TERVEYSTALO GROUP INTERIM REPORT
JANUARY 1–MARCH 31, 2018

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CONTINUOUS SALES AND EARNINGS GROWTH

Highlights of the review period January–March 2018

- Revenue increased by 23 per cent year-on-year to EUR 197.5 million (160.5)
- Adjusted* EBITDA increased by 29.1 per cent year-on-year to EUR 30.8 million (23.8)
- EBITDA increased by 57.6 per cent year-on-year to EUR 30.1 million (19.1)
- Adjusted* earnings before interest, taxes and amortization (EBITA) were 13.0 per cent (12.3 per cent) of revenue
- Earnings before interest, taxes and amortization (EBITA) were 12.6 per cent (9.4) of revenue
- Profit for the period amounted to EUR 31.3 million (5.9)
- Net debt decreased by 35.2 per cent to EUR 246.1 million (379.9)
- Net debt/Adjusted EBITDA 2.5, decreased from 4.8
- Operating cash flow amounted to EUR 18.4 million (6.4)
- Earnings per share** were EUR 0.24 (0.05)

EBITDA = Earnings Before Interest, Taxes, Depreciation, and Amortization
EBITA= Earnings Before Interest, Taxes, and Amortization

**Adjustments are material items outside the ordinary course of business associated with acquisition-related expenses, restructuring-related expenses, gain on sale of assets, strategic projects including the IPO, new business operations, and other items affecting comparability. Adjustments totaled EUR 0.6 (4.7) million in January–March.*

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

Yrjö Närhinen, CEO: "Strong topline and bottom line growth"

“The business momentum continued to be strong in the first quarter of 2018 - as a whole, revenue and profitability developed in line with our expectations and we increased our market share. The demand for Terveystalo's services was strong and grew faster than supply. However, regional and local differences are large and the competition has increased due to increased supply, especially in large Finnish cities.

Revenue grew 23 percent from the previous year to EUR 197.5 million and organic growth was strong and wide-spread. The Diacor acquisition in March 2017 continued to have a significant impact on revenue growth. Profitability also improved clearly; Adjusted EBITDA increased to 15.6 (14.8) percent of net sales, reflecting the operating leverage of the business and successful integrations. Our solvency strengthened and net debt to adjusted EBITDA declined to 2.5. A strong balance sheet allows for growth investments.

In April, the Finnish Tax Authority issued its tax audit report concluding that the audit did not cause any action. Due to the tax audit, we had only partially recognized deferred tax assets based on outstanding tax losses carried forward. After the audit, we recognized deferred tax assets related to outstanding tax losses carried forward for the period under review with a net profit effect of approximately EUR 13 million.

Terveystalo continued to pursue our strategy and promote discussion around value, quality and transparency in Healthcare by publishing the latest Quality and Responsibility Report for 2017 in April. We remain committed to continued efforts in increased transparency and customer focus. We see strong growth in digital services and continue to develop our offering to better meet our customers' needs. We want to make sure that healthcare services are available to everyone in Finland, either physically or, in the future and as applicable, digitally. In addition, we want our customers to feel that they always get value for their money in terms of the availability, quality, and effectiveness of the services. 24/7 General practitioner Chat and significant growth in acute clinic services are good examples of this. We see that the physical network requires, in addition to a broad set of services, a strong digital platform and we will continue to invest in these areas.

We are proud that Terveystalo is the most desired employer for physicians and students in Finland for the sixth consecutive year. Everything we do is based on genuine encounters with people every day. For these encounters, we want to be the best workplace for professionals in the future as well.”

Outlook for 2018

The positive development of the domestic economy supports the corporate and private customer businesses. Healthcare and social welfare reform is important to Finland and would change the environment for all healthcare companies and create new opportunities, especially for those who invest in meeting the new needs created by the reform. Terveystalo expects its markets to continue to develop favorably.

Key figures

EUR million	**1–3/ 2018**	**1–3/ 2017**	**Change, % %**	**2017**
Revenue	197.5	160.5	23.0	689.5
Adjusted EBITDA (*	30.8	23.8	29.1	92.4
Adjusted EBITDA margin (%) (*	15.6	14.8	-	13.4
EBITDA (*	30.1	19.1	57.6	68.2
EBITDA margin (%) (*	15.3	11.9	-	9.9
Adjusted EBITA (*	25.6	19.8	29.5	73.0
Adjusted EBITA margin (%) (*	13.0	12.3	-	10.6
Net profit	31.3	5.9	> 200.0	7.2
Net debt	246.1	379.9	-35.2	256.4
Net debt/adjusted EBITDA (last 12 months) (*	2.5	4.8	-48.6	2.8
Return on equity (ROE), % (* (***	6.9	5.6	-	2.1
Equity ratio, % *)	52.4	37.1	-	50.7
Gearing, % (*	50.3	114.4	-	56.1
Earnings per share (**	0.24	0.05	-	0.06
Operating cash flow	18.4	6.4	185.9	70.0
Personnel (end of period)	4,396	4,524	-2.8	4,265
Private practitioners (end of period)	4,553	4,395	3.6	4,431

(Alternative performance measure. Additional information in note 14.*
*(** The weighted average number of shares takes into account the effect of the consolidation of shares and the share split. Comparison figures have been adjusted accordingly.*
*(***In consequence of concluded tax audit ROE's profit for the period (LTM) includes fully recognized deferred tax assets EUR 13.0 million relating to outstanding tax losses carried forward.*
Diacor is combined with figures for the comparative period for the balance sheet and personnel as of 31 March 2017.

Market review

The healthcare services market remained stable throughout the reporting period. The strong Finnish economy, improved employment rate, and increased consumer confidence all contributed to strong demand in corporate and private customer groups in the review period. Demand for Terveystalo's services has continued strong and the company believes that its market share continued to develop favorably. The competitive situation, however, has been tightened due to increased supply, particularly in major cities in Finland.

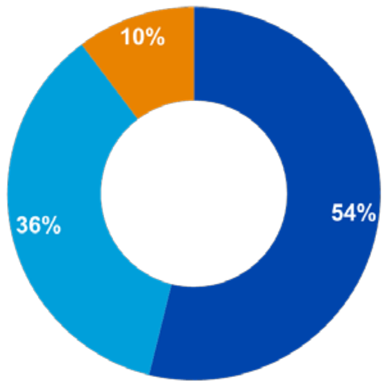
The social welfare and healthcare reform draft laws are now in circulation for comments and being considered by the Parliament of Finland. Therefore, it is not yet certain whether the proposed reform will be carried out. The proposed solution would enable private service providers to offer publicly funded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

According to the draft law, the pilots starting in 2018 would cover direct-choice services (at health and social services centers), personal budgeting, and customer vouchers. The customer voucher pilots and personal budgeting pilots would run until the end of 2019. After this, services provided using customer vouchers or personal budgets would be included as part of the county’s normal responsibility to arrange social and healthcare services. The direct-choice health and social services center pilots would be completed by the end of 2020, and the responsibility to arrange services would be included in the county’s normal activities as of the beginning of 2021. The oral healthcare pilots would be completed by the end of 2021, and the operations would be transferred to the oral healthcare units on January 1, 2022. However, the schedule may be delayed for various reasons.

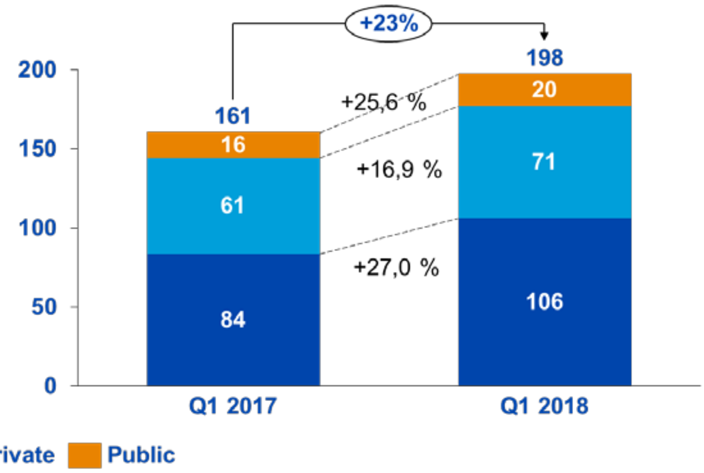
With the most extensive network of clinics and hospitals and occupational healthcare customer base, the company nevertheless expects to be able to continue its strong performance even in the current market structure and to be an attractive partner for many cities and municipalities.

Revenue by payer group January–March 2018

Q1 Revenue by payer group , %



Q1 Revenue by payer group , M€



CORPORATE

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

Corporate revenue for the first quarter increased by 27 per cent, amounting to EUR 106.4 (83.8) million. The acquisition of Diacor in March 2017 again contributed significantly to revenue growth. In addition, the favorable development of preventative occupational healthcare services promoted revenue growth. The first quarter had one less business day than the comparison period, which reduced revenue compared to the previous year.

PRIVATE

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

Revenue for the review period from private customers increased by 16.9 per cent, amounting to EUR 70.8 (60.6) million. The Diacor acquisition, continued organic growth, and to a lesser extent, the expansion of the dental network contributed to top line growth in the review period. Demand for Terveystalo's services continued strong and the company believes that its market share continued to develop favorably. At times, the utilization rates have been exceptionally high, although regional differences are significant. The competitive situation, however, has been tightened due to increased supply, particularly in major cities in Finland. Divestments of fertility clinics in Finland had a minor effect on revenue in the reporting period. The first quarter had one less business day than the comparison period, which reduced revenue compared to the previous year.

PUBLIC

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

Organic growth from public customers was strong and revenue for the review period increased by 25.6 per cent, amounting to EUR 20.3 (16.2) million. Demand for Terveystalo’s services in the public sector market is strong. Terveystalo began production on a new outsourcing contract in Lumijoki and specialized care outsourcing at Iisalmi Hospital in the first quarter.

Terveystalo is participating in freedom of choice experiments in Ylä-Savo (Iisalmi, Sonkajärvi, Vieremä, Kiuruvesi), Central Uusimaa (Hyvinkää, Järvenpää, Mäntsälä), Hämeenlinna, Jyväskylä, and Kuopio. The freedom of choice experiments have a minor effect on revenue.

Consolidated revenue and result January–March 2018

Terveystalo’s revenue for the first quarter increased by 23 per cent year-on-year, amounting to EUR 197.5 (160.5) million. The acquisition of Diacor in the first quarter of 2017 contributed significantly to revenue growth, supported by organic growth.

Material and service costs increased by 25.7 per cent, amounting to EUR 93.1 (74.1) million. The increase was mainly due to volume increase resulting from the acquisitions and, to a lesser extent, changes in the sales breakdown compared with the reference period.

The Group’s employee benefit expenses totaled EUR 50.9 (45.2) million, an increase of 12.5 per cent as a result of volume growth.

Adjusted EBITDA for the review period amounted to EUR 30.8 (23.8) million, an increase of 29.1 per cent. The increase in adjusted EBITDA was mainly due to increased revenue and the cost synergies from the integrations of Diacor and Porin Lääkäritalo. Adjusted EBITDA represented 15.6 (14.8) per cent of revenue.

EBITDA increased by 57.6 per cent year-on-year to EUR 30.1 (19.1) million. Earnings before interest, taxes and amortization (EBITA) relative to revenue increased by 3.2 percentage points, to 12.6 per cent.

Acquisition and restructuring expenses had a slight effect on the comparability of EBITDA and EBITA in the reporting period.

Depreciation, amortization and impairment for the period totaled EUR 10.2 (8.6) million. Amortization of intangible assets during the period amounted to EUR 5.0 (4.5) million, of which the amortization of intangible assets allocated from the transaction price of business combinations on the date of acquisition totaled EUR 3.7 (3.5) million. Depreciation of property, plant and equipment totaled EUR 5.2 (4.1) million.

Terveystalo’s operating profit for the period increased by 89.7 per cent and was EUR 20.0 (10.5) million.

The Group’s net financial expenses for the period decreased by 54.2 per cent due to refinancing arrangements made in conjunction with the IPO and amounted to EUR 2.2 (4.9) million. Terveystalo’s profit before tax for the reporting period was EUR 17.7 (5.6) million. Following the completion of the tax audit, Terveystalo recognized deferred tax assets related to outstanding tax losses carried forward with a positive, one-time net result impact of EUR 13 million during the reporting period. Profit for the reporting period was EUR 31.3 (5.9) million.

Financial position and cash flow

The total assets of the Group amounted to EUR 935.4 million (EUR 895.8 million in March 2017). The increase of EUR 39.6 million was mainly attributable to an increase in cash and cash equivalents as well as deferred tax assets based on outstanding tax losses, recognized following the completion of the tax audit (EUR 13.0 million).

Cash and cash equivalents at the end of the period amounted to EUR 43.6 million (EUR 10.9 million in March 2017).

The assets and liabilities associated with Porin Linnankulma Mutual Real Estate Company, which was sold after the end of the reporting period, have been classified in the consolidated balance sheet as long-term assets held for sale.

Terveystalo’s operating cash flow for the first quarter increased to EUR 18.4 (6.4) million. The growth was mainly due to improved profitability.

As there were no significant acquisitions made during the reporting period, cash flow from investing activities declined to EUR -4.6 (-64.3) million. The acquisitions of subsidiaries accounted for EUR -0.5 (-56.5) million.

Cash flow before financing activities in January–March 2018 was EUR 13.8 (-57.9) million.

Cash flow from financing activities amounted to EUR -3.0 (29.7) million. The withdrawals of long-term loans in the comparison period were related to acquisitions. Interest paid decreased by EUR 3.7 million year-on-year due to the refinancing of loans.

Equity attributable to owners of the parent company totaled EUR 488.9 (331.5) million. The increase of EUR 157.4 million resulted mainly from the new capital raised through the IPO. In addition the company’s pre-listing shareholders made an investment totaling EUR 25 million in the company’s invested non-restricted equity reserve.

Gearing at the end of the reporting period was 50.3 (114.4) per cent. Net interest-bearing debt was EUR 246.1 (379.9) million. The decrease was mainly due to the equity raised through the share issue carried out in connection with the listing as well as the repayment of loans.

At the end of the reporting period, return on equity* was 6.9 (5.6) per cent and equity ratio 52.4 (37.1) per cent.

**In consequence of concluded tax audit ROE's profit for the period (LTM) includes fully recognized deferred tax assets EUR 13.0 million relating to outstanding tax losses carried forward.*

Investments and acquisitions

Net investments in January–March 2018, including M&A, amounted to EUR 7.6 (155.2) million.

The Group's net cash capital expenditure was EUR 3.8 (2.7) million and non-cash capital expenditure EUR 2.9 (2.1) million. These investments consisted mainly of investments in the network and medical equipment.

Investments related to acquisitions totaled EUR 0.8 (150.4) million. During the first quarter, Terveystalo acquired two small companies and the business operations of one company. In January, the company acquired the business operations of Hammas Jaarli Oy. In February–March, Terveystalo strengthened its network by acquiring the Naantali-based Naantalin Yksityislääkärit Oy as well as Juha Uusimäki Oy (Lääkäriasema ILO), which operates in Tuuri and Vimpeli.

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

Taxation

In April, the Finnish Tax Authority concluded the tax audit of Terveystalo Healthcare Holding Oy, a wholly-owned subsidiary of Terveystalo Plc. The audit was referred to in Terveystalo's listing prospectus and it covered the corporate income taxation of Terveystalo Group's acquisitions during 2009 and 2013 and Group financing. In its tax audit report, the Finnish Tax Authority concluded that the audit did not cause any action.

Due to the tax audit, Terveystalo Group had previously only partially recognized deferred tax assets based on outstanding tax losses carried forward. Following the conclusion of the audit, the company recognized deferred tax assets based on outstanding tax losses amounting to EUR 13 million during the reporting period. The recognition is based on the assumption that the company will be able to use all its outstanding tax losses before they expire.

Terveystalo has reported its tax footprint since 2015. The tax footprint for 2017 is presented in the company's Annual Review 2017, published in March 2018.

Sustainability and quality

Terveystalo published its quality and sustainability book for 2017 in April 2018: https://www.terveystalo.com/fi/Yritystietoa/Laatukirja-2017/. Terveystalo is committed to promoting sustainability and high quality and promoting them in all of its operations. The company systematically monitors and measures the efficiency and medical effectiveness of its operations, customer service, and customer satisfaction. As a pioneer in its field, Terveystalo also publishes key indicators related to the above.

Personnel

The number of employed staff on March 31, 2018 declined slightly year-on-year, to 4,396 (4,524). The number of private practitioners increased slightly and amounted to 4,553 (4,395) at the end of the reporting period. Diacor is combined with figures for the comparative period as of 31 March 2017.

In November 2017, Terveystalo Plc's Board of Directors resolved to establish a new share-based incentive scheme for the Group's key employees. The objectives of the scheme are to align the goals of the shareholders and key employees in order to increase the value of the company in the long term, retain the key employees in the company, and provide the key employees with a competitive remuneration scheme that is based on earning and accumulating company shares. The incentive scheme consists of three performance periods, the calendar years 2018, 2019, and 2020.

The Board of Directors decides on the performance criteria and the required performance levels for each criterion at the beginning of each performance period. The criteria for the first performance period are the share's total shareholder return and Terveystalo's profitability. The incentive scheme covers some 80 key employees in the first performance period, including the members of the Management Group. The maximum total share payout corresponds to approximately 943,000 shares in Terveystalo Plc.

Any remuneration paid out under the share-based incentive scheme will be paid partly in Terveystalo Plc shares and partly in cash, approximately two years from the end of the performance period in question. The purpose of the cash component is to cover the taxes and tax-like fees incurred by the participants.

Significant short-term risks and uncertainty factors

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

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

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

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

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

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

The company's business operations rely on its capacity to identify, recruit, and retain competent and professional healthcare professionals, employees, and executives. Increased service provision and tightening competition will affect the availability of healthcare professionals, especially in large localities. Turnover in key employees involves the risk of losing knowledge and expertise.

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

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

The company is well prepared for the EU General Data Protection Regulation, which will come into force in May, with the aim of increasing the transparency and transparency of the processing of personal data.

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

Seasonal variation and impact of the number of business days

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

Events after the reporting period

THE ANNUAL GENERAL MEETING

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

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

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

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

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

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

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

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

THE ORGANIZING MEETING OF BOARD OF DIRECTORS

The new Board of Directors elected Fredrik Cappelen as its Chairman and Tomas von Rettig as its Vice-Chairman. Lasse Heinonen was elected as Chairman of the Audit Committee and Eeva Ahdekivi and Olli Holmström as members of the Audit Committee. Fredrik Cappelen was elected as Chairman of the Remuneration Committee Åse Michelet and Vesa Koskinen as members of the Remuneration Committee.

SALE OF THE PORIN LINNANKULMA MUTUAL REAL ESTATE COMPANY

In April, Suomen Terveystalo Oy sold the entire share capital of Porin Linnankulma Mutual Real Estate Company. The debt-free purchase price of the real estate company was approximately EUR 16 million and the net debt-adjusted purchase price of the shares was approximately EUR 7 million. Terveystalo estimates that the transaction will generate a non-recurring capital gain of approximately EUR 6 million.

Briefings

Terveystalo will hold a Finnish-language result briefing and live webcast on May 16, 2018, starting at 11:00 a.m. EEST, at Terveystalo Piazza, Jaakonkatu 3B (3rd floor), 00100 Helsinki, Finland.

The English audiocast and conference call will be held at 12:30 Finnish time. You can follow the Finnish webcast at: https://terveystalo.videosync.fi/2018-05-16-q1-interim review

The English audiocast is available at: https://terveystalo.videosync.fi/2018-05-16-q1-teleconference . To ask questions, please join the telephone conference 5-10 minutes prior to the start time using your local number (FI: +358 (0)9 7479 0360, UK: +44 (0)330 336 9104, US: +1 929-477-0630) and the Participant Passcode 845931. If you are calling from another location, please use any of the numbers above.

Helsinki, May 16, 2018
Terveystalo Plc
Board of Directors

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Terveystalo in brief

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

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

Condensed consolidated statement of income

In millions of euro	Note	1-3/2018	1-3/2017	Change, %	2017
Revenue	4	**197.5**	**160.5**	**23.0**	**689.5**
Other operating income		0.5	0.5	-2.4	2.1
Materials and services	5	-93.1	-74.1	25.7	-324.3
Employee benefit expenses	6, 8	-50.9	-45.2	12.5	-189.5
Depreciation, amortization and impairment losses		-10.2	-8.6	18.3	-40.0
Other operating expenses	7	-23.9	-22.6	5.7	-109.6
Operating profit / loss		**20.0**	**10.5**	**89.7**	**28.2**
Financial income		0.0	0.0	-33.7	0.1
Financial expenses		-2.3	-4.9	-54.0	-24.2
Net finance expenses		**-2.2**	**-4.9**	**-54.2**	**-24.1**
Share of results in associated companies		0.0	-	-	-0.2
Profit / loss before taxes		**17.7**	**5.6**	**>200.0**	**3.9**
Income taxes		13.6	0.2	>200.0	3.3
Profit / loss for the period		**31.3**	**5.9**	**>200.0**	**7.2**
Profit / loss attributable to:					
Owners of the parent company		**31.3**	**5.8**	**>200.0**	**7.2**
Non-controlling interests		0.0	0.0	85.4	0.0

Condensed consolidated statement of comprehensive income

In millions of euro	Note	1-3/2018	1-3/2017	Change, %	2017
Profit / loss for the period		**31.3**	**5.9**	**>200.0**	**7.2**
Total comprehensive income		**31.3**	**5.9**	**>200.0**	**7.2**
Total comprehensive income attributable to:					
Owners of the parent company		31.3	5.8	>200.0	7.2
Non-controlling interest		0.0	0.0	-85.4	0.0
Earnings per share for profit / loss attributable to the shareholders of the parent company, in euro (*					
Basic earnings per share		0.24	0.05		0.06
Diluted earnings per share		0.24	0.05		0.06

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

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

Condensed consolidated statement of financial position

In millions of euro		Note	31.3.2018	31.3.2017	31.12.2017
ASSETS					
Non-current assets					
	Property, plant and equipment	10	82.0	89.3	92.1
	Goodwill	9	584.1	582.5	583.3
	Other intangible assets	9	106.0	120.8	109.2
	Investment properties		0.6	0.6	0.6
	Investments in associates		0.3	0.5	0.3
	Available-for-sale financial assets		1.2	2.0	1.2
	Other receivables		0.0	0.0	0.0
	Deferred tax assets		20.3	6.4	7.4
Total non-current assets			794.7	802.1	794.1
Current assets					
	Inventories		5.3	5.4	5.2
	Trade and other receivables		81.7	77.4	70.0
	Cash and cash equivalents		43.6	10.9	33.0
Total current assets			130.6	93.7	108.2
Non-current assets held for sale		12	10.0	-	-
TOTAL ASSETS			**935.4**	**895.8**	**902.3**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
	Share capital		0.1	0.0	0.1
	Invested non-restricted equity reserve		529.9	401.9	525.9
	Retained deficit		-37.1	70.4	-68.8
Non-controlling interest			0.1	0.5	0.1
TOTAL EQUITY			**489.0**	**332.0**	**457.3**
Non-current liabilities					
	Non-current financial liabilities		271.4	360.4	270.2
	Deferred tax liabilities		23.4	26.3	24.1
	Provisions		4.8	6.4	6.6
	Other liabilities		6.3	29.4	6.3
Total non-current liabilities			**305.9**	**422.5**	**307.2**
Current liabilities					
	Provisions		2.5	1.8	1.4
	Trade and other payables		119.3	109.0	117.1
	Current tax liabilities		0.1	0.1	0.1
	Current financial liabilities		18.6	30.5	19.2
Total current liabilities			140.4	141.4	137.8
Liabilities associated with non-current assets held for sale		12	0.1	-	-
TOTAL LIABILITIES			**446.4**	**563.8**	**445.0**
TOTAL EQUITY AND LIABILITIES			**935.4**	**895.8**	**902.3**

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

Condensed consolidated statement of changes in equity

	Equity attributable to owners of the parent company					
In millions of euro	Share capital	Invested non-restricted equity reserve	Retained deficit	Total	Non-controlling interests	Total equity
Equity 1.1.2018	**0.1**	**525.9**	**-68.8**	**457.2**	**0.1**	**457.3**
Comprehensive income						
Profit for the period	-	-	31.3	31.3	0.0	31.3
Transactions with owners						
Share-based payments	-	-	0.3	0.3	-	0.3
Equity 31.3.2018	**0.1**	**529.9**	**-37.1**	**488.9**	**0.1**	**489.0**

	Equity attributable to owners of the parent company					
In millions of euro	Share capital	Invested non-restricted equity reserve	Retained deficit	Total	Non-controlling interests	Total equity
Equity at 1.1.2017	**0.0**	**308.0**	**-76.2**	**231.8**	**0.4**	**232.3**
Comprehensive income						
Profit for the period	-	-	5.8	5.8	0.0	5.9
Transactions with owners						
Directed share issue	-	93.9	-	93.9	-	93.9
Equity 31.3.2017	**0.0**	**401.9**	**-70.4**	**331.5**	**0.5**	**332.0**

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

Condensed consolidated statement of cash flows

In millions of euro	1-3/2018	1-3/2017	2017
Cash flows from operating activities			
Profit before income taxes	17.7	5.6	3.9
Adjustments for			
Non-cash transactions			
Depreciation, amortization and impairment losses	10.2	8.6	40.0
Change in provisions	-0.7	-0.7	-0.8
Other non-cash transactions	0.3	0.3	1.1
Gains and Losses on sale of property, plant, equipment and other changes	0.0	-	-0.2
Net finance expenses	2.2	4.9	24.1
Changes in			
Trade and other receivables	-11.7	-6.2	1.0
Inventories	-0.1	-0.1	0.0
Trade and other payables	0.5	-5.6	1.3
Interest received	0.0	0.0	0.1
Income taxes paid	-0.1	-0.5	-0.6
Net cash from operating activities	**18.4**	**6.4**	**70.0**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	-0.5	-56.5	-81.6
Acquisition of property, plant and equipment	-2.2	-1.9	-11.4
Acquisition of intangible assets	-1.8	-0.8	-5.1
Proceeds from sale of available-for-sale financial assets	0.0	-	0.1
Acquisition of business operations, net of cash acquired	-0.4	-	-0.7
Proceeds from sale of business operations, net of cash disposed of	-	-	1.1
Repayment of borrowings	-	-5.1	-5.1
Proceeds from sale of property, plant and equipment	0.2	-	-
Dividends received	-	0.0	0.0
Net cash from investing activities	**-4.6**	**-64.3**	**-102.7**
Cash flows from financing activities			
Share issue	-	-	100.0
Equity investment without consideration in the invested non-restricted equity reserve	-	-	25.0
Proceeds from non-current borrowings	-	40.8	297.8
Repayment of non-current borrowings	-	-	-344.9
Proceeds from current borrowings	-	11.6	20.0
Repayment of current borrowings	-0.7	-15.9	-31.6
Payment of finance lease liabilities	-1.0	-1.4	-14.6
Payment of hire purchase liabilities	-0.7	-1.0	-9.4
Interests and other financial expenses paid	-0.6	-4.3	-15.5
Acquisition of non-controlling interests	-	-	-0.3
Net cash from financing activities	**-3.0**	**29.7**	**26.5**
Net change in cash and cash equivalents	**10.8**	**-28.2**	**-6.1**
Cash and cash equivalents at beginning of period	33.0	39.1	39.1
Cash and cash equivalents relating non-current assets held for sale	0.2	-	-
Cash and cash equivalents at end of period	43.6	10.9	33.0

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

Notes to the Annual accounts bulletin

1. Basis of accounting principles

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

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

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

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

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

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

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

• IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019): The new standard replaces the current IAS 17 standard and related interpretations. IFRS 16 requires the lessees to 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 contracts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5,000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. Terveystalo has assessed preliminary the impacts of IFRS 16 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 started an implementation project along with Terveystalo will quantify the impact of the adoption of IFRS 16 on its consolidated financial statement and decide the transition method.

2. Use of judgements and estimates

When preparing financial statements, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. 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 2017.

3. Events after the reporting period

After the end of the review period, Terveystalo entered into an agreement with the eQ Hoivakiinteistõ Mutual Fund, with which Terveystalo sells the entire share capital of Porin Linnankulma Mutual Real Estate Copany to eQ. The debt-free purchase price of the real estate company is approximately EUR 16 million and the net debt-adjusted purchase price of shares is approximately EUR 7 million. Terveystalo estimates that the transaction will generate a non-recurring capital gain of approxiately EUR 6 million.

4. Revenue

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

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 millions of euro	1-3/2018	1-3/2017	Change, %	1-12/2017
Corporate	106.4	83.8	27.0	372.1
Private	70.8	60.6	16.9	253.8
Public	20.3	16.2	25.6	63.6
Total	**197.5**	**160.5**	**23.0**	**689.5**

5. Materials and services

In millions of euro	1-3/2018	1-3/2017	Change, %	1-12/2017
Purchase of materials	-8.2	-6.8	20.2	-27.8
Change in inventories	0.1	0.1	45.6	-0.0
External services	-85.1	-67.4	26.3	-296.5
Total	**-93.1**	**-74.1**	**25.7**	**-324.3**

6. Employee benefit expenses

In millions of euro	1-3/2018	1-3/2017	Change, %	1-12/2017
Salaries and fees	-41.6	-37.0	12.5	-155.2
Share-based payments	-0.3	-	-	-0.2
Other personnel expenses	-8.9	-8.3	7.7	-34.0
Total	**-50.9**	**-45.2**	**12.5**	**-189.5**

7. Other operating expenses

In millions of euro	1-3/2018	1-3/2017	Change, %	1-12/2017
Rents, leases and premises	-11.2	-8.6	29.9	-44.1
Other operating expenses	-12.8	-14.0	-9.2	-65.5
Total	**-23.9**	**-22.6**	**5.7**	**-109.6**

8. Share-based payments

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

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

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

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

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

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

9. Intangible assets

1-3/2018 In millions of euro	Goodwill	Customer relation ships	Trade marks	Other intangible assets and advances paid	Total
Acquisition cost 1.1.2018	**651.3**	**83.8**	**82.9**	**30.0**	**848.0**
Business Combination	0.8	-	-	0.0	0.8
Additions	-	-	-	1.8	1.8
Acquisition cost 31.3.2018	**652.1**	**83.8**	**82.9**	**31.8**	**850.6**
Accumulated amortizations and impairment losses 1.1.2018	**-68.0**	**-51.3**	**-16.9**	**-19.3**	**-155.5**
Amortization for the reporting period	-	-2.7	-1.0	-1.3	-5.0
Accumulated amortizations and impairment losses 31.3.2018	**-68.0**	**-54.0**	**-17.9**	**-20.6**	**-160.5**
Carrying amount 1.1.2018	**583.3**	**32.5**	**66.0**	**10.7**	**692.5**
Carrying amount 31.3.2018	**584.1**	**29.8**	**65.0**	**11.2**	**690.2**

1-3/2017 In millions of euro	Goodwill	Customer relation ships	Trade marks	Other intangible assets and advances paid	Total
Acquisition cost 1.1.2017	**517.1**	**74.5**	**83.0**	**23.7**	**698.4**
Business Combination	133.4	9.3	-	1.4	144.0
Additions	-	-	-	0.7	0.7
Acquisition cost 31.3.2017	**650.5**	**83.8**	**83.0**	**25.8**	**843.1**
Accumulated amortizations and impairment losses 1.1.2017	**-68.0**	**-40.9**	**-12.7**	**-13.8**	**-135.3**
Amortization for the reporting period	-	-2.4	-1.1	-1.1	-4.5
Accumulated amortizations and impairment losses 31.3.2017	**-68.0**	**-43.3**	**-13.7**	**-14.8**	**-139.9**
Carrying amount 1.1.2017	**449.1**	**33.6**	**70.3**	**10.0**	**563.0**
Carrying amount 31.3.2017	**582.5**	**40.5**	**69.3**	**11.0**	**703.3**

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

10. Property, plant and equipment

1-3/2018 In millions of euro	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1.1.2018	**1.9**	**39.8**	**83.5**	**33.4**	**4.4**	**163.0**
Business Combination	-	-	0.0	-	-	0.0
Additions	-	1.1	3.1	0.7	0.1	5.1
Disposals	-	-	-0.2	-	-	-0.2
Reclassifications	-1.9	-7.8	-0.0	0.7	-0.8	-9.8
Acquisition cost 31.3.2018	**0.1**	**33.1**	**86.4**	**34.9**	**3.8**	**158.1**
Accumulated depreciation and impairment losses 1.1.2018	**-**	**-12.6**	**-48.0**	**-9.2**	**-1.1**	**-70.9**
Depreciation for the reporting period	-	-0.7	-3.2	-1.2	-0.1	-5.2
Accumulated depreciation and impairment losses 31.3.2018	**-**	**-13.3**	**-51.1**	**-10.4**	**-1.2**	**-76.0**
Carrying amount 1.1.2018	**1.9**	**27.1**	**35.5**	**24.2**	**3.3**	**92.1**
Carrying amount 31.3.2018	**0.1**	**19.7**	**35.3**	**24.5**	**2.6**	**82.0**

1-3/2017 In millions of euro	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1.1.2017	**0.1**	**35.2**	**62.8**	**15.7**	**3.0**	**116.8**
Business Combination	1.9	9.8	5.6	6.4	-	23.7
Additions	-	0.5	2.5	0.3	0.9	4.1
Acquisition cost 31.3.2017	**2.0**	**45.5**	**70.9**	**22.4**	**3.9**	**144.7**
Accumulated depreciation and impairment losses 1.1.2017	**-**	**-8.9**	**-35.9**	**-5.8**	**-0.7**	**-51.3**
Depreciation for the reporting period	-	-0.9	-2.6	-0.5	-0.1	-4.1
Accumulated depreciation and impairment losses 31.3.2017	**-**	**-9.7**	**-38.5**	**-6.4**	**-0.8**	**-55.4**
Carrying amount 1.1.2017	**0.1**	**26.4**	**26.9**	**9.8**	**2.3**	**65.5**
Carrying amount 31.3.2017	**2.0**	**35.8**	**32.4**	**16.0**	**3.1**	**89.3**

2017 In millions of euro	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1.1.2017	**0.1**	**35.2**	**62.8**	**15.7**	**3.0**	**116.8**
Business Combination	1.9	9.8	5.7	6.4	-	23.7
Additions	-	0.8	16.3	5.7	1.4	24.2
Disposals	-0.0	-0.0	-1.3	-0.6	-0.0	-2.0
Reclassifications	-	-6.0	-	6.3	-	0.3
Acquisition cost 31.12.2017	**1.9**	**39.8**	**83.5**	**33.4**	**4.4**	**163.0**
Accumulated depreciation and impairment losses 1.1.2017	**-**	**-8.9**	**-35.9**	**-5.8**	**-0.7**	**-51.3**
Depreciation for the reporting period	-	-3.6	-12.0	-3.4	-0.4	-19.4
Impairment losses	-	-0.2	-0.0	-	-0.0	-0.2
Accumulated depreciation and impairment losses 31.12.2017	**-**	**-12.6**	**-48.0**	**-9.2**	**-1.1**	**-70.9**
Carrying amount 1.1.2017	**0.1**	**26.4**	**26.9**	**9.8**	**2.3**	**65.5**
Carrying amount 31.12.2017	**1.9**	**27.1**	**35.5**	**24.2**	**3.3**	**92.1**

11. Business combination

During the three months ended 31 March 2018, the Group has made two business acquisitions and acquired the business from Hammasjaarli Oy as an asset deal.

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

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

29.3.2018 Terveystalo Healthcare Oy acquired 100 % of the shares of Juha Uusimäki Oy (Lääkärikeskus Ilo). The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards. The acquisition includes a possible contingent consideration that is under consideration.

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 following table are partially preliminary and the information has been consolidated, because the acquisitions are not material individually.

Consideration transferred

In millions of euro	
Cash	1.0
Total consideration transferred	**1.0**

Identifiable assets acquired and liabilities assumed

In millions of euro	
Cash and cash equivalents	0.1
Intangible assets	0.0
Property, plant and equipment	0.0
Trade and other receivables	0.1
Trade and other payables	-0.1
Total identifiable net assets acquired	**0.1**

Goodwill	**0.8**

The tangible assets acquired in the business combination described above were measured at fair value based on the market prices of corresponding assets. The acquisition resulted to a preliminary goodwill amounting to EUR 0.8 million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is tax deductible as far as it is related to asset deals.

In the business combination, the Group has acquired customer relationships. The fair value of customer contracts and related customer relationships included in other intangible assets has been determined on the basis of the estimated duration of customer relationships and the discounted net cash flows from existing customer contracts. The fair value of customer contracts have not been completed.

The fair value of the acquired trade and other receivables amounts to EUR 0.1 million, for which the risk of impairment has been deemed non-significant.

From these other business combinations, revenue of EUR 0.2 million and profit of EUR 0.0 million is recognized in year 2018 to the Group's consolidated results. If these acquisitions had occurred on 1 January 2018, management estimates that the Group's consolidated revenue in 2018 would have been EUR 197.9 million and consolidated profit would have been EUR 31.3 million.

Business combinations on period 1.1.-31.3.2017

During the period 1.1.-31.3.2017 the Group has made three business acquisitions acquiring 100% of the shares of Diacor terveyspalvelut Oy, Porin Lääkäritalo Oy and Ky Läkkitorin Hammaslääkäriasema.

Acquisition of Diacor terveyspalvelut Oy Group

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

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

Consideration transferred

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

Identifiable assets acquired and liabilities assumed

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

Goodwill	**101.7**

The tangible assets acquired in the business combination described above were measured at fair value based on the market prices of corresponding assets. In the business combination, the Group has acquired customer relationships. The fair value of customer contracts and related customer relationships included in other intangible assets has been determined on the basis of the estimated duration of customer relationships and the discounted net cash flows from existing customer contracts. The fair values of customer relationships are preliminary. 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 value of the acquired trade and other receivables amounts to EUR 15.9 million for which the risk of impairment has been deemed non-significant.

The Group incurred acquisition-related expenses of EUR 2.4 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 2017, management estimates that the Group's consolidated revenue in 2017 would have been EUR 195.2 million and the consolidated profit would have been EUR 6.9 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. As a part of the acquisition, the Group also gained control of the subsidiaries Koy Porin Linnankulma, Curia Oy and Porin Lääkärikeskus Oy. Porin Lääkärikeskus owns 7.79 % of the shares of Porin Lääkäritalo. The acquisition strengthens Terveystalo's position as one of the leading healthcare service provider in the Pori region. The financial statements of the acquired companies have been included in the consolidated financial statements of Terveystalo from the date of acquisition.

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

Consideration transferred

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

Identifiable assets acquired and liabilities assumed

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

Goodwill	**30.9**

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

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

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

From the acquisition, revenue of EUR 6.1 million and profit of EUR 0.3 million is recognized in year 2017 to the Group's consolidated results.

Other business combinations

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

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 respects.

Consideration transferred

In millions of euro	
Cash	0.8
Total consideration transferred	**0.8**

Identifiable assets acquired and liabilities assumed

In millions of euro	
Cash and cash equivalents	0.2
Property, plant and equipment	0.6
Deferred tax assets	0.0
Inventories	0.0
Trade and other receivables	0.0
Trade and other payables	-0.4
Interest bearing liabilities	-0.5
Total identifiable net assets acquired	**0.0**

Goodwill	**0.8**

The tangible assets acquired in the business combinations described above were measured at fair value based on the market prices of corresponding assets. The acquisitions resulted to a goodwill amounting to EUR 0.8 million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is not deductible for tax purposes.

The fair value of the acquired trade and other receivables amounts to EUR 0.0 million, for which the risk of impairment has been deemed non-significant.

If this acquisition had occurred on 1 January 2017, management estimates that the Group's consolidated revenue in 2017 would have been EUR 161.1 million and consolidated profit would have been EUR 5.9 million.

12. Non-current assets held for sale

After the end of the review period, Terveystalo entered into an agreement with the eQ Hoivakiinteistö Mutual Fund, with which Terveystalo sells the entire share capital of Porin Linnankulma Mutual Real Estate Company to eQ. The following table summarizes non-current assets held for sale and liabilities associated with non-current assets held for sale relating to Porin Linnankulma Mutual Real Estate Company.

In millions of euro	31.3.2018
Property, plant and equipment	9.8
Trade and other receivables	0.1
Cash and cash equivalents	0.2
Total assets	**10.0**
Trade and other payables	0.1
Current tax liabilities	0.0
Total liabilities	**0.1**

13. Group's key financial ratios

Terveystalo Group, EUR million	1-3/2018	1-3/2017	Change, %	1-12/2017
Revenue	197.5	160.5	23.0	689.5
Adjusted EBITDA *)	30.8	23.8	29.1	92.4
Adjusted EBITDA, % *)	15.6	14.8	-	13.4
EBITDA *)	30.1	19.1	57.6	68.2
EBITDA, % *)	15.3	11.9	-	9.9
Adjusted EBITA *)	25.6	19.8	29.5	73.0
Adjusted EBITA, % *)	13.0	12.3	-	10.6
EBITA *)	25.0	15.0	65.9	48.8
EBITA, % *)	12.6	9.4	-	7.1
Operating profit (EBIT) *)	20.0	10.5	89.7	28.2
Operating profit (EBIT), % *)	10.1	6.6	-	4.1
Return on equity (ROE), % *) ***)	6.9	5.6	-	2.1
Equity ratio, % *)	52.4	37.1	-	50.7
Earnings per share (€) (**	0.24	0.05	-	0.06
Gearing, % *)	50.3	114.4	-	56.1
Net debt / Adjusted EBITDA (LTM) *)	2.5	4.8	-48.6	2.8
Total assets	935.4	895.8	4.4	902.3
Average personnel FTE	3,426	2,762	19.4	3,180
Personnel (end of period)	4,396	4,524	-2.8	4,265
Private practitioners (end of period)	4,553	4,395	3.6	4,431

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

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

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

***) In consequence of concluded tax audit ROE's profit for the period (LTM) includes fully recognized deferred tax assets EUR 13.0 million relating to outstanding tax losses carried forward.

14. Calculation of financial ratios and alternative performance measures

Financial ratios

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

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

Alternative performance measures to the statement of financial position

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

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

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

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

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

Alternative performance measures to the statement of income

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

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

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

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

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

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

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

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

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

$$\text{Operating profit (EBIT)} = \text{Earnings Before Interest, Taxes and Share of profit in associated companies}$$

$$\text{Operating profit (EBIT), \%} = \frac{\text{Earnings Before Interest, Taxes and Share of profit in associated companies}}{\text{Revenue}} \times 100\%$$

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

15. Reconciliation of alternative performance measures

Equity ratio, %	**1-3/2018**	**1-3/2017**	**1-12/2017**
Equity (including non-controlling interest)	489.0	332.0	457.3
Total assets	935.4	895.8	902.3
Advances received	1.5	1.2	1.2
Equity ratio, %	52.4	37.1	50.7

Gearing, %	**1-3/2018**	**1-3/2017**	**1-12/2017**
Interest-bearing liabilities	290.0	390.8	289.4
Interest-bearing receivables and cash and cash equivalents	43.6	10.9	33.0
Equity	489.0	332.0	457.3
Gearing, %	50.3	114.4	56.1

Net debt / Adjusted EBITDA (LTM), In millions of euro	**1-3/2018**	**1-3/2017**	**1-12/2017**
Interest-bearing liabilities	290.0	390.8	289.4
Interest-bearing receivables and cash and cash equivalents	43.6	10.9	33.0
Adjusted EBITDA (LTM)	99.3	78.7	92.4
Net debt / Adjusted EBITDA (LTM), in millions of euro	2.5	4.8	2.8

Adjusted EBITDA, In millions of euro	**1-3/2018**	**1-3/2017**	**1-12/2017**
Profit (loss) for the period	31.3	5.9	7.2
Income tax expense	-13.6	-0.2	-3.3
Share of profits in associates	-0.0	-	0.2
Net finance expenses	2.2	4.9	24.1
Depreciation, amortization and impairment losses	10.2	8.6	40.0
Adjustments (*	0.6	4.7	24.1
Adjusted EBITDA, In millions of euro	30.8	23.8	92.4

Adjusted EBITDA, %	**1-3/2018**	**1-3/2017**	**1-12/2017**
Adjusted EBITDA	30.8	23.8	92.4
Revenue	197.5	160.5	689.5
Adjusted EBITDA, %	15.6	14.8	13.4

Adjusted EBITA, In millions of euro	**1-3/2018**	**1-3/2017**	**1-12/2017**
Profit (loss) for the period	31.3	5.9	7.2
Income tax expense	-13.6	-0.2	-3.3
Share of profits in associates	-0.0	-	0.2
Net finance expenses	2.2	4.9	24.1
Amortization and impairment losses	5.0	4.5	20.6
Adjustments (*	0.6	4.7	24.1
Adjusted EBITA, In millions of euro	25.6	19.8	73.0

Adjusted EBITA, %	**1-3/2018**	**1-3/2017**	**1-12/2017**
Adjusted EBITA	25.6	19.8	73.0
Revenue	197.5	160.5	689.5
Adjusted EBITA, %	13.0	12.3	10.6

EBITDA, In millions of euro	**1-3/2018**	**1-3/2017**	**1-12/2017**
Profit (loss) for the period	31.3	5.9	7.2
Income tax expense	-13.6	-0.2	-3.3
Share of profits in associates	-0.0	-	0.2
Net finance expenses	2.2	4.9	24.1
Depreciation, amortization and impairment losses	10.2	8.6	40.0
EBITDA, In millions of euro	30.1	19.1	68.2

EBITDA, %	**1-3/2018**	**1-3/2017**	**1-12/2017**
EBITDA	30.1	19.1	68.2
Revenue	197.5	160.5	689.5
EBITDA, %	15.3	11.9	9.9

EBITA, In millions of euro	1-3/2018	1-3/2017	1-12/2017
Profit (loss) for the period	31.3	5.9	7.2
Income tax expense	-13.6	-0.2	-3.3
Share of profits in associates	-0.0	-	0.2
Net finance expenses	2.2	4.9	24.1
Amortization and impairment losses	5.0	4.5	20.6
EBITA, In millions of euro	25.0	15.0	48.8

EBITA, %	1-3/2018	1-3/2017	1-12/2017
EBITA	25.0	15.0	48.8
Revenue	197.5	160.5	689.5
EBITA, %	12.6	9.4	7.1

Operating profit (EBIT), In millions of euro	1-3/2018	1-3/2017	1-12/2017
Profit (loss) for the period	31.3	5.9	7.2
Income tax expense	-13.6	-0.2	-3.3
Share of profits in associated companies	-0.0	-	0.2
Net finance expenses	2.2	4.9	24.1
EBIT, In millions of euro	20.0	10.5	28.2

Operating profit (EBIT), %	1-3/2018	1-3/2017	1-12/2017
EBIT	20.0	10.5	28.2
Revenue	197.5	160.5	689.5
EBIT, %	10.1	6.6	4.1

*) Adjustments, In millions of euro	1-3/2018	1-3/2017	1-12/2017
Acquisition related expenses (1	0.1	3.4	17.7
Restructuring related expenses (2	0.4	1.3	5.8
Gain on sale of asset	-	-	-0.2
Strategic projects, new operations and other items affecting comparability	0.1	0.1	0.8
Adjustments, In millions of euro	0.6	4.7	24.1

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

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

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

16. Collateral and other contingent liabilities

In millions of euro	31.3.2018	31.3.2017	31.12.2017
Liabilities secured by mortgages and pledged shares			
Loans from financial institutions [1]	-	363.2	0.7
Unused overdraft facilities	-	41.6	-
Total	**-**	**404.8**	**0.7**
Business mortgages	0.5	992.5	0.7
Real estate mortgages	11.9	11.9	11.9
Carrying amount of the pledged shares	-	308.0	-
Total	**12.4**	**1,312.5**	**12.6**
Securities for own debts			
Deposits	0.0	2.4	0.0
Guarantees	0.5	0.8	0.6
Total	**0.5**	**3.2**	**0.6**
Other operating lease liabilities [2]			
Less than one year	30.2	33.2	31.0
Between one year and five year	94.5	99.8	95.2
Later	63.1	83.3	66.9
Total	**187.9**	**216.3**	**193.1**

The Group is obligated to audit value added tax depreciations it has made on a property investment if the taxable use of the property decreases during the auditing period. The maximum amount of the responsibility is EUR 0.1 million on 31.3.2018 (EUR 0.1 million on 31.3.2017 and EUR 0.1 million on 31.12.2017).

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

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