiö on March 24, 2017, once the acquisition had been approved by the Finnish Competition and Consumer Authority. The Helsinki Deaconess Institute Foundation subscribed for Terveystalo's shares, and became a major shareholder increasing Terveystalo's Finnish ownership. Through the acquisition, Terveystalo will expand its network significantly in the Helsinki and Turku regions Consideration paid for the acquisition is EUR 113.6 million, of which EUR 19.8 million is paid in cash and EUR 93.9 million in company's new shares. According to preliminary calculations, the goodwill arising on the acquisition is EUR 101.7 million.

29 Collateral and other contingent liabilities

In thousands of euro	2016	2015
Liabilities secured by mortgages and pledged shares		
Loans from financial institutions(1)	314,179	334,774
Unused overdraft facilities	98,200	46,582
Total	**412,379**	**381,356**
Business mortgages	992,000	992,000
Carrying amount of the pledged shares	308,000	308,000
Real estate mortgages	0	1,346
Total	**1,300,000**	**1,301,346**
Securities for own debts		
Deposits	36,978	11,001
Rental deposit	118	112
Guarantees	941	888
Other	0	70
Total	**38,037**	**12,072**
Other liabilities		
Operating lease liabilities		
Less than one year	102	94
Between one year and five years	34	13
Total	**136**	**107**
Other operating lease liabilities(2)		
Less than one year	22,443	23,574
Between one year and five year	70,250	72,955
Later	64,015	77,632
Total	**156,708**	**174,161**

(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.

30 Group's key financial ratios

	2016	2015	2014
Revenue, € million*	547.0	505.6	474.1
Modified EBITDA, € million**	68.9	59.0	48.9
Modified EBITDA, % of revenue**	12.6	11.7	10.3
Modified EBITA € million**	52.7	42.5	32.3
Modified EBITA, % of revenue**	9.6	8.4	6.8
Operating profit (EBIT),€ million	29.6	19.3	-59.1
Operating profit (EBIT), % of revenue	5.4	3.8	negative
Total assets, € million	734.1	723.6	692.4
Return on equity, %	5.6	0.5	negative
Equity ratio, %	31.7	30.5	31.6
Gearing, %	132.6	151.5	140.0
Average personnel FTE	2,605	2,480	2,401
Personnel at the end of the financial period	3,463	3,416	3,115

* Terveystalo Group has early adopted the new IFRS 15 Revenue from Contracts with Customers. 2016 Revenue and comparative figures for the previous periods have been changed accordingly.

** Alternative performance measure. Modified EBITDA and modified EBITA performance measures have been modified with impairment losses (excluding impairment losses, 2016 EUR 0.6 million, 2015 EUR 0.9 million, 2014 EUR 69.3 million). The Company presents alternative performance measures as additional information to financial measures presented in the consolidated statement of income, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In the Company's view, the alternative performance measures 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.

31 Calculation of alternative performance measures

Alternative performance measures

Modified EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization and impairment losses

Modified EBITDA, % of revenue = $\frac{\text{Earnings Before Interest, Taxes, Depreciation and Amortization and impairment losses}}{\text{Revenue}}$

Modified EBITA = Earnings Before Interest, Taxes, Amortization and impairment losses

Modified EBITA, % of revenue = $\frac{\text{Earnings Before Interest, Taxes, Amortization and impairment losses}}{\text{Revenue}}$

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

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

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

32 Reconciliation of alternative performance measures

Modified EBITDA, In millions of euro	31.12.2016	31.12.2015	31.12.2014
Profit (loss) for the period	12.7	1.1	-82.9
Income taxes	-3.2	-3.2	-0.7
Net finance expenses	20.1	21.4	24.5
Depreciation, amortization and impairment losses	39.3	39.7	108.0
Modified EBITDA, In millions of euro	**68.9**	**59.0**	**48.9**

Modified EBITDA, % revenue	31.12.2016	31.12.2015	31.12.2014
Modified EBITDA	68.9	59.0	48.9
Revenue	547.0	505.6	474.1
Modified EBITDA, % revenue	**12.6%**	**11.7%**	**10.3%**

Modified EBITA, In millions of euro	31.12.2016	31.12.2015	31.12.2014
Profit (loss) for the period	12.7	1.1	-82.9
Income taxes	-3.2	-3.2	-0.7
Net finance expenses	20.1	21.4	24.5
Amortization and impairment losses	23.1	23.2	91.4
Modified EBITA, In millions of euro	**52.7**	**42.5**	**32.3**

Modified EBITA, % revenue	31.12.2016	31.12.2015	31.12.2014
Modified EBITA	52.7	42.5	32.3
Revenue	547.0	505.6	474.1
Modified EBITA, % revenue	**9.6%**	**8.4%**	**6.8%**

33 Signatures to the financial statements

Helsinki, September 27, 2017

Fredrik Cappelen *Chairman of the Board of Directors*	Vesa Koskinen *Member of the Board of Directors*
Ralf Michels *Member of the Board of Directors*	Matti Rihko *Member of the Board of Directors*
Åsa Riisberg *Member of the Board of Directors*	Åse Michelet *Member of the Board of Directors*
Olli Holmström *Member of the Board of Directors*	Yrjö Närhinen *CEO*

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Independent Auditor's Report

To the Board of Directors of Terveystalo Plc

Opinion

We have audited the consolidated financial statements of Terveystalo Plc (business identity code 2575979-3) included in the offering circular for the year ended December 31, 2016 inclusive of the consolidated comparative financial statements for the year ended December 31, 2015. The financial statements comprise the consolidated statements of financial position, statements of income, statements of comprehensive income, statements of changes in equity, statements of cash flows and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements give a true and fair view of the group's financial performance, financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards of Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the group in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 2.1 Basis of preparation which describes that the group has early adopted the new IFRS 15 standard *Revenue from Contracts with customers* in the consolidated financial statements for the year ended December 31, 2016 and comparative financial statements for the year ended December 31, 2015. Our opinion is not modified in respect of this matter.

Responsibilities of the Board of Directors and the CEO for the Consolidated Financial Statements

The Board of Directors and the CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and the CEO are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The consolidated financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events so that the consolidated financial statements give a true and fair view.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, September 27, 2017

KPMG OY AB

Jari Härmälä
Authorized Public Accountant, KHT

TERVEYSTALO PLC

Consolidated financial statements 31 December 2015

Content

Consolidated statement of income

In thousands of euro	Note	For the financial year ended 31 December Restated 2015	Restated 2014
Revenue	7	**505,619**	**474,125**
Other operating income	8	2,918	2,616
Materials and services	9	-233,970	-212,050
Employee benefit expenses	10	-145,563	-140,383
Depreciation, amortisation and impairment losses	11	-39,696	-107,965
Other operating expenses	12	-69,986	-75,433
Operating profit/loss		**19,322**	**-59,089**
Financial income	13	725	109
Financial expenses	13	-22,100	-24,623
Net finance expenses		**-21,375**	**-24,514**
Profit/loss before taxes		**-2,052**	**-83,603**
Income taxes	14	3,193	734
Profit/loss for the period		**1,141**	**-82,869**
Profit/Loss attributable to			
Owners of the parent company		1,105	-82,897
Non-controlling interest		36	28
Consolidated statement of comprehensive income			
Profit/Loss for the period		1,141	-82,869
Total comprehensive income		**1,141**	**-82,869**
Total comprehensive income attributable to:			
Owners of the parent company		1,105	-82,897
Non-controlling interest		36	28
Earnings per share for profit attributable to the shareholders of the parent company, in euro			
Basic earnings per share		0.00	-0.27
Diluted earnings per share		0.00	-0.27

The notes are an integral part of the Consolidated financial statements.

Consolidated statement of financial position

In thousands of euro	Note	31.12.2015	31.12.2014
ASSETS			
Non-current assets			
Property, plant and equipment	15	70,586	57,429
Goodwill	16,17	444,348	409,853
Other intangible assets	16	132,232	148,950
Investment properties	18	629	649
Investments in associates	19	24	10
Other Receivables	21	69	8
Deferred tax assets	14	5,589	5,739
Total non-current assets		653,477	622,638
Current assets			
Inventories		4,582	4,485
Trade and other receivables	21	47,589	43,807
Cash and cash equivalents	23	16,621	19,903
Total current assets		68,792	68,196
Assets held for sale	20	1,298	1,559
TOTAL ASSETS		723,567	692,393

In thousands of euro	Note	31.12.2015	31.12.2014
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company	24	-	-
Share capital		3	3
Invested non-restricted equity reserve		307,998	307,998
Retained deficit		-88,721	-89,911
Non-controlling interest		1,098	385
Total equity		220,376	218,473
Non-current liabilities			
Non-current financial liabilities	25	328,881	307,769
Deferred tax liabilities	14	28,080	31,359
Provisions	26	2,259	367
Other liabilities		29,128	27,155
Total non-current liabilities		388,349	366,649
Current liabilities			
Provisions	26	150	1,062
Trade and other payables	27	92,675	88,286
Current tax liabilities	27	403	2
Current financial liabilities	25	21,613	17,920
Total current liabilities		114,842	107,270
TOTAL LIABILITIES		503,191	473,919
TOTAL EQUITY AND LIABILITIES		723,567	692,393

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

Consolidated statement of cash flows

In thousands of euro	1.1.–31.12.2015	1.1.–31.12.2014
Cash flows from operating activities		
Loss before income taxes	-2,052	-83,603
Adjustments for		
Non-cash transactions		
Depreciation, amortisation and impairment losses	39,696	107,965
Change in provisions	980	240
Other non-cash transactions	-620	774
Gains/Losses on sale of property, plant, equipment and other changes	-28	84
Net finance expenses	21,417	22,688
Changes in		
Trade and other receivables	330	692
Inventories	474	390
Trade and other payables	-474	9,139
Interest received	81	80
Income taxes paid	128	-147
Net cash from operating activities	59,932	58,303
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	-40,279	0
Acquisition of property, plant and equipment	-9,551	-5,697
Acquisition of intangible assets	-3,214	-2,279
Proceeds from sale of available-for-sale financial assets	200	66
Proceeds from sale of property, plant and equipment	28	1,111
Proceeds from sales of business operations	700	0
Dividends received	0	22
Net cash from investing activities	-52,116	-6,776
Cash flows from financing activities		
Proceeds from non-current borrowings	28,989	0
Repayment of non-current borrowings	-12,863	-7,875
Proceeds from current borrowings	18,203	8,000
Repayment of current borrowings	-18,203	-13,000
Payment of finance lease liabilities	-6,728	-7,044
Payment of hire purchase liabilities	-791	-400
Interests and other financial expenses paid	-19,667	-19,375
Proceeds from sale of financial assets and other financial income	3	7
Acquisition of non-controlling interests	-42	0
Dividends paid to non-controlling interests	0	-24
Net cash from financing activities	-11,098	-39,711
Net change in cash and cash equivalents	-3,283	11,816
Cash and cash equivalents at 1 January	19,903	8,087
Cash and cash equivalents at 31 December	16,621	19,903

The notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

In thousands of euro	Share capital	Invested non-restricted equity reserve	Retained deficit	Total	Non-controlling interests	Total equity
	Equity attributable to owners of the parent company					
Equity at 1.1. 2015	3	307,998	-89,911	218,089	385	218,473
Comprehensive income						
Profit for the period	-	-	1,105	1,105	36	1,141
Transactions with owners of the parent company						
Dividends	-	-	-6	-6	-2	-8
Transactions with non-controlling interests						
Change in non-controlling interest	-	-	-	-	767	767
Other adjustments	-	-	91	91	-88	3
Equity at 31 December 2015	3	307,998	-88,721	219,279	1,098	220,376

In thousands of euro	Share capital	Invested non-restricted equity reserve	Retained deficit	Total	Non-controlling interests	Total equity
	Equity attributable to owners of the parent company					
Equity at 1.1. 2014	3	307,998	-6,990	301,010	370	301,379
Comprehensive income						
Loss for the period	-	-	-82,897	-82,897	-	-82,897
Transactions with owners of the parent company						
Share issue for minority shareholders	-	-	12	12	-12	-
Transactions with non-controlling interests						
Change in non-controlling interests	-	-	-	-	28	28
Other adjustments	-	-	-36	-36	-	-36
Equity at 31 December 2014	3	307,998	-89,911	218,089	385	218,473

The notes are an integral part of these consolidated financial statements. For more information refer to note 24.

1 Corporate information

Terveystalo Plc is Terveystalo Group's parent company. Terveystalo Group was established 2 October 2013 by founding of the parent company Terveystalo Plc and a 100% owned subsidiary Terveystalo Holding I Oy (formerly Lotta Holding II Oy). The change of the parent company name has been registered to the Trade Register on 27 January 2014.

Terveystalo Plc is owned by EQTVI fund and Varma Mutual Pension Insurance Company as well as management and key personnel of the Group.

Terveystalo Group is leading healthcare service company in Finland. The Group offers healthcare, occupational healthcare, diagnostics and medical services to private customers, companies and other organizations, the public sector and insurance companies through more than 140 clinics and in more than 70 towns. Group operates in Finland.

The Group's parent company is domiciled in Helsinki and the registered address is Jaakonkatu 3, 00100 Helsinki. A copy of the consolidated financial statements is available at the head office of the Group.

2 Accounting policies for the consolidated financial statements

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Terveystalo Group has early adopted the new IFRS 15 *Revenue from Contracts with Customers* standard in financial year 2017 before the mandatory application date of the standard. In connection with the listing on the Helsinki Stock Exchange and the prospectus process, the Group has retrospectively restated its revenue in accordance with IFRS 15 for the financial year 2015 and for comparative year 2014. The International Financial Reporting Standards refer to the standards and associated interpretations in The Finnish Accounting Act and in regulations issued under it that are approved by the EU for the application in accordance with the procedure laid down in Regulation (EC) No. 1606/2002.

The consolidated financial statements also comply with the requirements of the Finnish Accounting Act and Companies Act complementing the IFRSs. In addition disclosure information has been amended to correspond the requirements of a listed company.

The consolidated financial statements have been prepared under a historical cost basis, with the exemption of assets and liabilities acquired in business combinations initially recognised at fair value and derivative financial instruments measured at fair value.

The Group's consolidated financial statements are presented in thousands of euro.

2.2 Subsidiaries

The consolidated financial statements include the parent company Terveystalo Plc and all its subsidiaries where over 50% of the voting rights are controlled by the parent company or the parent company otherwise controls the company. The Group controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The subsidiaries are included in the consolidated financial statements starting from the date on which control commences until the date on which control ceases.

All business combinations are accounted for by using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprise assets transferred, liabilities incurred and the equity interests issued by the Group measured at fair value. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. On an acquisition-by-acquisition basis, non-controlling interest in the acquiree is measured either at fair value or at value, which equals the proportional share of the non-controlling interest in the identifiable net assets acquired.

All acquisition costs, with the exception of costs to issue debt or equity securities, are recognised as expense as incurred. The consideration transferred does not include transactions treated separately from

2 Accounting policies for the consolidated financial statements (Continued)

the acquisition that are recognised through profit and loss. Any contingent consideration is measured at fair value and it is classified as liability or equity. Contingent consideration classified as liability is measured at fair value at the end of reporting period and the resulting profit or loss is recognised in profit or loss. Contingent consideration classified as equity is not remeasured.

If the Group gains control in stages in the acquiree, the existing interest will be measured at fair value through profit or loss.

Goodwill arising on an acquisition is recognised as the excess of the aggregate of the consideration transferred, the amount of non-controlling interests in the acquiree and previously held equity interest in acquiree over the fair value of the Group's share of the identifiable net assets acquired. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the resulting gain is recognised in profit or loss.

Intra-Group transactions, receivables, liabilities and unrealised gains, as well as the distribution of profits within the Group are eliminated in preparation of the consolidated financial statements. Accounting policies of subsidiaries have been aligned where necessary to correspond to the Group's principles.

Transactions with non-controlling interests that do not result in loss of the control are accounted for as an equity transactions thus, as transactions with owners as their capacity as owners. Difference between fair value of the consideration paid and acquired net assets is recognised in equity. Also, gains and losses arising from sales of shares to non-controlling interest are recognised in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is measured at fair value through profit or loss.

Terveystalo Group does not have subsidiaries, which have a significant non-controlling interest.

2.3 Associates

Associates are entities in which the Group has significant influence. Significant influence generally arises when the Group holds over 20% of the voting rights, or otherwise has significant influence, but no control over the entity.

Associates are consolidated using the equity method. They are initially recognised at cost, which includes transaction expenses. If the Group's share of the associated company's losses exceeds the carrying amount of the investment, the investment is recognised at zero value in the consolidated statement of financial position. Recognition of further losses exceeding the carrying amount is discontinued, unless the Group has incurred legal or constructive obligations on behalf of the associate.

Unrealised gains resulting from the transactions between the Group and associates are eliminated according to the Group's share of ownership. Goodwill relating to an associate is included in the carrying amount of the investment. The Group's share of the associated company's profit or loss for the period is separately disclosed below other operating income. Adjustments have been made when necessary to the associate's accounting policies to align to those of the Group.

At each reporting date, the Group reviews the carrying amounts of the investments in associates to determine whether there is any objective indication of impairment. If any such evidence of impairment exists, then the impairment loss is determined. An impairment loss is the amount by which the carrying amount of an investment in associates exceeds its recoverable amount. An impairment loss is recognised in profit or loss.

If the Group's ownership interest in associate is reduced, but the significant influence is retained, that portion of the items, which have previously been presented in other comprehensive income, is recognised in profit or loss. Correspondingly, the reduction in the carrying amount of the associated companies' shares is reflected in profit or loss.

2.4 Mutual real estate companies

Housing companies and mutual real estate companies are consolidated to the financial statements as subsidiaries using the acquisition method when the Group has control over the company.

2 Accounting policies for the consolidated financial statements (Continued)

Such mutual real estate companies, in which Terveystalo Group and other parties have either contractually or articles of association based rights to the assets and obligations for the liabilities relating to the arrangement, are accounted for as joint operations. Group includes in its consolidated financial statements proportion to its ownership its share of the income, expenses and other comprehensive income as well as proportion to its ownership its share of the income, expenses and other comprehensive income as well as proportion of the assets and liabilities related to joint operations starting from the date joint control commences until the date joint control ceases.

Depreciation on premises used in operations is recognised on a straight-line basis over a 40-year depreciation period.

Apartments, which are not used in business operations, are accounted for as investment properties.

2.5 Investment properties

Investment property refers to properties held by the Group in order to earn rental income or for capital appreciation or both. Investment properties are measured at acquisition cost and depreciated on straight-line basis over a 40-year depreciation period.

2.6 Foreign currency transactions

The consolidated financial statements are presented in thousands of euro and parent company in euros. Euro is the functional and presentation currency of the Group's parent company and the Groups' companies. All amounts have been rounded to the nearest thousand unless otherwise indicated.

The Group had no significant foreign currency transactions during the reporting period.

Transactions in foreign currencies are translated into respective functional currency at the exchange rate on the transaction date. Gains and losses arising from transactions denominated in foreign currency and from translation of monetary items are recognised in profit or loss as financial income or expenses. At the reporting date the Group has no significant foreign denominated monetary or non-monetary statement of financial position items.

2.7 Intangible assets

Goodwill

Goodwill arising in a business combination is recognised as the excess of the aggregate of the consideration transferred, the amount of non-controlling interests in the acquiree and previously held equity interest in acquiree over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill is not amortised but tested for impairment annually. For impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units. Goodwill is measured at cost less accumulated impairment losses. An impairment loss in respect of goodwill is not reversed.

Gain or losses on disposed unit includes also the carrying amount of goodwill.

Other intangible assets

Intangible assets are recognised initially at cost if the cost of the asset can be measured reliably and if it is probable that the future economic benefits attributable to the asset will flow to the Group.

Intangible assets acquired in business combination are measured at fair value at the acquisition date separately from goodwill, it the assets meet the definition of an asset, are identifiable or rise from contractual or legal rights.

Other intangible assets are measured at cost and amortised on a straight-line basis over the known or estimated useful lives.

Other intangible assets include software and licenses, as well as acquired companies' customer relationships and trademarks. Other intangible assets are amortised on a straight-line basis over their expected useful lives.

The Group holds no intangible assets with indefinite useful lives.

2 Accounting policies for the consolidated financial statements (Continued)

Amortisation periods used for intangible assets are the following:

Software	5 years
Customer agreements and related customer relationships	3–7 years
Trademarks	20 years or shorter useful life

Research and development

Research costs are recognised as an expense as incurred in the income statement. Development costs are capitalised when certain capitalisation criteria are met. Development costs that do not qualify for the capitalisation criteria are recognised as expense. The estimated useful lives of capitalised development costs are 3–5 years.

2.8 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

Magnetic resonance imagining equipment	10 years
Buildings	10–40 years
Machinery and equipment	2–7 years
Improvements to office premises	2–10 years

Premises used in operations are depreciated on a straight-line basis over a 40-year depreciation period.

Machinery, equipment and other tangible assets acquired through a finance lease are recognised in the statement of financial position and are depreciated over the shorter of useful life or lease term. Depreciation periods vary from 2 to 6 years.

Operational premises acquired through sale-and-leaseback contracts are capitalised at the discounted minimum lease payments and depreciated over the lease period. Depreciation periods are 8 to 15 years. Property, plant and equipment also include art works which are not depreciated.

Gains and losses on the sale and disposal of property, plant and equipment are presented in other operating income or other operating expenses.

Maintenance expenditure are not included in the carrying amounts of property, plant and equipment in the Group. When parts of the magnetic resonance imagining equipment have to be replaced, the Group capitalises the replacement costs as a separate item. Borrowing costs directly attributable to the acquisition or construction of qualifying tangible assets are capitalised as part of the carrying amount of the asset.

The residual values and useful lives of property, plant and equipment are reviewed at each reporting date.

2.9 Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups are classified as assets held-for-sale if it is highly probable that they will be recovered primarily through sale and the sale is highly probable.

Non-current assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell, if it is highly probable that their carrying amount will be recovered primarily through sale rather than through continuing use.

2.10 Leases—Group as a lessee

Leases of property, plant and equipment, in which the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Assets acquired through a finance lease agreement are recognised on the statement of financial position at inception of the lease period at the lower of fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance lease agreements are depreciated over the shorter of the useful life of the asset and the lease period. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each reporting period during the lease period as to produce a constant periodic rate of interest on the remaining balance of liability. The finance lease liability is included in interest-bearing financial liabilities.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating lease contracts are expensed on a straight-line basis over the lease periods. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Classification of contracts as leases is based on the substance of the arrangement and more specifically on whether the arrangement is dependent on a certain asset and whether the arrangement conveys the right to use that asset.

2.11 Financial assets and liabilities

Financial assets

Financial assets are classified in accordance with IAS 39 *Financial instruments: Recognition and measurement* into the following categories: financial assets at fair value through profit or loss, loans and other receivables, and available-for-sale financial assets. Classification is based on the purpose of the acquisition of the item and is made upon initial recognition.

The purchases of financial assets are recognised at fair value upon initial recognition. The sales of financial assets are recognised at sale price. The purchases and sales of financial instruments are recognised on trade date, which by definition is the date when the Group becomes committed to the purchase or sale.

Financial assets are classified at fair value through profit or loss if they have been mainly acquired for short-term trading purposes.

Derivatives that do not qualify for the criteria of IAS 39 hedge accounting criteria have been classified as held for trading assets. Held for trading financial assets are included in current assets and in non-current assets. The Group does not apply hedge accounting.

Financial assets at fair value through profit or loss are initially measured at fair value. Fair value is determined based on their current quotation in active markets, that is, their market bid price. Realised or unrealised gains and losses arising from changes in fair values are recognised in profit or loss in the period in which they are incurred. Financial assets at fair value through profit or loss include publicly listed shares, interest-bearing investments and interest rate derivatives.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets and which are not held for trading purposes by the Group. They are measured at amortised cost. They are recognised in current or non-current financial assets in the statement of financial position based on their nature; they are recognised as non-current, if they mature after 12 months.

Available-for-sale assets are non-derivative financial assets that are designated into this category, and that are not classified into any other category. They are included in non-current assets unless the Group has an intention to hold the instrument for less than 12 months from the reporting date, in which case they are included in current assets. Available-for-sale assets consist of shares and investments. They are measured at fair value or, if their fair value cannot be reliably measured, at cost deducted by any impairment loss. Available-for-sale financial assets include unquoted shares, for which fair values cannot be reliably measured since no active markets exist, and which are therefore measured at cost deducted by any impairment loss.

Financial asset is derecognised when the contractual rights to the cash flows from that asset expire, or the financial assets are transferred to another party and the Group substantially transfers all the risks and rewards of ownership to another party.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits available on demand, and other short-term highly liquid investments. Items included in cash and cash equivalents have original maturities of three months or less from the acquisition date.

2 Accounting policies for the consolidated financial statements (Continued)

Financial liabilities

Financial liabilities are divided into liabilities measured at fair value through profit or loss and liabilities measured at amortised cost. The classification of Group's liabilities is presented in note 25.

Financial liabilities are initially recognised at fair value which is based on the consideration received. For liabilities measured at amortised cost the transaction costs are included in the initial recognition and subsequently the financial liability is measured at amortised cost is using the effective interest method.

Financial liabilities are included in non-current and current liabilities and they can be either interest-bearing or non-interest-bearing. Financial liabilities are classified as current liabilities, unless the Group has an unconditional right to postpone the payment of the liability to at least 12 months from the reporting date.

Overdrafts account included in Group cash pool account structure are included in current interest-bearing financial liabilities and they are presented on a net basis, because the Group has a contractual legal right of set-off to settle or otherwise eliminate an amount due to a debtor fully or in part.

2.12 Impairment

Tangible and intangible assets

At the end of each reporting period the Group assesses whether there are any indications of impairment. If any indications of an impairment exist, the recoverable amount of an asset is determined. Irrespective of whether there is any evidence of impairment, the recoverable amount is determined annually for the following assets: goodwill and intangible assets not yet available for use. The Group has no intangible assets, which have an indefinite useful life. Evidence of impairment is assessed at the geographical level using the common i.e. at the lowest unit level, which is mainly independent of the other units and whose cash flows can be distinguished from the cash flows of equivalent units.

The recoverable amount of an asset is higher of fair value less costs to sell or value in use. The value in use is the amount of future cash flows of an asset or cash generating unit discounted to present value. The discount rate used is the pre-tax discount rate which reflects the market view on the time value of money and specific risks related to the asset.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

If impairment loss is related to a cash generating unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit, and then to reduce the carrying amounts of the other assets on a pro rata basis. The useful life of an asset, which is subject to depreciation or amortisation, is reassessed when an impairment loss is recognised. The impairment loss recognised for other assets than goodwill is reversed if there has been a change in estimates used to determine the recoverable amount. The reversal of the impairment loss cannot exceed the carrying amount of the asset if impairment loss had not been recognised. Impairment loss recognised for goodwill is not reversed.

Financial assets

At the end of each reporting period the Group evaluates whether there are indications of potential impairment of a single financial asset or a group of financial assets. If the fair value of available for sale equity instrument is substantively below the acquisition cost, this is an indication of an impairment of an available for sale equity instrument. The impairment loss is recognised to income statement immediately. The impairment loss for equity investments classified to available for sale investments will not be reversed through income statement. The impairment loss for investments in interest rate instruments will be reversed through income statement.

The Group will recognise an impairment loss on trade receivables if there is objective evidence that the receivable cannot be collected in full. Significant financial difficulties of the debtor, probability of a bankruptcy, defaults in payments or significant delays in payments are indicators of impairment in trade receivables. The impairment loss to be recognised in profit or loss is the difference between the carrying value of the receivable and estimated future cash flows. An impairment loss will be reversed through income statement if the decrease in the impairment is based on an objective evidence of an event which has been realized after the initial recognition of the impairment loss.

2.13 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined using FIFO (first in, first out) formula. Net realisable value is the cost of materials less obsolescence allowance.

2.14 Pension benefits

Pension plans are classified as either defined contribution plans or defined benefit plans. The Group's pension plans are classified as defined contribution plans. The Group's employee pension plans are arranged through pension insurance companies.

The Finnish TyEL pension insurance is treated as a defined contribution plan. In defined contribution plans, the Group makes fixed contributions into the plan. The Group has no legal or constructive obligation to make additional payments if the pension insurance company is unable to pay pension benefits earned by employees in the reporting period or in previous periods. Payments made into defined contribution plans are recognised through profit or loss in the reporting period which they relate.

2.15 Provisions and contingent liabilities

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of amount of the obligation. Provisions are recognised at the present value of the expenditure required to fulfil the obligation. Discount rate reflects current market assessments of the time value of money and the risks specific to the obligation. If the obligation can be partially compensated by a third party, the compensation is treated as a separate asset, when it is virtually certain that the compensation will be received.

Leases become onerous if the leased premises become vacant, or if they are subleased at a rate lower than paid for the head lease. A provision is recognised for an estimated loss from vacant lease premises over the remaining lease period, and for losses from subleased premises.

A contingent liability is a possible obligation arising as a result of past events, and whose existence will be confirmed only when an uncertain future takes place, not wholly within control of the entity. Also, a present obligation which probably does not require a cash settlement or on which the value cannot be reliably estimated is considered as a contingent liability. Contingent liabilities are presented in the notes.

2.16 Share capital

The share capital of Terveystalo Plc is EUR 2,500 dividing into 308,000,000 shares. EUR 307,997,500 of the subscribed capital has been allocated in invested non-restricted equity reserve. According to current Finnish Companies Act subscription price of new shares are allocated in share capital, unless it has not been according to Issue Decision totally or partly allocated in invested non-restricted equity reserve.

2.17 Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the financial period. The company has no equity instruments or arrangements that would have dilution effect related to calculation of earnings per share. The weighted average shares outstanding at December 31, 2015 was 308,000,000 and December 31, 2014 was 308,000,000.

2.18 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make certain estimates and assumptions that may result in differences between the realised outcomes and these estimates. In addition, the application of accounting policies requires judgement. Estimates and judgements are based on prior experiences and other factors, such as assumptions regarding future events. The critical items requiring management's judgement are presented below:

Selection and application of accounting policies requiring management's judgment

The Group management exercises judgement in making decisions regarding the selection and application of accounting policies in the financial statements. This particularly applies to cases for which the effective IFRS standards allow alternative principles for recognition, measurement and presentation. In the reporting period 2016 management decided to clarify the principles of revenue recognition and the related presentation. From the reporting period 2016 onwards Group recognises the fees from the employed healthcare professionals and private practitioners relating to occupational healthcare, insurance and public sector customers on gross basis, i.e. based on accrued gross sales. Based on management judgement, the Group has primary responsibility for providing these services to customers and therefore, it acts as a principal, because it has exposure to the significant risks and rewards associated with the contractual arrangements. The change is based on the currently effective revenue recognition standards. In addition, Terveystalo Group has early adopted IFRS 15 *Revenue from Contracts with Customers* standard in financial year 2017 before the mandatory application date of the standard. More detailed information regarding the revenue recognition principles are presented in accounting policies 2.19 *Revenue recognition* and the effects of the adoption of IFRS 15 standard are presented in note 7 *Disaggregation of revenue.*

Intangible assets in connection with business combinations

IFRS 3 requires the acquirer to recognise intangible assets separately from goodwill, if the criteria of the standard are met. Recognising intangible assets separately at fair value requires the management to estimate future expected cash flows. Management has used available market information when possible in determining the fair values. If no market information has been available, the measurement of intangible assets has been based on historical income from the asset and the planned use in operation. The valuations are based on discounted cash flows and estimated disposal or replacement prices, and the valuation requires management to make estimates of the future use of the asset and impact on the company's financial position. Changes in the company's operations may cause changes in valuation.

Management believes that the used estimates and assumptions are reasonable for measurement of fair values. In addition, the Group's property, plant and equipment and intangible assets are assessed to determine whether there is any indication of impairment at least at each reporting date.

The valuation of contingent considerations

Management makes judgements and estimates fair value of the contingent considerations, measured on a provisional basis related to business combinations. The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast revenue, the amount to be paid under each scenario and the profitability of each scenario.

Lease agreements classified as finance lease and other leases

Management makes judgements and estimates while assessing when risks and rewards required for the ownership of a leased asset are substantially transferred to the Group.

Sources of estimation uncertainty

Estimates used in preparation of the financial statements are considered to represent management's best understanding at the reporting date. The estimates are based on management's prior experiences and most probable expectations about the future at the reporting date. These estimates are related, amongst other, to the expected development of the Group's economic environment in terms of sales and cost level. The Group monitors the realisation of the estimates and assumptions and changes in the underlying factors on a regular basis together with the operating units by using several internal and external sources. Changes in estimates or assumptions are recognised in the period when the estimate or assumption is revised, and in the future periods if the change affects the subsequent periods.

2 Accounting policies for the consolidated financial statements (Continued)

Impairment testing

The impairment testing for the goodwill is carried out annually. The Group has no other intangible assets with an indefinite useful life. The recoverable amounts of cash generating units are estimated based on the calculations of their value in use. The preparation of these calculations requires the use of estimates. Even though the management believes that the used estimates and assumptions are appropriate, the estimated recoverable amounts may differ from the actual results. See note 17 for more detailed information.

Segment information

Management has exercised judgement in determining that Terveystalo presents one reportable segment. For Terveystalo, all the aggregation criteria determined in IFRS 8 are met and, therefore the regions can be aggregated to one reportable segment since same services are offered in all regions, customer type is similar in all regions, methods used to provide services are similar and regulatory environment and operational risks are same in all regions. Terveystalo operates mainly in Finland.

2.19 Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership and control over the products have been transferred to the buyer. Revenue from services is recognised when the service is rendered. Revenue is recognised to the extent that the Terveystalo Group expects to be entitled in exchange for the goods and services, taking into account the terms and conditions of the customer contracts and business practices.

Group's revenue consists mainly of rendering of services. Group's services consist mainly of occupational healthcare services, general practise, dental services and clinic hospital operations, and diagnostic services, as well as rental income on the Group's premises from the practitioners. Regarding long-term contracts revenue is recognised over the term of the contract, as the customer simultaneously receives and consumes the benefits from the service as Terveystalo provides the service. Regarding private practitioners Terveystalo acts as a principal and recognises revenue on gross basis based on accrued gross sales and fees related to purchasing these services are recognised in materials and services expenses.

Group's remaining performance obligations on the reporting date are part of a contract with a maximum expected term of one year or revenue recognised by the reporting date corresponds to the benefit of the service provided by Terveystalo for the customer. Terveystalo Group has not incurred any costs of obtaining to be recognised as an asset. Customer contracts do not include any significant financing components.

Terveystalo Group has early adopted the new IFRS 15 *Revenue from Contracts with Customers* standard in financial year 2017 before the mandatory application date of the standard With regard to the application of the new IFRS 15 standard the Group has clarified the principles of revenue recognition. In connection with the listing on the Helsinki Stock Exchange and the prospectus process, the Group has retrospectively adjusted its revenue in accordance with IFRS 15 for the financial year 2015 and comparative information. More detailed information regarding the effects of the adoption of IFRS 15 standard are presented in note 7 *Disaggregation of revenue*.

2.20 Government grants

Government grants are presented in other operating income as they do not relate to acquired assets. Grants are recognised when there is reasonable assurance that grants will be received and Group will comply with the conditions associated with the grants.

2.21 Interests and dividends

Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive the dividend is established.

2.22 Operating profit

IAS 1 (Presentation of Financial Statements) standard does not define operating profit. The Group has defined it as follows: Operating profit is calculated by adding other operating income to revenue, deducting costs related to materials and services, deducting costs related to employee benefits, depreciation, amortisation and impairments as well as other operating expenses. Foreign exchange differences and changes in the fair value of derivative financial instruments are included in operating profit in case they originate from operative business items; otherwise they are recognised in financial income and expenses.

2.23 Income tax

Income taxes comprises current tax based on taxable income for the period and deferred tax. Tax related to items recognised directly in equity or in other comprehensive income is recognised correspondingly in equity. The current tax recognised in profit or loss or in other comprehensive income is calculated using the tax rate. Current tax includes any adjustment to tax in respect of previous years.

Deferred tax is recognised for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts in taxation. Deferred tax is not recognised in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss at the date of the transaction. Deferred tax is not recognised for non-tax deductible goodwill or for subsidiaries' retained earnings to the extent that it is probable that the temporary difference will not reverse in the foreseeable future.

The most significant temporary differences arise from depreciation on property, plant and equipment acquired through business combinations, fair value measurement of derivative instruments, unused tax losses and fair value adjustments relating to business combinations.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred taxes are calculated using tax rates enacted by the reporting date.

2.24 Segment information

Terveystalo presents only one segment as the geographic segments being the primary basis for monitoring profitability can be aggregated to one segment. Terveystalo's chief operating decision maker is the CEO.

2.25 Application of new and amended IFRSs

New and amended standards applied in the financial year 2015

Terveystalo Group has applied as from 1 January 2015 the following new and amended standards that have come into effect.

- Amendments to IAS 19 Employee Benefits—Defined Benefit Plans: Employee Contributions (effective for financial years beginning on or after 1 July 2014): The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits. The amendments are not assessed to have an impact on Terveystalo Plc consolidated financial statements.
- Annual Improvements to IFRSs (2011–2013 cycle and 2010–2012 cycle) (effective for financial years beginning on or after 1 July 2014): 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 cover in total four (2011–2013 cycle) and seven (2010–2012 cycle) standards. Their impacts vary standard by standard but are not significant.

Terveystalo has early adopted the new IFRS 15 *Revenue from Contracts with Customers* standard in financial year 2017 before the mandatory application date. The new standard replaces the requirements of earlier standards and interpretations regarding revenue recognition. IFRS 15 provides a 5-step model for the revenue recognition from customer contracts and specifies, among other things, to what extent and when revenue can be recognised. In accordance with the standard revenue is recognised as control is passed either over time or at a point in time.

More detailed information regarding the Group's revenue and the effects of the adoption of IFRS 15 standard are presented in note 7 *Disaggregation of revenue* and information regarding Group's revenue recognition principles are presented earlier in accounting policies 2.19 *Revenue recognition.*

2 Accounting policies for the consolidated financial statements (Continued)

Adoption of new and amended standards and interpretations applicable in future financial years

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.

* = not yet endorsed for use by the European Union as of 31 December 2015.

- Amendment to IAS 1 *Presentation of Financial Statements*: Disclosure Initiative* (effective for financial years beginning on or after 1 January 2016). The amendments are designed to encourage companies to apply judgement in determining what information to disclose in the financial statements. For example, the amendments clarify the application of the materiality concept and judgement when determining where and in what order information is presented in the financial disclosures. The interpretation had no significant impact on Terveystalo Plc's consolidated financial statements.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets—Clarification of Acceptable Methods of Depreciation and Amortisation* (effective for financial years beginning on or after 1 January 2016): The amendments clarify IAS 16 and IAS 38 that revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in limited circumstances to amortise intangible assets. The amendments will have no impact on Terveystalo Plc's consolidated financial statements.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture—Bearer Plants (effective for financial years beginning on or after 1 January 2016): These amendments require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment and included in the scope of IAS 16, instead of IAS 41. These amendments will have no impact on Terveystalo Plc's consolidated financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Investment Entities: Applying the Consolidation Exception* *(t*he amendments can be applied immediately; mandatory for financial years beginning on or after 1 January 2016): The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 clarify the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards. The amendments will not have an impact on Terveystalo Plc's consolidated financial statements.
- Amendments to IFRS 11 Joint Arrangements—Accounting for Acquisitions of Interests in Joint Operations (effective for financial years beginning on or after 1 January 2016): The amendments add new guidance to IFRS 11 on how to account for the acquisition of an interest in a joint operation that constitutes a business, i.e. business combination accounting is required to be applied. The amendments are not assessed to have an impact on Terveystalo Plc's consolidated financial statements.
- Amendments to IAS 27 Separate Financial Statements—Equity Method in Separate Financial Statements* (effective for financial years beginning on or after 1 January 2016): The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments will not have an impact on Terveystalo Plc's consolidated financial statements.
- New IFRS 14 Regulatory Deferral Accounts* (effective for financial years beginning on or after 1 January 2016): IFRS 14 is first specific IFRS guidance on accounting for the effects of rate regulation. It is an interim standard. IFRS 14 allows first-time adopters of IFRS, whose activities are subject to rate-regulation, to continue using previous GAAP ("grandfathering") while the IASB completes its comprehensive project in this area. IFRS 14 is an optional standard. The new standard will not have an impact on Terveystalo Plc's consolidated financial statements.

2 Accounting policies for the consolidated financial statements (Continued)

- Annual Improvements to IFRSs (2012–2014 cycle)* (effective for financial years beginning on or after 1 January 2016): 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 cover in four standards. Their impacts vary standard by standard but are not significant.
- Amendments to IFRS 15 *Clarifications to IFRS 15 Revenue from Contracts with Customers** (effective for financial years beginning on or after 1 January 2018). Terveystalo evaluates the effects of the clarifications.
- New IFRS 9 *Financial Instruments** (effective for financial years beginning on or after 1 January 2018): IFRS 9 replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 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 Group is assessing the impact of IFRS 9.

3 Financial risk management

The Group is exposed to various financial risks in its normal business activities. The objective of the Group's risk management is to minimize the negative effects of changes in the financial markets on the Group's profit and financial position. The Group's main financial risks are liquidity risk, credit risk and interest rate risk. The Group's risk management principles are approved by the Board of directors and the Group's financial department is responsible for the implementation of the principles. The Group's financial department identifies and assesses risks and acquires instruments needed to hedge against them. The Group uses mainly interest rate swaps in its risk management.

3.1 Interest rate risk

The Group's revenue and operative cash flows are mainly independent of fluctuations in market interest rate. The Group is exposed to interest rate risk as the fair values of financial liabilities may change due to changes in interest rates. This risk mainly relates to loan portfolio. The Group may fund itself either in variable or fixed interest rates, and use interest rate swaps and interest rate cap agreements to hedge against interest rate risks.

At the reporting date, the Group's subsidiaries had the following euro-denominated interest rate derivative instruments

- Interest rate swap agreements from which the Group pays a fixed 0.44% interest rate plus a contractual margin and receives variable interest on EUR 262 million (2014: EUR 273 million) loan capital.

In financial year 2015 Group had no interest rate cap agreements. In financial year 2014 there was Cap & Floor agreement in which the interest rate cap has been set to 2.75–4.25% on EUR 88.2 million loan capital.

The Group does not apply hedge accounting according to IAS 39.

In 2015 the Group's average interest rate for loans from financial institutions was 4.7% (2014: 4.7%). An increase of one per cent in the average interest rates would have increased the Group's interest expenses by EUR 3.0 million during the year 2015 (2014: EUR 3.0 million).

100% of the Group's loans from financial institutions are variable rate loans but by using interest rate derivatives 90% of the loans from financial institutions are at fixed interest.

3.2 Currency risk

The Group operates mainly in Finland and its cash flows are mainly denominated in euro, and thus the Group is not exposed to significant transaction risks caused by foreign currency positions, or risks generated from the translation of foreign currency denominated investments to the functional currency of the parent company. All of the Group's loans are denominated in euro.

3 Financial risk management (Continued)

3.3 Credit risk

Majority of the Group's incoming cash flows are payments from established institutions, public sector and companies with appropriate credit rating. However, trade receivables from companies include a credit risk. Credit risk is managed mainly by monitoring the customer's credit rating on a regular basis and by cooperating with collection agencies. In addition, the Group's customers include private people whose invoicing is primarily carried out in connection with rendering services.

The Group has no major customer specific risk concentrations and its credit risk is diversified. Credit risk is managed by monitoring the amount, maturity distribution and turnover of trade receivables. Credit risk is also monitored on a client by client basis.

The Group's maximum credit risk is equal to the carrying amount of financial assets at the reporting date. The maturity distribution of the Group's trade receivables is disclosed in note 21.

3.4 Liquidity risk

The Group aims to continuously assess and monitor the amount of funding required by business operations, in order to ensure sufficient liquidity to finance its operations, to repay maturing loans as well as to carry out investments and acquisitions of companies according to the growth strategy. The Group's cash and cash equivalent comprise of cash in bank accounts, cash in hand and cash payments not yet recorded into the Group's bank accounts (cash in transit) at the reporting date.

The Group manages liquidity risk by monitoring unused funds and forecasting future cash flows.

The Groups has an overdraft facility in use, of which EUR 46.6 million remained unused at the reporting date (2014: EUR 78.6 million).

The table below represents a contractual maturity analysis. The figures are undiscounted and they include both interest payments and repayments of the principals. The undiscounted cash flows related to finance lease liabilities differ from the amounts in the statement of financial position because the amounts recognised in the statement of financial position are discounted to the present. Interest payments which are based on variable rates have been presented using variable rate at the end of the reporting period.

31.12.2015

In thousands of euro	Carrying amount	Contractual cash flows	1 year	1–2 years	2–5 years	over 5 years
Loans from financial institutions	308,438	381,949	28,237	43,799	99,748	210,165
Finance lease liabilities	33,879	42,269	7,243	5,476	11,442	18,108
Hire purchase liabilities	8,177	8,536	2,035	2,024	3,473	1,004
Trade payables	19,452	19,452	19,452	-	-	-
Interest rate derivatives	1,838	945	945	-	-	-

31.12.2014

In thousands of euro	Carrying amount	Contractual cash flows	1 year	1–2 years	2–5 years	over 5 years
Loans from financial institutions	289,351	377,165	27,346	27,826	106,605	215,387
Finance lease liabilities	34,151	42,163	7,727	6,077	10,831	17,529
Hire purchase liabilities	1,811	1,927	510	484	918	15
Trade payables	15,537	15,537	15,537	-	-	-
Interest rate derivatives	2,473	1,114	569	545	-	-

The Group's loan contracts include covenant terms which are typical terms for a company owned by private equity investors. The covenant terms limit, amongst other things, the use of collaterals, substantial company acquisitions, disposal of assets, as well as significant changes in business operations and in the ownership. Creditors may demand an instant repayment of the loans if covenant levels are breached. The covenants were not breached during the financial period.

3 Financial risk management (Continued)

3.5 Market risk of investment activities

The Group is not significantly exposed to price risks arising from fluctuations in market prices of quoted shares because the Group has no significant investments in them.

3.6 Commodity risk

The Group is not significantly exposed to commodity risks related to availability and price fluctuation of commodities.

3.7 Capital management

The objective of the Group's capital management is to support operations and to ensure competitive operating conditions with optimal capital structure, as well as to enable the implementation of strategy.

In addition to operative cash flows the capital structure is managed by share issues, by increase or repayment of financial liabilities, possible conversions between equity and financial liabilities, as well as through operative decisions on investments and growth and potential disposals of assets in order to reduce liabilities

The development of the Group's capital structure is monitored, amongst others the following ratios: change in net debt, ratio of net debt to operating margin, and ratio of operating cash flows to the financial expenses.

The Group's net debt to equity ratio (gearing) was 151.5% at the reporting date (2014: 140,0%). The ratio is calculated by dividing interest-bearing net debt with equity. The net debt includes interest-bearing liabilities less interest-bearing receivables and cash and cash equivalents. The Group's interest-bearing liabilities were EUR 350.5 million at the reporting date (2014: EUR 325.7 million). Significant part of the interest-bearing liabilities is loans from financial institutions.

The Group's gearing**) is calculated as follows:

In thousands of euro	2015	2014
Interest-bearing liabilities	350,480	325,689
Cash and cash equivalents	16,621	19,903
Net debt	333,859	305,786
Equity	220,376	218,473
Gearing**)	**151.5%**	**140,0%**

**) Alternative performance measure.

4 Determination of fair values

The carrying amounts of current financial instrument items, such as cash and cash equivalents, trade receivables, trade payables and interest liabilities, do not significantly differ from the corresponding fair values due to their short maturity. The unquoted equity investments are classified on level 3. These are measured at the lower of cost or fair value. Professional assessment has been used to assess the fair value.

Fair value hierarchy of financial assets and financial liabilities measured at fair value in 2015

In thousands of euro	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
Unquoted equity investments	-	-	1,298	1,298
Total	-	-	1,298	1,298

4 Determination of fair values (Continued)

In thousands of euro	Level 1	Level 2	Level 3	Total
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives held for trading	-	-	-	-
Interest rate swaps	-	1,838	-	1,838
Total	-	1,838	-	1,838

Fair value hierarchy of financial assets and financial liabilities measured at fair value in 2014

In thousands of euro	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss				
Unquoted equity investments	-	-	1,559	1,559
Total	-	-	1,559	1,559

In thousands of euro	Level 1	Level 2	Level 3	Total
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives held for trading				
Interest rate swaps	-	2,473	-	2,473
Total	-	2,473	-	2,473

5 Financial assets and liabilities—carrying amount and fair value

In thousands of euro at 31.12.2015	Note	Fair value through profit or loss	Loans and other receivables	Available for sale investments	Financial liabilities at amortised cost	Carrying amount	Fair value
Financial assets							
Non-current							
Other receivables	21	-	69	-	-	69	69
Current							
Trade and other receivables	21	-	47,589	-	-	47,589	47,589
Cash and cash equivalents	23	-	16,621	-	-	16,621	16,621
Total		-	64,278	-	-	64,278	64,278
Financial liabilities							
Loans from financial institutions	25	-	-	-	308,157	308,157	308,157
Other interest bearing debts	25	-	-	-	281	281	281
Hire purchase liabilities	25	-	-	-	8,177	8,177	8,177
Finance lease liabilities	25	-	-	-	33,879	33,879	33,879
Trade and other payables	27	-	90,837	-	-	90,837	90,837
Interest rate derivatives	27	1,838	-	-	-	1,838	1,838
Total		1,838	90,837	-	350,495	443,170	443,170

5 Financial assets and liabilities—carrying amount and fair value (Continued)

In thousands of euro at 31.12.2014	Note	Fair value through profit or loss	Loans and other receivables	Available for sale financial assets	Financial liabilities at amortised cost	Carrying amount	Fair value
Financial assets							
Non-current							
Other receivables	21	-	8	-	-	8	8
Current							
Trade and other receivables	21	-	43,807	-	-	43,807	43,807
Cash and cash equivalents	23	-	19,903	-	-	19,903	19,903
Total		-	63,718	-	-	63,718	63,718
Financial liabilities							
Loans from financial institutions	25	-	-	-	289,351	289,351	289,351
Other interest bearing debts	25	-	-	-	375	375	375
Hire purchase debt	25	-	-	-	1,811	1,811	1,811
Finance lease liabilities	25	-	-	-	34,151	34,151	34,151
Trade and other payables	27	-	88,286	-	-	88,286	88,286
Total		-	88,286	-	332,688	413,974	413,974

The Group doesn't apply hedge accounting according to IAS 39. The changes in fair values of interest rate derivatives are recognised in profit or loss as finance income and costs.

6 Business combination

Year 2015

During 2015 the Group has made several acquisitions. The two biggest acquisitions are presented separately and the other smaller acquisitions are disclosed in aggregate.

Turun Hammasplussa Group

On 29 May 2015 Terveystalo Healthcare Oy acquired 100% of the shares of Turun Hammasplussa Oy. As a part of the acquisition, ownership of Turun Teknohammas Oy, a subsidiary to Turun Hammasplussa Oy, and Into Sales Oy, a subsidiary to Turun Teknohammas Oy were transferred to the Group. The acquired subsidiaries have been consolidated to the Group financial statements from the acquisition month onward.

The purchase price allocations are based on the acquired entities balance sheet values closest to the date of acquisition. The balance sheet has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect.

The following table summarises the acquisition date fair value of the consideration transferred as well as the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

In thousands of euro	
Consideration	
Cash	11,670
Total consideration transferred	**11,670**
The fair value of the ownership before the acquisition	
Total consideration	**11,670**

6 Business combination (Continued)

Identifiable assets acquired and liabilities assumed

In thousands of euro	
Cash and cash equivalents	1,283
Intangible assets	96
Property, plant and equipment	649
Investments	296
Inventories	274
Trade and other receivables	763
Trade and other payables	-659
Total identifiable net assets acquired	**2,702**
Goodwill	**8,968**

As a result of this acquisition a goodwill amounting to EUR 9.0 million has been recognised. The recognised goodwill is attributable to synergies expected from the acquisition as well as personnel know-how.

The fair value of the acquired trade receivables and other receivables amounts to EUR 0.8 million for which the risk of changes in value has been deemed non-significant.

The Group has incurred acquisition-related expenses of EUR 0.3 million related to consulting, valuation or equivalent services. The expenses were included in other operating expenses.

The contributed recognised revenue from the acquisition in year 2015 is EUR 3.0 million and the profit is EUR 0.6 million.

If the acquisition had occurred on 1 January 2015, the Group's consolidated revenue in 2015 would have been EUR 510.3 million and consolidated profit EUR 1.5 million.

Seinäjoen Lääketieteellinen Tutkimuslaitos Oy Group

On 31 December 2015 Terveystalo Healthcare Oy acquired 100% of the shares of Seinäjoen Lääketieteellinen Tutkimuslaitos Oy. As a part of the acquisition, ownership of 100% of the shares of KOy Seinäjoen Lääkäritalo and 62.4% of the shares of KOy Seinäjoen Marttilankulma were transferred to Terveystalo Group. In addition Seinäjoen Lääketieteellinen Tutkimuslaitos Oy owned 20% of the shares of Examinatio Magnetica Fennica Oy, in which Terveystalo Group has a 40% ownership. As a result of the acquisition Group's shares in Examinatio Magnetica Fennica Oy increased to 60%. Only the balance sheets of the acquired companies have been consolidated to the Group financial statements. The income statements have not been consolidated.

In addition, Seinäjoen Lääketieteellinen Tutkimuslaitos Oy owns 40% of the shares of EP-Magneetti Oy. The majority shareholder has informed the Group that they are using their expropriation rights, and due to that, EP-Magneetti Oy has not been consolidated as at 31.12.2015.

The acquisition of Seinäjoen Lääketieteellinen Tutkimuslaitos Oy includes contingent consideration, which is recognised as a liability as part of the consideration amounting to EUR 0.5 million. This contingent consideration was paid in January 2016.

The purchase price allocations are based on the acquired entities balance sheet values closest to the acquisition date. The balance sheet has been prepared in accordance with IFRS and Terveystalo Group accounting principles in all material respect.

6 Business combination (Continued)

The following table summarises the acquisition date fair value of the consideration transferred as well as the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

In thousands of euro	
Consideration	
Cash	19,350
Contingent consideration	500
Total consideration transferred	**19,850**
The fair value of the ownership before the acquisition	0
Total consideration	**19,850**

Identiafiable assets acquired and liabilities assumed

In thousands of euro	
Cash and cash equivalents	1,870
Intangible assets	1,258
Property, plant and equipment	4,001
Investments in associates	14
Investments	38
Inventories	227
Trade and other receivables	1,990
Trade and other payables	-2,051
Loans	-191
Deferred tax liabilities	-118
Total identifiable net assets acquired	**7,038**
Non-controlling interest	-809
Goodwill	**13,621**

The acquired property, plant and equipment is valued at fair value based on quoted market prices for similar items when they are available. The acquired intangible assets are recognised separately from goodwill at the acquisition date at fair value when they are identifiable as assets, are separable or based on other contractual or other legal rights.

As part of these acquisitions, the Group has acquired customer relationships. The fair value of the relationships and customer contracts, which are included in other intangible assets, has been determined based on the estimated contract periods and the discounted net cash flows of the existing customer relationships.

As a result of this acquisition goodwill amounting to EUR 13.6 million has been recognised. The recognised goodwill is attributable to synergies expected from acquisitions, as well as personnel know-how.

The fair value of the acquired trade and other receivables amounts to EUR 2 million, for which the risk of changes in value has been deemed non-significant.

The Group has incurred acquisition-related expenses amounting of EUR 0.4 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

If the acquisition had occurred on 1 January 2015, the Group's consolidated revenue in 2015 would have been EUR 521.5 million and profit EUR 1.7 million.

Other business combinations

On 2 March 2015 Terveystalo Healthcare Oy acquired 100% of the shares of Lääkäriasema Syke Oy. The subsidiary has been consolidated to the Group financial statements from the acquisition month onward. The purchase price does not include any contingent consideration.

On 31 August 2015 Terveystalo Healthcare Oy acquired 100% of the shares of Jokilaaksojen Työterveys Oy. The subsidiary has been consolidated to the Group financial statements from the acquisition month onward.

6 Business combination (Continued)

On 30 September Terveystalo Healthcare Oy acquired 100% of the shares of Liikekeskuksen Hammaslääkärit Oy. The subsidiary has been consolidated to the Group financial statements from the acquisition month onward. The purchase price includes contingent consideration, which is recognised as a liability as part of the consideration amounting to EUR 0.5 million. The contingent consideration is based on the revenue for the years 2015–2017.

On 31 December 2015 Terveystalo Healthcare Oy acquired 100% of the shares of Densens Oy and Porin Hammaslääkäripalvelut Oy. The acquisition of Densens Oy includes contingent consideration, which is recognised as a liability as part of the consideration amounting to EUR 0.4 million. The contingent consideration is based on the revenue for the years 2016–2017.

The purchase price allocations are based on the acquired entities balance sheet values closest to the acquisition date. The balance sheet has been prepared in accordance with IFRS and Terveystalo Group accounting principles in all material respect.

The following table summarises the acquisition date fair value of the consideration transferred as well as the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

In thousands of euro	
Consideration	
Cash	15,684
Contingent consideration	975
Total consideration transferred	**16,659**
The fair value of the ownership before the acquisition	0
Total consideration	**16,659**

Identifiable assets acquired and liabilities assumed

In thousands of euro	
Cash and cash equivalents	2,281
Intangible assets	1,006
Property, plant and equipment	708
Investments	995
Inventories	113
Trade and other receivables	809
Trade and other payables	-964
Loans	-37
Deferred tax liabilities	-146
Total identifiable net assets acquired	**4,765**
Non-controlling interest	0
Goodwill	**11,894**

As a result of this acquisition, goodwill amounting to EUR 11.9 million has been recognised. The recognised goodwill is attributable to synergies expected from acquisitions, as well as personnel know-how.

The fair value of the acquired trade and other receivables amounts to EUR 0.8 million, for which the risk of changes in value has been deemed non-significant.

The Group has incurred acquisition-related expenses amounting of EUR 0.4 million related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

The acquired property, plant and equipment is valued at fair value based on quoted market prices for similar items when they are available. The acquired intangible assets are recognised separately from goodwill at the acquisition date at fair value when they are identifiable as assets, are separable or based on other contractual or other legal rights.

As part of these business acquisitions, the Group has acquired customer relationships. The fair value of the relationships and customer contracts, which are included in other intangible assets, has been determined based on the estimated contract periods and the discounted net cash flows of the existing customer relationships.

6 Business combination (Continued)

The contributed recognised revenue from these acquisitions in 2015 is EUR 2.6 million and the profit is EUR 0.2 million.

If the acquisition had occurred on 1 January 2015, the Group's consolidated revenue in 2015 would have been EUR 513.1 million and profit EUR 1.3 million.

Acquisition of Non-controlling interests

During the year 2015 the Group has made the following acquisitions:

- In September the Suomen Terveystalo Oy acquired the 25.7% shares of Sairaala Botnia Oy. As a result of this, the Group now owns 100% of the shares in the acquiree.
- In September 2015 the Terveystalo Healthcare Oy acquired the 5.16% shares of Joensuun Magneetti Oy. As a result of this, The Group now owns 100% of the shares in the acquiree.

Acquisitions after the reporting date

After the financial year 2015, Terveystalo Healthcare Oy has acquired 100% shares of Bitewell Oy on 29.1.2016. The business combination and purchase price allocation are still in progress.

Year 2014

There were no business combinations during financial year 2014.

The acquisition of Terveystalo Healthcare Holding Oy group in financial year 2013 was recognised in the financial statement using provisional amounts. During the measurement period, new information was obtained about the facts and circumstances that existed as of the acquisition date and according to IFRS 3 the provisional amounts recognised have been adjusted retrospectively. The new obtained information concerns the depreciation periods of the intangible assets and the valuation of these assets and the goodwill amount recognised in the acquisition.

The adjustments made to the provisional amounts in the financial statement 2013 were recognised to the value of the trademark (+12.5 million EUR), to the value of customer relationships (−32.7 million EUR) and to the goodwill (+16.2 million EUR). In addition the adjustment has an effect to deferred tax liabilities (−4.0 million EUR). The comparative information for prior period has been adjusted.

7 Disaggregation of revenue

Terveystalo Group has early adopted the new IFRS 15 *Revenue from Contracts with Customers* standard before the mandatory application date. The Group has elected to apply IFRS 15 standard using retrospective approach for all financial years presented and has adjusted comparative information accordingly. The Group's revenue recognition principles are presented earlier in the accounting policies.

With regard to the application of the standard, the Group has reviewed the revenue recognition principles and presentation in accordance with the new IFRS 15 standard, taking into account changes in service model and way operating. In accordance with IFRS 15 standard, revenue also includes the fees for services provided by private practitioners to private customers. These fees are presented in revenue on a gross basis instead of the previous net based presentation and the effect on revenue and materials and services expenses are presented in the tables below. Comparative information has been adjusted accordingly. Based on management judgement, the Group has primary responsibility for providing services to customers and therefore, it acts as a principal, because it has exposure to the significant risks and rewards associated with the contractual arrangements. The gross basis is considered to result in a more faithful presentation of the Group's revenue. The adoption of IFRS 15 standard had no impact on the Group's equity.

Group's services consists mainly of occupational healthcare services, general practise and clinic hospital operations, dental services and diagnostic services, as well as rental income on the Group's premises from the practitioners. 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 in financial years 2015 and 2014.

Terveystalo offers its primary and outpatient secondary healthcare services to three distinct customer groups: corporate customers, private customers and public customers.

7 Disaggregation of revenue (Continued)

Corporate Customers

The Company's corporate customer group comprises Terveystalo's occupational healthcare customers, excluding municipal occupational healthcare customers, and corporate insurance customers. The customers in the corporate customer group include private sector corporations, associations, foundations and state administration and represent all main industries, such as construction, retail, manufacturing and professional industries. The Company offers services to corporate customers of all sizes, from entrepreneurs and small companies to medium and large-sized companies, including some of the largest employers in Finland.

Private Customers

The Company's private customers group comprises private individuals, families, retirees and private insurance customers. Some of the Company's occupational healthcare end-users also use the Company's services as private customers, such as occupational healthcare end-users with children.

Public Customers

The Company's public customers group comprises public sector organizations in Finland, such as municipalities, municipal federations and hospital districts and includes municipal occupational healthcare customers.

Disaggregation of revenue

In thousands of euro	1.1.–31.12.2015	1.1.–31.12.2014
Corporate	280,842	276,929
Private	170,063	160,158
Public	54,713	37,039
Total	505,619	474,125

Contract balances

In thousands of euro	2015	2014
Receivables, which are included in trade and other receivables	44,832	40,217
Contract liabilities	886	177

Terveystalo has not capitalised any contract costs as a result of obtaining contracts.

The effect of IFRS 15 transition on revenue

In Thousands of euro	1.1.–31.12.2015	1.1.–31.12.2014
Previously reported (IAS 18)	325,242	304,702
Adoption of IFRS 15	180,377	169,423
Restated revenue (IFRS 15)	505,619	474,125

The effect of IFRS 15 transition on materials and services expenses

In thousands of euro	1.1.–31.12.2015	1.1.–31.12.2014
Previously reported	-53,593	-42,627
Adoption of IFRS 15	-180,377	-169,423
Restated materials and services expenses	-233,970	-212,050

8 Other operating income

In thousands of euro	1.1.–31.12.2015	1.1.–31.12.2014
Rental income	570	727
Gains on sale of property, plant and equipment	29	6
Other items	2,319	1,883
Total	2,918	2,616

9 Material and services

In thousands of euro	1.1.–31.12.2014	1.1.–31.12.2014
Purchases of materials	-18,557	-17,987
Change in inventories	-379	-391
External services	-215,034	-193,672
Total	-233,970	-212,050

Materials and services has been adjusted regarding the transition to IFRS 15 standard. More specific information is included in note 7 Disaggregation of revenue.

10 Employee benefit expenses

In thousands of euro	1.1.–31.12.2015	1.1.–31.12.2014
Wages and salaries	-118,475	-114,541
Pension expenses—defined contribution plans	-20,734	-19,461
Other social security costs	-6,354	-6,381
Total	-145,563	-140,383
Number of personnel at the end of the reporting period	3,416	3,115

11 Depreciation, amortisation and impairment

In thousands of euro	1.1.–31.12.2015	1.1.–31.12.2014
Depreciation and amortisation by asset type		
Intangible assets		
Trademarks	4,225	4,225
Customer relationships	13,500	13,500
Other intangible assets	4,552	4,349
Total	22,277	22,074
Property, plant and equipment		
Buildings	2,422	2,316
Machinery and equipment	11,924	12,271
Other property, plant and equipment	2,103	1,951
Total	16,450	16,538
Investment property	20	20
Total	**38,747**	**38,633**
Impairment losses by asset groups		
Goodwill	0	68,000
Other property, plant and equipment	0	1,129
Machinery and Equipment	827	0
Assets held for sale	122	203
Total	**949**	**69,332**
Total depreciation, amortisation and impairment losses	39,696	107,965

12 Other operating expenses

In thousands of euro	1.1.–31.12.2015	1.1.–31.12.2014
External services	1,964	4,377
Operating and maintenance expenses of premises and equipment	12,165	12,725
ICT expenses	10,896	12,671
Other personnel related expenses	3,391	4,104
Leases	24,108	23,043
Travel expenses	2,843	2,611
Marketing and communication	6,485	6,920
Acquisition related expenses	1,103	412
Other costs	7,032	8,372
Total	69,986	75,235

Auditor's fees

In thousands of euro	1.1.–31.12.2015	1.1.–31.12.2014
Audit	139	136
Other services	179	62
Total	318	198

13 Financial income and expenses

In thousands of euro	1.1.–31.12.2015	1.1.–31.12.2014
Interest income on loans and other receivables	81	80
Dividend income on available-for-sale financial assets	10	28
Net change in fair value of financial assets at fair value through profit or loss		
Interest rate derivatives, not under hedge accounting	635	0
Total financial income	725	109
Interest expense on financial liabilities measured at amortised cost		
Loans from financial institutions	-16,535	-16,424
Interest expense on finance lease agreements	-1,781	-1,826
Change in fair value of financial assets at fair value through profit or loss		
Interest rate derivatives, not under hedge accounting	-0	-2,509
Other financial expenses	-3,783	-3,864
Total financial expenses	-22,100	-24,623
Total financial income and expenses	-21,375	-24,514

Financial income and expenses do not include any significant foreign exchange gains or losses and there are no other foreign currency items in the consolidated statement of income.

14 Taxes

14.1 Income taxes

In thousands of euro Income taxes in the income statement	1.1.–31.12.2015	1.1.–31.12.2014
Current tax for the reporting period	-199	-96
Income taxes for prior periods	-1	-16
Deferred taxes	3,393	847
Total income taxes	3,193	734

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

14 Taxes (Continued)

Reconciliation of tax expense

In thousands of euro Reconciliation of the Group's tax rate to the Finnish tax rate	1.1.–31.12.2015	1.1.–31.12.2014
Profit or loss before taxes	-2,052	-15,389
Tax using the Parent company's tax rate	410	3,078
Tax rates in foreign jurisdictions	0	16
Tax exempt income	8	7
Non-deductible expenses	-617	-858
Recognition of previously unrecognised tax losses	0	0
Recognition of previously unrecognised deductible temporary differences	3,393	-2,339
Taxes from previous periods	-1	-16
Other	0	847
Total tax in the income statement	3,193	734

14.2 Deferred tax assets and liabilities

During the year 2015
In thousands of euro

In thousands of euro Deferred tax assets:	1.1.2015	Recognised in profit or loss	Recognised in equity	Business combinations	31.12.2015
Provisions	202	-33	0	0	169
Tax losses carried forward	3,656	-62	0	0	3,594
Defined benefit plans	3	0	0	0	3
Finance leases	420	75	0	0	495
Interest rate derivatives	495	-127	0	0	368
Other temporary differences	963	-2	0	0	961
Total	5,739	-149	0	0	5,590
In thousands of euro Deferred tax liabilities:					
Reversal of goodwill amortisation	1,713	157	0	0	1,870
Business combinations	29,117	-3,606	0	264	25,775
Depreciation difference	277	-33	0	0	244
Loan withdrawal expense	178	-60	0	0	118
Other temporary differences	73	0	0	0	73
Total	31,358	-3,542	0	264	28,080

14 Taxes (Continued)

During the year 2014

In thousands of euro Deferred tax assets:	1.1.2014	Recognised in profit or loss	Recognised in equity	Business combinations	31.12.2014
Provisions	238	-36	0	0	202
Tax losses carried forward	6,975	-3,319	0	0	3,656
Defined benefit plans	3	0	0	0	3
Finance leases	323	97	0	0	420
Interest rate derivatives	0	495	0	0	495
Other temporary differences	853	110	0	0	963
Total	8,392	-2,653	0	0	5,739
In thousands of euro **Deferred tax liabilities:**					
Reversal of goodwill amortisation	1,511	202	0	0	1,713
Business combinations	32,706	-3,588	0	0	29,117
Depreciation difference	317	-41	0	0	277
Deferred loan withdrawal expense	251	-73	0	0	178
Other temporary differences	73	0	0	0	73
Total	34,858	-3,499	0	0	31,358

Deferred tax assets are recognised from unused tax losses to the extent that is probable that future taxable profits will be available against which the losses can be used. Unused tax losses amount to EUR 126 million, of which for a portion of EUR 108 million no deferred tax asset has been recognised.

15 Property, plant and equipment

In thousands of euro	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1.1.2015	239	28,625	35,503	9,679	1,051	75,097
Acquisition of subsidiaries	905	2,228	2,328	984	236	6,680
Additions		5,077	14,781	2,994	367	23,219
Disposals			-382	-104	-206	-692
Reclassifications		1,322				1,322
Acquisition cost 31.12.2015	1,144	37,253	52,230	13,553	1,448	105,626
Accumulated depreciation and impairment losses 1.1.2015	0	-3,444	-12,271	-1,806	-146	-17,667
Depreciation for the reporting period	0	-2,443	-11,918	-1,902	-201	-16,464
Impairment losses	0		-910			-910
Accumulated depreciation and impairment losses at 31.12.2015	0	-5,887	-25,099	-3,708	-347	-35,041
Carrying amount 1.1.2015	239	25,181	23,232	7,873	905	57,429
Carrying amount 31.12.2015	1,144	31,366	27,131	9,845	1,101	70,586

15 Property, plant and equipment (Continued)

Other tangible assets and advances paid include advances paid EUR 548 thousand at the reporting date.

In thousands of euro	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1.1.2014	436	27,682	24,396	8,235	700	61,449
Acquisition of subsidiaries	0	0	0	0	0	0
Additions	0	982	11,107	1,444	572	14,105
Disposals	-197	0	0	0	-221	-418
Reclassifications	0	-39	0	0	0	-39
Acquisition cost 31.12.2014	239	28,625	35,503	9,679	1,051	75,097
Accumulated depreciation and impairment losses 1.1.2014	0	0	0	0	0	0
Depreciation for the period	0	-2,316	-12,271	-1,806	-146	-16,538
Impairment losses	0	-1,129	-	-	-	-1,129
Accumulated depreciation and impairment losses at 31.12.2014	0	-3,444	-12,271	-1,806	-146	-17,667
Carrying amount 1.1.2014	436	27,682	24,396	8,235	700	61,449
Carrying amount 31.12.2014	239	25,181	23,232	7,873	905	57,429

15.1 Finance leases

Property, plant and equipment include assets leased under finance lease as follows:

In thousands of euro	Buildings and constructions	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.1.2015	24,822	14,059	572	39,453
Additions	5,077	1,403	211	6,694
Acquisition cost 31.12.2015	29,899	15,462	783	46,144
Accumulated depreciation and impairment losses 1.1.2015	-2,152	-5,156	-146	-7,454
Depreciation for the reporting period	-2,343	-4,889	-201	-7,433
Accumulated depreciation and impairment losses 31.12.2015	-4,495	-10,045	-347	-14,886
Carrying amount 1.1.2015	22,670	8,903	426	31,999
Carrying amount 31.12.2015	25,405	5,417	436	31,258

In thousands of euro	Buildings and constructions	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.1.2014	22,923	10,089	15	33,027
Additions	928	3,970	557	5,510
Acquisition of subsidiary	0	0	0	0
Transfers between items	917	0	0	917
Acquisition cost 31.12.2014	24,822	14,059	572	39,453
Accumulated depreciation and impairment losses 1.1.2014	0	0	0	0
Depreciation for the reporting period	-2,152	-5,156	-146	-7,454
Accumulated depreciation and impairment losses 31.12.2014	-2,152	-5,156	-146	-7,454
Carrying amount 1.1.2014	22,923	10,089	15	33,027
Carrying amount 31.12.2014	22,670	8,903	426	31,999

The Group has finance lease agreements with several counterparties. Rental payments are mainly based on the interest rate level at the inception of the lease. Some of the finance lease agreements include purchase options. The lease agreements do not include restrictions on dividends, additional indebtness or entering new lease agreements.

16 Intangible assets

In thousands of euro	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
Acquisition cost 1.1.2015	477,853	73,100	83,000	14,924	648,877
Acquisition of subsidiaries	34,495	1,395	0	0	35,890
Additions	0	0	0	4,850	4,850
Disposals	-	-	-	-679	-679
Acquisition cost 31.12.2015	512,348	74,495	83,000	19,095	688,939
Accumulated amortisation and impairment losses 1.1.2015	-68,000	-13,500	-4,225	-4,349	-90,074
Amortisation for the reporting period	-	-13,507	-4,225	-4,552	-22,283
Impairment losses	-	-	-	-	0
Accumulated amortisation and impairment losses 31.12.2015	-68,000	-27,007	-8,450	-8,901	-112,357
Carrying amount 1.1.2015	409,853	59,600	78,775	10,575	558,804
Carrying amount 31.12.2015	444,348	47,488	74,550	10,194	576,581

Other intangible assets and advances paid include advances paid EUR 2,569 thousand at the reporting date.

In thousands of euro	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
Acquisition cost 1.1.2014	477,810	73,100	83,000	12,595	646,505
Additions	43	0	0	2,329	2,372
Acquisition cost 31.12.2014	477,853	73,100	83,000	14,924	648,877
Accumulated amortisation and impairment losses 1.1.2014					
Amortisation for the reporting period	-	-13,500	-4,225	-4,349	-22,074
Impairment losses	-68,000	-	-	-	-68,000
Accumulated amortisation and impairment losses 31.12.2014	-68,000	-13,500	-4,225	-4,349	-90,074
Carrying amount 1.1.2014	477,810	73,100	83,000	12,595	646,505
Carrying amount 31.12.2014	409,853	59,600	78,775	10,575	558,804

16.1 Development costs

Other intangible assets include development costs as follows:

In thousands of euro	Development costs
Acquisition cost 1.1.2015	954
Additions	44
Acquisition cost 31.12.2015	998
Accumulated amortisations and impairment losses 1.1.2015	-216
Amortisation for the reporting period	-281
Accumulated amortisations and impairment losses 31.12.2015	-497
Carrying amount 1.1.2015	738
Carrying amount 31.12.2015	500

16 Intangible assets (Continued)

In thousands of euro	Development costs
Acquisition cost 1.1.2014	0
Additions	954
Acquisition cost 31.12.2014	954
Accumulated amortisations and impairment losses 1.1.2014	0
Amortisation for the reporting period	-216
Accumulated amortisations and impairment losses 31.12.2014	-216
Carrying amount 1.1.2014	0
Carrying amount 31.12.2014	738

17 Impairment testing of cash-generating units including goodwill

Goodwill is not amortised, but it is tested for impairment annually.

The goodwill has been allocated to the following cash-generating units and to the groups of cash-generating unit:

	31.12.2015			31.12.2014	
In thousands of euro	Goodwill	%	In thousands of euro	Goodwill	%
South and South-East Finland	158,426	36%	South Finland	123,132	30%
West and Central Finland	164,771	37%	West Finland	94,860	23%
East and Northern Finland	121,151	27%	East Finland	128,663	31%
			North Finland	63,198	15%
Total	444,348	100%	Total	409,853	100%

The goodwill recognised in business combinations has been allocated to cash generating units. Regions, which are the cash generating units, are South and South-East Finland, West and Central Finland and East and Northern Finland. The impairment testing is based on geographical regions. These regions consist of units, with separate budgets and performance measurement, but they use shared resources and are centrally managed. In the future as the Group's integration progresses, the units will use even more shared resources.

Intangible assets with an indefinite useful life have not been allocated to the units.

In financial year 2015 there were 3 cash generating units, in comparison to 4 in financial year 2014. The division of geographical regions was restructured in year 2015 as the Group wanted to enhance the collaboration between units, sharing of best practices and leadership.

During this process East-Finland region was divided and combined to the other regions. The Goodwill previously allocated to East-Finland, was reallocated to the other cash-generating units of East and Northern Finland, West and Central Finland and to South and South-East Finland in basis of cash-generating unit's value.

The impairment test of cash generating units is performed based on the unit's discounted future cash flows. The used discount rate is weighted average cost of capital (post-tax WACC). The basis for defining the cash generating unit's value in use is based budgets and estimates approved by the board. Budgets are based on historic performance of cash-generating units; however the future development has been taken into consideration. The impairment test was performed on balance sheet as per 31.10.2015.

The assumptions used in impairment calculations are:

The length of impairment testing period	5 years
Profitability growth rate during testing period	11.00%
Long-term growth rate	2.0%
Discount rate (post-tax WACC)	6.96%

17 Impairment testing of cash-generating units including goodwill (Continued)

The assumption for profitability growth is 11% (2014: 10%). This assumption is based on organic growth under normal market situation, general development in healthcare services and long term estimates by the group's management.

Subsequent cash flows are estimated by extrapolating the cash flow estimates using 2.0% (2014: 2%) growth factor.

The discount rate used in impairment testing during 2015 has been 6.96% (2014: 8.7%). The used discount rate is the average total expense for industry segment's equity and liabilities.

Based on the impairment testing, there is no need for recognition of impairment losses. All cash generating unit's value in use was higher than its carrying amount.

Sensitivity analysis

The Group has assessed the sensitivity of impairment testing to most critical assumptions. The sensitivity of impairment testing has been analyzed by calculating the percentage point changes in EBIT, WACC, organic growth estimates and terminal value growth.

The Units recoverable amount of a cash-generating unit is most sensitive to discount rate. The most sensitive to changes in discount rate is Western and Central Finland's cash-generating unit. The increase in discount rate should be over 4 percentage points from assumptions, in order for recoverable amount to be equivalent to carrying amount in Western and Central Finland. In Southern and South-East Finland the increase in discount rate should be over 5 percentage point and in Eastern and Northern Finland the increase in discount rate should be over 6 percentage points from assumption, in order for recoverable amount to be equivalent to carrying amount.

When assessing the recoverable amounts of cash-generating units, management believes that no reasonably possible change in any of the key variables used would lead to a situation where the recoverable amount of the units would fall below their carrying amount.

18 Investment properties

In thousands of euro	1.1.–31.12.2015	1.1.–31.12.2014
Carrying amount at the beginning of the period	649	669
Depreciation for the period	-20	-20
Carrying amount at the end of the period	629	649

In thousands of euro	1.1.–31.12.2015	1.1.–31.12.2014
Income, expenses and other commitment related to investment properties		
Rental income from investment properties	109	108
Operating expenses for investment properties	-81	-79
Total	28	29

Income and expenses relating to investment property are presented based on the Group's ownership in the investment properties. There are no other contractual obligations related to investment properties.

Fair values of investment properties

Investment	m2	Value per m2 (In thousands of euro)	Total value (In thousands of euro)
Kiinteistö Oy Jyväskylän Väinönkatu 30	1,348	0.4–0.5	556–679

The value of Kiinteistö Oy Jyväskylän Väinönkatu has been determined based on the Group's share of ownership (16.81%).

19 Investments in associates

In thousands of euro	1.1.–31.12.2015	1.1.–31.12.2014
Cost at the beginning of the period	10	10
Acquisition through business combination	24	0
Disposals	-10	0
Carrying amount at the end of the period	24	10

Associated companies and summary financial information:

2015	Domicile	Assets	Liabilties	Revenue	Profit/Loss	Holding of shares (%)
EP-Magneetti Oy[(1)]	Seinäjoki	495	270	507	1	40.00%

(1) Figures based on financial statements for period ending 30.4.2015

2014:	Domicile	Assets	Liabilities	Revenue	Profit/ Loss	Holding of shares (%)
Examinatio Magnetica Fennica Oy[(1)]	Jyväskylä	604	595	1,036	-15	40.00%

(2) Figures based on financial statements for period ending 31 December 2014

The Group has not consolidated a share of profit from EP-Magneetti Oy. The major shareholder has informed the Group that they are using right of first refusal, and because of that the EP-Magneetti Oy has not been consolidated as per 31.12.2015. Through business combinations, Examinatio Magnetica Fennica Oy became a subsidiary as per 31.12.2015.

20 Non-current assets held for sale

Non-current assets held for sale

In thousands of euro	2015	2014
Non-current investments	1,298	1,559
	1,298	1,559

Assets held for sale at 31 December 2015, the total amount of EUR 1.3 million (2014: EUR 1.6 million), includes shares in real estate and housing companies and other shares. The Group expects that the carrying value would be recovered through sale rather than through continuing use.

Impairment losses have been recognised on assets when its carrying value is higher than its fair value less costs of sell. On financial year 2015 the impairment losses recognised on investment property amounts to EUR 112 thousand (2014: EUR 113 thousand) and other stocks EUR 0 thousand (2014: EUR 90 thousand).

31 December 2015 the carrying value of the non-current assets held for sale does not exceed the fair value EUR 1.3 million (2014: EUR 1.6 million) less costs to sell.

21 Trade and other receivables

In thousands of euro	2015	2014
Non-current		
Loan receivables	69	8
Total non-current receivables	69	8
Current		
Trade receivables	44,832	40,217
Receivables from associates	18	95
Other receivables	67	218
Total current receivables	44,916	40,530
Accrued income and deferred expenses	2,672	3,277
Total	47,589	43,807

21 Trade and other receivables (Continued)

During the reporting period the Group has recognised impairment losses and provisions for impairment losses on trade receivables through profit and loss totaling EUR 470 thousand (2014: EUR 439 thousand). Based on the Group's view, the carrying amount of trade receivables corresponds to the maximum credit risk amount if the contractual parties are unable to meet their obligations related to financial instruments.

The material items in deferred income relate to accrued items. The fair value of receivables correspond with their carrying amount. Receivables are denominated in euros.

Ageing of trade receivables and recognised impairment losses:

In thousands of euro	2015	Recognised impairment losses	Net 2015
Not past due	41,066	-	41,066
Past due			
Less than 30 days	2,604	-	2,604
31–90 days	699	-	699
91–180 days	285	-	285
over 180 days	648	-470	178
Total	45,302	-470	44,832

In thousands of euro	2014	Recognised impairment losses	Net 2014
Not past due	36,599	-	36,559
Past due			
Less than 30 days	2,846	-	2,848
31–90 days	520	-	520
91–180 days	192	-	192
over 180 days	539	-439	100
Total	40,655	-439	40,217

The trade receivables are denominated in euros.

22 Financial assets at fair value through profit or loss

The Group has no financial assets at fair value through profit or loss at 31 December 2015 or 31 December 2014.

23 Cash and cash equivalents

The Group's cash and cash equivalents at 31 December 2015, amounting to EUR 16,621 thousand (2014: EUR 19,903 thousand) consist of cash in hand and bank as well as, cash payments on the bank settlement account at the reporting date.

The carrying amounts in the statement of financial position correspond to the maximum amount of credit risk if the contractual parties are unable to meet their obligations. However, no significant counterparty risks are associated with cash and cash equivalents. The fair value of cash and cash equivalents correspond to their carrying amount.

24 Share capital and invested non-restricted equity reserve

	Shares, pieces	Share capital, In thousands of euro	Invested non-restricted equity reserve, In thousands of euro	Total, In thousands of euro
Parent company shares	308,000,000	3	307,998	308,000
Total 31.12.2015	308,000,000	3	307,998	308,000

24 Share capital and invested non-restricted equity reserve (Continued)

	Shares, pieces	Share capital, In thousands of euro	Invested non-restricted equity reserve, In thousands of euro	Total, In thousands of euro
Parent company shares	308,000,000	3	307,998	308,000
Total 31.12.2014	308,000,000	3	307,998	308,000

Shares and share capital

The share capital is divided into different classes of shares as follows:

- Class A shares—27,823,345: Each share carries 20 votes.
- Class B shares—2,976,655: Each share carries one vote.
- Class C shares—0: The share does not carry any votes.
- Class D shares—276,229,199: Each share carries 20 votes.
- Class E shares—970,801: Each share carries one vote.
- Class F shares—0: The share does not carry any votes.

Class D, E and F shares have priority over class A, B and C shares when the company distributes dividends.

Shareholders of class A shares have the right to demand the conversion of their shares into class B or C shares, while holders of class D shares have the right to demand the conversion of their class D shares into class E or F shares.

Current shareholders have the right of first refusal. A right of first refusal applies to the shares of all classes if the shares are acquired by parties other than the current shareholders.

Invested non-restricted equity reserve

Invested non-restricted equity reserve consists of other investments similar to equity and subscription price of shares as far it has not been recorded in share capital according to specific resolution. According to current Finnish Companies Act subscription price of new shares are posted in share capital, unless it has not been recognised according to Issue Resolution fully or partly recognised in invested non-restricted equity reserve.

25 Financial liabilities

Financial liabilities measured at amortised cost

	2015	2014
Non-current in thousands of euro		
Other interest-bearing debts	281	375
Loans from financial institutions	294,235	277,801
Hire purchase liabilities	6,216	1,347
Finance lease liabilities	28,149	28,246
Total	328,881	307,769

	2015	2014
Current in thousands of euro		
Loans from financial institutions	13,922	11,550
Hire purchase liabilities	1,961	464
Finance lease liabilities	5,730	5,905
Total	21,613	17,920
Total	**350,494**	**325,689**

25 Financial liabilities (Continued)

The Group's loan agreements include covenants based on which creditors can demand an immediate repayment of the loans if certain covenant limits are breached. Covenants that are connected with cash flows and debt service, ratios between EBITDA and liabilities and EBITDA and financial expenses as defined in the loan contract are typical terms for a company owned by private equity investors. They limit, amongst other things, the use of collaterals, major business combinations, disposal of assets, as well as significant changes in operations and in ownership. The Group has met all covenant terms and conditions during the reporting period.

26 Provisions

In thousands of euro	2015	2014
Non-current provisions	2,259	367
Current provisions	150	1,062
Total	2,409	1,429

In thousands of euro	2015	2014
Onerous contracts	1,708	501
Other provisions	702	928
Total	2,409	1,429

Onerous contracts

The Group has long-term rental agreements for premises, which the Group is not able to use in business. The rental agreements cannot be terminated before the end of contract.

27 Trade and other payables

Current liabilities measured at amortised cost In thousands of euro	2015	2014
Trade payables	19,452	15,537
Current tax liabilities	403	0
Other payables	40,676	36,862
Advances received	868	177
Accrued expenses	29,840	33,237
Total	91,240	85,813

Current liabilities measured at fair value In thousands of euro	2015	2014
Current financial derivatives at fair value	1,838	2,473
Total	1,838	2,473

Material items in accrued liabilities include accrued employee benefit expenses and accrued interest expenses. Non-interest bearing current liabilities are denominated in euro and their fair value equals their carrying amount.

28 Group companies

The Group's parent company is Terveystalo Plc domiciled in Finland.

Group companies as at 31.12.2015:

Name	Group's share	Parent company's share	Domicile
Terveystalo Holding I Oy	100.00%	100.00%	Finland
Lotta Holding II S.à r.l.	100.00%	0.00%	Luxemburg
Lotta Holding III S.à r.l.	100.00%	0.00%	Luxemburg
Terveystalo Healthcare Holding Oy	100.00%	0.00%	Finland
Star Healthcare Oy	100.00%	0.00%	Finland
Terveystalo Healthcare Oy	100.00%	0.00%	Finland
Joensuun Magneetti Oy	100.00%	0.00%	Finland
Kiinteistö Oy Seinäjoen Lakeudentie	100.00%	0.00%	Finland
Suomen Terveystalo Oy	100.00%	0.00%	Finland
AVA Clinic SIA	87.50%	0.00%	Latvia
Sairaala Botnia Oy	100.00%	0.00%	Finland
Jokilaaksojen Työterveys Oy	100.00%	0.00%	Finland
Turun Teknohammas Oy	100.00%	0.00%	Finland
Into Sales Oy	100.00%	0.00%	Finland
Seinäjoen Lääketieteellinen Tutkimuslaitos Oy	100.00%	0.00%	Finland
Kiinteistö Oy Seinäjoen Lääkäritalo	100.00%	0.00%	Finland
Kiinteistö Oy Seinäjoen Marttilankulma	62.40%	0.00%	Finland
Porin Hammaslääkäripalvelu Oy	100.00%	0.00%	Finland
Densens Oy	100.00%	0.00%	Finland
Liikekeskuksen Hammaslääkärit Oy	100.00%	0.00%	Finland
Examinatio Magnetica Fennica Oy	60.00%	0.00%	Finland

Group companies as at 31.12.2014:

Name	Group share	Parent company share	Domicile
Terveystalo Holding I Oy	100.00%	100.00%	Finland
Lotta Holding II S.à r.l.	100.00%	0.00%	Luxemburg
Lotta Holding III S.à r.l.	100.00%	0.00%	Luxemburg
Terveystalo Healthcare Holding Oy	100.00%	0.00%	Finland
Star Healthcare Oy	100.00%	0.00%	Finland
Terveystalo Healthcare Oy	100.00%	0.00%	Finland
Joensuun Magneetti Oy	94.84%	0.00%	Finland
Kiinteistö Oy Kokkolan Lääkäritalo	100.00%	0.00%	Finland
Kiinteistö Oy Seinäjoen Lakeudentie	100.00%	0.00%	Finland
Suomen Terveystalo Oy	100.00%	0.00%	Finland
AVA Clinic SIA	87.50%	0.00%	Latvia
Sairaala Botnia Oy	74.93%	0.00%	Finland

28.1 Changes in the Group Structure

Financial year 2015

Following mergers took place during the financial year 2015:

- 30.9.2015 Lääkäriasema Syke merged into Suomen Terveystalo Oy
- 31.12.2015 Turun Hammasplussa Oy and Koy Kokkolan Lääkäritalo merged into Suomen Terveystalo Oy.

Financial year 2014

There were no changes in Terveystalo Group structure in financial year 2014.

29 Related party transactions

Group's related parties

The Group's related parties include the parent company, subsidiaries and the owner EQT VI fund. In addition, related parties include Board of Directors, Group management and the CEO and their close family members.

The relationships of the parent company and the subsidiaries are disclosed in note 28. A list of associates is disclosed in note 19.

Related party transactions during the financial year 2016

During the financial year 2015 the Group had no material transactions with related parties.

Group's receivables from and liabilities to associates at the reporting date in thousands of euro	2015	2014
Receivables	18	95
Liabilities	0	34

Management remuneration

Remuneration of CEO in thousands of euro	2015	2014
Salaries and benefits	415	361
Pension costs*	76	66
Total	491	426

* Includes statutory pension, there is no defined contribution pension benefit. The CEO's contract will expire automatically without prior written notice upon the CEO reaches the age of 60.

Remuneration of the Board of directors in thousands of euro*	2015	2014
Fredrik Cappelen (Chairman of the board)	50	50
Matti Rihko	25	25
Ralf Michels	25	25
Åse Michelet	0	0
Total	100	100

* Other members of the board of directors are employed by EQT and hence did not receive remuneration.

Remuneration of members of the Executive team (outcluding the CEO) in thousands of euro	2015	2014
Salaries and benefits	1,104	1,589
Pension costs	220	306
Total	1,324	1,895

Bonus Scheme

The Company operates a bonus scheme, which is determined by the Board of Directors of the Company upon the recommendation of the Remuneration Committee. The CEO and the members of the Executive Team are eligible to participate in the bonus scheme in accordance with the Company's bonus policy. Annual bonuses are payable based on the attainment of key performance targets of the Company. The key performance targets of the CEO and the Executive Team are based on the Company's EBITDA as well as the individual business and performance targets. The individual business and performance targets are set by the manager of the participant in the bonus scheme.

29 Related party transactions (Continued)

Management holdings

Name	Position	Class A shares	Class B shares	Class E shares	Class D Shares
Fredrik Cappelen(1)	Chairman of the Board of Directors	122,090	0	0	155,387
Vesa Koskinen	Member of the Board of Directors	0	0	0	0
Ralf Michels	Member of the Board of Directors	49,946	0	0	135,039
Matti Rihko(2)	Member of the Board of Directors	49,946	0	0	135,039
Åsa Riisberg	Member of the Board of Directors	0	0	0	0
Yrjö Närhinen(3)	Chief Executive Officer	0	656,574	0	0
Juha Tuominen(4)	Chief Medical Officer	0	277,477	0	0
Tuomas Kahri	Chief Operational Officer	0	184,985	0	0
Johanna Karppi	SVP, HR and Legal	0	16,649	11,099	0
Susanna Kinnari	SVP, Communications, Marketing and Brand	0	27,748	18,498	0
Ilkka Laurila	Chief Financial Officer	0	146,846	97,898	0
Anne Mykkänen	Director of Public Sector Outsourcing	0	55,495	36,997	0
Total		**221,982**	**1,365,774**	**164,492**	**425,465**

(1) Fredrik Cappelen's ownership consists of 122,090 class A shares and 155,387 class D shares owned by Baskina AB, which he controls.

(2) Matti Rihko's ownership consists of 49,946 class A shares and 135,039 class D shares held by Mandatum Life Insurance Company Limited, Rihko being the ultimate beneficiary.

(3) Yrjö Närhinen's ownership consists of 277,477 class B shares owned by Närhen pesä Oy, which he controls and 379,097 class B shares held by Mandatum Life Insurance Company Limited, Närhinen being the ultimate beneficiary.

(4) Juha Tuominen's ownership consists of 277,477 class B shares held by Mandatum Life Insurance Company Limited, Tuominen being the ultimate beneficiary. Further, Juha Tuominen's spouse, with her controlling entities, owns 1,671 class C shares and 16,692 class F shares.

30 Subsequent events

After the reporting date, Terveystalo has expanded its oral healthcare service offering by acquiring the entire share stock of Bitewell Oy. The acquisition date was January 29, 2016.

After the reporting date, Jokilaaksojen Työterveys Oy has merged into the Suomen Terveystalo Oy. The merger date was January 31, 2016.

31 Collateral and other contingent liabilities

In thousands of euro	2015	2014
Liabilities secured by mortgages and pledged shares		
Loans from financial institutions(1)	334,774	316,445
Unused overdraft facilities	46,582	78,643
Total	**381,356**	**395,088**
Business mortgages	992,000	992,000
Carrying amount of the pledged shares	308,000	308,000
Real estate mortgages	1,346	2,439
Total	**1,301,346**	**1,302,439**
Security for own debts		
Deposits	11,001	10,701
Rental deposit	112	112
Guarantees	888	931
Other	70	86
Total	**12,072**	**11,828**
Other liabilities		
Operating lease liabilities		
Less than one year	94	283
Between one year and five years	13	67
Total	**107**	**350**
Other operating lease liabilities(2)		
Less than one year	23,574	23,189
Between one year and five year	72,955	70,649
Later	77,632	77,681
Total	**174,161**	**171,518**

(1) The nominal values of loans, which differs from the carrying value.

31 Collateral and other contingent liabilities (Continued)

(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.

32 Group's key financial ratios

	2015	2014
Revenue, € million*	505.6	474.1
Modified EBITDA, € million**	59.0	48.9
Modified EBITDA, % of revenue**	11.7	10.3
Modified EBITA € million**	42.5	32.3
Modified EBITA, % of revenue**	8.4	6.8
Operating profit (EBIT),€ million	19.3	-59.1
Operating profit (EBIT), % of revenue	3.8	negative
Total assets, € million	723.6	692.4
Return on equity, %	0.5	negative
Equity ratio, %	30.5	31.6
Gearing, %	151.5	140.0
Average personnel FTE	2,480	2,401
Personnel at the end of the financial period	3,416	3,115

* Terveystalo Group has early adopted the new IFRS 15 Revenue from Contracts with Customers and restated Revenue and other comparative figures for the previous periods.

** Alternative performance measure. Modified EBITDA and modified EBITA performance measures have been modified with impairment losses (excluding impairment losses, 2015 EUR 0.9 million, 2014 EUR 69.3 million). The Company presents alternative performance measures as additional information to financial measures presented in the consolidated statement of income, consolidated statement of financial position and consolidated statement of cash flows prepared in accordance with IFRS. In the Company's view, the alternative performance measures 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.

33 Calculation of financial ratios and alternative performance measures

Financial ratios

Return on equity, % $= \dfrac{\text{Profit for the period}}{\text{Equity (including non-controlling interest) (average)}} \times 100\%$

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

Gearing, % $= \dfrac{\text{Interest-bearing liabilities} - \text{interest-bearing receivables and cash and cash equivalents}}{\text{Equity}} \times 100\%$

Alternative performance measures

Modified EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation and Impairment losses

Modified EBITDA, % of revenue $= \dfrac{\text{Earnings Before Interest, Taxes, Depreciation and Amortisation and Impairment losses}}{\text{Revenue}}$

Modified EBITA = Earnings Before Interest, Taxes, Amortisation and Impairment losses

Modified EBITA, % of revenue $= \dfrac{\text{Earnings Before Interest, Taxes, Amortisation and Impairment losses}}{\text{Revenue}}$

34 Reconciliation of alternative performance measures

Modified EBITDA, In millions of euro	31.12.2015	31.12.2014
Profit (loss) for the period	1.1	-82.9
Income taxes	-3.2	-0.7
Net finance expenses	21.4	24.5
Depreciation, amortisation and impairment losses	39.7	108.0
Modified EBITDA, In millions of euro	**59.0**	**48.9**

Modified EBITDA, % revenue	31.12.2015	31.12.2014
Modified EBITDA	59.0	48.9
Revenue	505.6	474.1
Modified EBITDA, % revenue	**11.7%**	**10.3%**

Modified EBITA, In millions of euro	31.12.2015	31.12.2014
Profit (loss) for the period	1.1	-82.9
Income taxes	-3.2	-0.7
Net finance expenses	21.4	24.5
Amortisation and impairment losses	23.2	91.4
Modified EBITA, In millions of euro	**42.5**	**32.3**

Modified EBITA, % revenue	31.12.2015	31.12.2014
Modified EBITA	42.5	32.3
Revenue	505.6	474.1
Modified EBITA, % revenue	**8.4%**	**6.8%**

35 Signatures to the financial statements

Helsinki, September 27, 2017

Fredrik Cappelen
Chairman of the board of Directors

Vesa Koskinen
Member of the board of Directors

Ralf Michels
Member of the board of Directors

Matti Rihko
Member of the board of Directors

Åsa Riisberg
Member of the board of Directors

Åse Michelet
Member of the board of Directors

Olli Holmström
Member of the board of Directors

Yrjö Närhinen
CEO

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Independent Auditor's Report

To the Board of Directors of Terveystalo Plc

Opinion

We have audited the consolidated financial statements of Terveystalo Plc for the years ended December 31, 2015 inclusive of the consolidated comparative financial statements for the year ended December 31, 2014, included in the offering circular. The financial statements comprise the consolidated statements of financial position, statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows, and notes to the consolidated financial statements.

Responsibility of the Board of Directors and the CEO for the consolidated financial statements

The Board of Directors and the CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and for such internal control they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU for the years ended December 31, 2015 and 2014.

Emphasis of matter

We draw attention to note 2.1 Basis of preparation which describes that the group has early adopted the new IFRS 15 standard *Revenue from Contracts with customers* in the consolidated financial statements for the year ended December 31, 2015 and comparative financial statements for the year ended December 31, 2014. Our opinion is not modified in respect of this matter.

Helsinki, September 27, 2017

KPMG OY AB

Jari Härmälä
Authorized Public Accountant, KHT

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