

better tomorrow



Interim report • January–June 2015

Pihlajalinna: Interim Report

1 January – 30 June 2015 (6 months)

Strong revenue growth continued, investing in growth affected the result

Brief look at April–June:

- Revenues amounted to EUR 51.9 (32.8) million – an increase of 58 per cent
- EBITDA excluding non-recurring items amounted to EUR 3.0 (3.5) million, investing in taking over outsourcing contracts and development of the operations affected the result
- Operating profit excluding non-recurring items amounted to EUR 1.0 (2.0) million
- Operating profit (EBIT) amounted to EUR 0.1 (1.6) million. The operating profit of the quarter included EUR 0.9 million non-recurring costs relating to the Initial Public Offering of the Company
- Net cash flow from operating activities amounted to EUR 2.6 (2.5) million
- The provision of healthcare and social care services in Kihniö started on 1 May, 2015

Brief look at January–June:

- Revenues amounted to EUR 99.8 (64.3) million – an increase of 55 per cent
- EBITDA excluding non-recurring items amounted to EUR 6.1 (6.7) million. Operating profit excluding non-recurring items amounted to EUR 2.3 (3.9) million
- Net cash flow from operating activities amounted to EUR 9.5 (4.3) million
- Gross investments in the reporting period amounted to EUR 15.9 (13.0) million
- Number of personnel at the end of reporting period 2,525 (1,649)
- Earnings per share EUR –0.02 (0.08)

Key figures and ratios	4–6/2015	4–6/2014	change %	1–6/2015	1–6/2014	change %	2014
	3 mths	3 mths		6 mths	6 mths		12 mths
INCOME STATEMENT							
Revenue, EUR million	51.9	32.8	58	99.8	64.3	55	148.9
EBITDA excluding non-recurring items, EUR million	3.0	3.5	–13	6.1	6.7	–9	14.0
EBITDA % excluding non-recurring items	5.8%	10.5%	–45	6.1%	10.4%	–41	9.4%
EBITDA, EUR million	2.1	3.0	–31	5.1	6.2	–18	11.8
EBITDA %	4.0%	9.1%	–56	5.1%	9.7%	–47	7.9%
Operating profit excluding non-recurring items (EBIT), EUR million	1.0	2.0	–50	2.3	3.9	–41	8.2
Operating profit % excluding non-recurring items	1.9%	6.1%	–68	2.3%	6.1%	–62	5.5%
Operating profit (EBIT), EUR million	0.1	1.6	–96	1.3	3.5	–62	6.0
Operating profit %	0.1%	4.7%	–97	1.3%	5.4%	–76	4.0%
Profit before tax, EUR million	–0.7	0.4	–253	–0.1	1.9	–106	2.9
SHARE RELATED INFORMATION							
Earnings per share, EUR	–0.05	0.00	–2,056	–0.02	0.08	–129	0.11
Equity per share, EUR				3.46	0.67	419	0.70
OTHER INFORMATION							
Return on capital employed, % (ROCE)				2.6	8.6		7.1
Return on equity, % (ROE)				0.1	11.9		7.7
Equity ratio, %				39.8	8.8		8.0
Gearing, %				36.6	655.1		691.1
Net debt / adjusted EBITDA, 12 mths				1.8	5.1		5.1
Interest bearing net debt, EUR million				24.5	65.0	–62	71.6
Gross investments, EUR million				15.9	13.0	22	28.3
Cash flow from operating activities	2.6	2.5		9.5	4.3	123	9.4
Cash flow after investments	–1.8	–2.6		1.0	–3.9		–8.1
Average number of personnel				2,247	1,524	47	1,619
Personnel at the end of the period				2,525	1,649	53	1,714

Mikko Wirén, CEO of Pihlajalinna:



Pihlajalinna Group is at the strongest growth stage in its operational history. During the first six months of 2015 revenue grew by 55 per cent reaching EUR 99.8 million. Majority of this came through organic growth, such as the start of service provision under the Parkano healthcare and social care outsourcing contract (since 1 January 2015).

All business areas of the Group are growing, but most of the short-term increase in revenue is due to complete outsourcings of healthcare and social care in municipalities and in federations of municipalities. During 1 January 2015 – 1 January 2016 there has begun and will begin new contracts, which will generate an aggregate revenue exceeding the whole Group's revenue in 2014. Nearly 80 per cent of the revenue from the new contracts will be generated after 1 September 2015.

The profitability during the period was significantly influenced by reinforcement of the supporting functions, opening of the new private clinics, which at launching still had lower capacity utilisation rates, and costs from taking over the above-mentioned forthcoming large outsourcings. Since the spring in 2015 Pihlajalinna has been preparing future healthcare and social care outsourcings in Jämsä, Kuusikunnat and Soini. Revenue and profit from these contracts will, however, be generated only after taking over. Healthcare and social care outsourcings in Parkano (since 1 January 2015) and in Kihniö (since 1 May 2015) have started according to the contracts.

Increases in resources and significant development projects are crucial for strengthening the Group for strong future growth in accordance with the strategy. Listing of the company on OMX Helsinki caused considerable non-recurring costs in the reporting period. I am especially pleased by the improvement in cash flow from operating activities and by the notable decrease in financial costs since the listing in June.

Our Initial Public Offering was in all successful and the issue of shares was oversubscribed multifold. As a result of the Initial Public Offering we strengthened our balance sheet, raised equity for future growth investments and increased our awareness in all interest groups. The number of our shareholders at the end of the reporting period was 2,869 (174).

In 2015 Pihlajalinna will focus in taking over large complete healthcare and social care outsourcings and developing our operations widely. During the present financial year we have expanded the ERP system to complete outsourcings that will enable much more precise follow-up of resources, patient care chains and costs. With the ERP system we can both make our operations more efficient and offer better service quality.

During the past ten years, Pihlajalinna has executed dozens of acquisitions. Since 1 January 2014 the activity in acquisitions has been especially high (21 acquisitions). Regardless of the strong and on-going growth, overlapping functions have developed due to numerous acquisitions and taking over outsourcing contracts. Restructuring of the Group will be carried out during the autumn in 2015. The objective of the restructuring is to simplify the corporate structure and to reduce the amount of the overlapping functions.

Restructuring of the Group will be carried out during autumn 2015. Its objective is to simplify the company structure and to reduce the amount of overlapping functions. In connection to the restructuring, the management and administration structure as well as a correct level of personnel resources of various branches, that best serves business operations and segment division, will be implemented. Possible administrative and operational overlaps will be discussed in cooperation with the personnel. We will proceed already in August 2015 in Dental Care and Care –services units and concentrate the private and public operations under the same management. The objective of the planned adjustment measures is approximately EUR 3 million in annual cost savings. Savings are expected to realize during 2016.

The outlook in the market for Pihlajalinna maintain positive, and the company's market position is strong. In the complete healthcare and social care outsourcings the company is the market leader, and it is delightful to see, that the positive results in the outsourcings that have already taken place, have also stimulated interest in complete outsourcings in medium-sized municipalities. Numerous smaller municipalities have already become active in decision making.

The Company continues strong growth also in occupational healthcare and proceeds according to the strategy in expanding Dextra units to largest cities and towns nationwide.

Cutting of the national health insurance reimbursement levels are estimated to influence the C&S segment somewhat however the impact is estimated to be significantly lower than the short term customer flow of the segment. On the other hand as the customer flow may partly move to the public healthcare it is estimated to increase P&S segment's customer flow.

Guidance on Group outlook

Pihlajalinna's consolidated revenue is expected to exceed EUR 200 million in 2015.

Consolidated revenue and operating profit

January–June 2015

Pihlajalinna's revenue during the reporting period ended 30 June 2015 amounted to EUR 99.8 million, an increase of EUR 35.5 million or 55 per cent, over the revenue of EUR 64.3 million during the corresponding period ended 30 June 2014. Organic growth amounted to about EUR 22.6 million, including the new healthcare and social care services outsourcings.

M&A transactions accounted for about 36 per cent or EUR 12.8 million of the growth in revenue.

The group's materials and services represented 38.6 per cent (33.2%) of consolidated revenue or EUR 38.5 million (EUR 21.3 million). The Group's employee benefit expenses represented 45.0 per cent (46.5%) of consolidated revenue or EUR 44.9 million (EUR 29.9 million). Other operating expenses totalled 11.7 per cent (11.4%) of revenue or EUR 11.7 million (7.3 million).

Depreciation and amortisation for the reporting period totalled EUR 3.8 million (EUR 2.7 million). Amortisation of intangible assets during the reporting period was EUR 1.4 million (EUR 1.0 million), of which the amortisation of the intangible assets separate from goodwill, allocated from the costs of business combinations at the date of acquisition, totalled EUR 1.1 million (EUR 0.9 million).

Depreciation of property, plant and equipment totalled EUR 2.4 million (EUR 1.7 million).

Pihlajalinna's operating profit amounted to EUR 1.3 million, a decrease of EUR 2.2 million, or 62 per cent, over the operating profit of EUR 3.5 million during the corresponding period ended 30 June 2014. Operating profit represented 1.3 per cent of revenue in the reporting period (5.4%).

Operating profit includes EUR 0.9 million non-recurring costs relating to the Initial Public Offering of the Company.

Operating profit excluding non-recurring items was EUR 2.3 million (EUR 3.9 million).

The decline in operating profit was due to increased depreciation and amortisation related to the Group's investments for growth (in total EUR 1.0 million) and weaker than expected results of the new private clinic openings during the reporting period, the reinforcement of the Group's administration, the introduction of new ICT infrastructure and Parempaa huomista! marketing campaign (in total EUR 1.0 million). Increasing resources and carrying out significant development projects are crucial for strengthening the Group for future growth.

The objective of the planned adjustment measures is approximately EUR 3 million in annual cost savings. Savings are expected to realize during 2016.

Revenue and operating profit by operating segments

January–June 2015

Private Clinics and Specialised Care (C & S)

The Private Clinics and Specialised Care segment (C & S) provides general practitioner and medical specialist consultation services, surgical services and occupational healthcare services and dental care services. The segment's customers comprise private persons in all age groups, companies, entrepreneurs, public enterprises, cities, municipalities, other public entities, and associations and foundations. The units of Pihlajalinna Group's Private Clinics and Specialised Care segment are operated under

the Dextra brand and the specialised care services are provided to private and public sector customers under Dextra and Pihlajalinna brands. The Private Clinics and Specialised Care segment is divided into four service areas: Private Clinics, Surgical Operations and Public Specialised Care, Dental Care and Occupational Healthcare.

C & S segment's revenues during the reporting period amounted to EUR 60.7 million, an increase of EUR 24.8 million, or 69 per cent, over the revenue of EUR 35.9 million during the corresponding period ended 30 June 2014.

The increase of the segment's revenue was mainly due to the growth in the *Surgical Operations and Public Specialised Care* service area's revenue (an increase EUR 17.3 million over to the corresponding period). The growth was due to, among other factors, the extension of Mänttä-Vilppula's contract in December 2014, the start of the outsourcing contract of Parkano and the acquisition of Laser Tilkka Oy's shares in July 2014. The increase of the revenue in *Dental Care* service area amounted to EUR 3.8 million, the increase of the revenue in *Occupational Health Care* service area EUR 2.5 million and the increase in *Private Clinics* service area EUR 2.5 million.

C & S segment's operating profit during the reporting period amounted to EUR 1.9 million, a decrease of EUR 1.1 million, or 36 per cent, over the operating profit of EUR 3.0 million during the corresponding period ended 30 June 2014.

The Private Clinics and Specialised Care segment's operating profit was burdened especially by the increased depreciation and amortisation (EUR 0.9 million) related to the Group's investments for growth, but in addition the reinforcement of the Group's operative management and administration and the introduction of scalable IT infrastructure.

The relative weakening of the profitability was due to lower than anticipated capacity utilisation rates in the *Occupational Healthcare* service area and the lower than expected profitability of the new units in the *Dental Care* service area. In addition, the relative profitability of the segment is decreased by public specialised care that has remarkably grown along with healthcare and social care services outsourcing compared to the previous year's corresponding period.

Operating profit for the reporting period was positively affected by volume growth in *Surgical Operations and Public Specialised Care* service area and *Private Clinics* service area and by the acquisition of Keinojuuriklinikka.

In April-May a national Dextra – Parempaa huomista! advertising campaign was carried out. In addition Dextra opened private clinics in Jyväskylä and Vantaa in May.

Primary and Social Care (P & S)

The Primary and Social Care segment (P & S) provides services under the Pihlajalinna brand to public entities. The supply of services include primary healthcare and social care services that are provided through complete outsourcings, staffing services or in separate care service units. Services for municipalities are mainly provided in the premises determined by them. The Primary and Social Care segment is divided into four service areas: Complete Social and Healthcare Outsourcings, Health Centre Outsourcings, Staffing and Care Services.

P & S segment's revenues during the reporting period amounted to EUR 40.6 million, an increase of EUR 11.4 million, or 39 per cent, over the revenue of EUR 29.1 million during the corresponding period ended 30 June 2014. The growth was mainly due to the start of the Parkano and Kihniö healthcare and social care services outsourcing contracts during the reporting period.

P & S segment's operating profit during the reporting period amounted to EUR 0.8 million, a decrease of EUR 0.2 million, or 19 per cent, over the revenue of EUR 1.0 million during the corresponding period ended 30 June 2014.

The decrease in operating profit was due to the lower relative profitability in *Complete Social and Healthcare Outsourcings* service area during the first half of the year and a partial decline in the *Care Services* service area's capacity utilisation rates. The reinforcement of the Group's operative management and administration and the introduction of scalable IT infrastructure also burden the profitability of the Primary and Social Care segment. The acquisition of care homes in Southwest Finland affected, as anticipated, positively to the profitability of Primary and Social Care segment.

Mänttä-Vilppula is planning to invite to tender for healthcare and social care services. Pihlajalinna is a service provider for healthcare and social care services for Mänttä-Vilppula through a temporary contract.

Performance of the segments

	C & S			P & S		
	4-6/2015	4-6/2014	change %	4-6/2015	4-6/2014	change %
Revenue, EUR million	30.8	18.5	67	22.0	14.7	50
Operating profit, EUR million	0.4	1.3	-73	0.9	0.6	37
Operating profit, %	1.2%	7.2%		4.0%	4.4%	

	1-6/2015			1-6/2014		
	1-6/2015	1-6/2014	change %	1-6/2015	1-6/2014	change %
Revenue, EUR million	60.7	35.9	69	40.6	29.1	39
Operating profit, EUR million	1.9	3.0	-36	0.8	1.0	-19
Operating profit, %	3.1%	8.4%		2.1%	3.6%	

Financial targets

Pihlajalinna has set the following long-term financial targets for its operations:

- Operating profit (EBIT) exceeding 7 per cent over revenue;
- Net debt to EBITDA below three times EBITDA; and
- A minimum of one third of the result for the period is distributed to the Company's shareholders as dividend and equity returns.

Along with the successful Initial Public Offering Pihlajalinna has reached the level of net debt to EBITDA being below three times EBITDA.

Financial items and profit for the period

The Group's net financial expenses totalled EUR –1.4 million (EUR –1.6 million). The increase in the net financial expenses in the corresponding period January – June 2014 was due to non-recurring financial expenses EUR 0.7 million relating mainly to the extensive restructuring and refinancing arrangement in summer 2014. The Group repaid prematurely its interest bearing liabilities by EUR 30.0 million right after the Initial Public Offering.

Pihlajalinna's profit before tax for the reporting period amounted to EUR –0.1 million, a decrease of EUR 2.0 million, or 106 per cent, over the profit of EUR 1.9 million in the comparative period ended 30 June 2014.

The Group's taxes in the reporting period totalled EUR 0.1 million (EUR –0.5 million). Profit for the reporting period totalled EUR 0.0 million (EUR 1.4 million). Earnings per share was EUR –0.02 (EUR 0.08). The presented comparative figure is the earnings per share of Pihlajalinna Terveys Oy in January – June 2014, which is an adjusted like-for-like figure that reflects the terms and conditions of the directed share issue carried out in July 2014.

The Group's financial position

At the end of the reporting period the Pihlajalinna Group's total statement of financial position was EUR 172.9 million (EUR 116.3 million). Consolidated cash and cash equivalents stood at EUR 32.6 million (EUR 9.8 million).

The Group's net cash flow from operating activities during the reporting period amounted to EUR 9.5 million (EUR 4.3 million). A total of EUR 5.8 million in working capital was released (EUR 0.5 million tied up).

Net cash flow from investing activities totalled EUR –8.5 million (EUR –8.2 million). The impact of the acquisitions of subsidiaries on net cash flow in the reporting period was EUR –13.0 million (EUR –1.2 million). Disposals of subsidiaries during the period amounted to EUR 1.3 million (EUR –0.6 million). Investments in property, plant and equipment and intangible assets during the reporting period totalled EUR –4.9 million (EUR –5.2 million), and proceeds from the disposals of property, plant and equipment totalled

EUR 7.8 million (EUR 0.0 million). Pihlajalinna financed the share acquisitions of the care homes in Southwest Finland carried out on 31 March 2015 by selling the Group's care home properties (proceeds from the property, plant and equipment) and the property companies (disposal of subsidiaries).

Net cash flow from financing activities totalled EUR 20.7 million (EUR 2.5 million). In the reporting period net cash flow from financing activities includes EUR 58.2 million net assets received in the Initial Public Offering. During the reporting period the Group withdrew new loans within its credit limit EUR 4.4 million and repaid financial liabilities EUR 39.3 million in total.

Pihlajalinna leased the care home properties sold on 1 April 2015 immediately back to its own use through lease agreements classified as finance leases. The lease term is fifteen (15) years.

The Group's solvency improved remarkably in the reporting period. The Group's equity ratio in the end of the reporting period was 39.8 per cent (8.8%). The increase in the equity ratio was due to net assets received in the Initial Public Offering. The low equity ratio in the corresponding period was due to the extensive restructuring arrangement and refinancing arrangement carried out during the summer of 2014. Gearing of the Group was 36.6 per cent (655.1%) in the end of the reporting period.

Interest-bearing liabilities amounted to EUR 57.2 million (EUR 74.9 million). Return on capital employed was 2.6 per cent (8.6%), and return on equity was 0.1 per cent (11.9%).

The Group's key loan covenants are reported to the financiers on a quarterly basis. The Group fulfilled the loan covenant terms at 30 June 2015. The loan margins were temporarily raised by 0.5 percentage points due to the acquisition of the care homes in Southwest Finland. This increase in the loan margins were valid from 1 April 2015 until the Company's stock exchange listing.

The Group's financial agreement was amended so that after the stock exchange listing the Group was released from Cashflow Cover and Capital Expenditure covenants. In connection to the listing the Group was also released from the restrictions on its dividend payout, certain premature loan repayments required under the loan agreement and certain disclosure obligations.

Capital Expenditure

Capital Expenditure in the reporting period totalled EUR 15.9 million (EUR 13.0 million). The Company's gross investments in property, plant and equipment and intangible assets, which consisted of normal additional and replacement investments required for growth, amounted to EUR 3.1 million (EUR 2.6 million) during the reporting period. Capital Expenditure relating to the opening of new units totalled EUR 2.0 million (EUR 3.0 million). Gross

investments in tangible and intangible assets attributable to M&A transactions, including goodwill, totalled EUR 10.8 million (EUR 7.5 million).

The Group's investment commitments are related to the opening of a new private clinic in Jyväskylä, the opening of a new occupational healthcare clinic in Vantaa, the renovation of the business location in Pietarsaari, IT system development projects for financial and human resources administration and the procurement of new imaging systems. In total, these investment commitments amount to about EUR 1.1 million.

Personnel

The Group's personnel numbered 2,247 on average (1,524) during the reporting period, an increase of 47 per cent. At the end of the reporting period the number of personnel stood at 2,525 (1,649). The number of Group personnel grew by over 200 employees due to M&A transactions during the reporting period. The other increase in personnel is attributed to the Group's organic growth, including new healthcare and social care outsourcing contracts. The Group's employee benefit expenses totalled EUR 44.9 million (EUR 29.9 million), an increase of 50 per cent.

Restructuring of operations is part of normal company procedures of which the Company does not publish separate company releases. The Company is facing a strong growth phase and restructurings are an integral part of the operations.

Business development

The Group expanded through several M&A transactions during the reporting period. Pihlajalinna signed an agreement for acquiring the entire share capital of Suomen Keinojuuriklinikka in February 2015. As a result of this acquisition, Keinojuuriklinikka became a part of the nationwide Dextra chain from the beginning of March. In January 2015 Dextra opened a new dental clinic on the 7th floor of the Stockmann department store in Helsinki.

The Group also strengthened its dental care business in Jyväskylä by acquiring Wiisuri Oy's entire share capital in early February 2015.

The arbitration process concerning the MediLappi Oy share transaction was concluded on 19 February 2015. The transaction price confirmed in the arbitration process was EUR 0.2 million higher than the management's estimate in the 2014 financial statements.

The operations of Pietarsaaren Medicenter Oy were consolidated from the beginning of February 2015.

Pihlajalinna acquired three care homes in Southwest Finland on 31 March 2015 (Hoitokoti Matinkartano Oy, Hoitokoti Setälänpiha Oy and Raison Oiva Oy). In

conjunction with the transaction the care homes were given new marketing names Ikkipihlaja Oiva, Ikkipihlaja Matinkartano and Ikkipihlaja Setälänpiha. The business acquisition almost doubles the revenue of Pihlajalinna's *Care Services* service area. As a part of financing the care home acquisitions the Group sold its care home properties and the property company Hämeenlinnan Nuutintupa.

Pihlajalinna bought the non-controlling interest in its subsidiary Dextra Suunterveydenhoito Oy on 1 April 2015. After that the Group's share in the company is 100 per cent.

The total costs of the business combinations in the reporting period was EUR 16.8 million, totally paid in cash. The acquisitions generated a total of EUR 8.5 million in goodwill. The business combinations were financed by drawing down new non-current loans from the Group's credit limit EUR 4.3 million and by the sale of care premises owned by the Group EUR 9.1 million.

Management changes

Joni Aaltonen was appointed Chief Operating Officer (COO) of the Pihlajalinna Group as of 14 April 2015. He had previously served as the Group's Chief Financial Officer (CFO). In his new position, Aaltonen is responsible for the Group's strategic development and M&A transactions and for ensuring the profitable growth of business operations. The Group's procurement unit will also report to him.

Virpi Holmqvist was appointed Chief Financial Officer (CFO) of the Pihlajalinna Group as of 14 April 2015. Holmqvist is responsible for managing the Group's financial administration function and developing its processes. She previously served on the management team of Attendo Finland Group beginning from 2008, initially as Financial Director and for the last two years as Director of Outsourced Social and Health Care Services.

Pekka Utriainen has been appointed to a VP of the Dental Care service area starting immediately. Utriainen (Ph.D. in Philosophy, Licentiate of Dentistry and Specialist in Dental Care) has previously worked as Deputy Mayor responsible of social and healthcare of City of Jyväskylä and in several other leadership positions in Jyväskylä and Seinäjoki among others. He has also worked as researcher in the Academy of Finland and as a dentist.

VP of Care Services, Hanna Aschan (M.Sc. Health Sci., MBA) will retire 1.2.2016. The new VP of Care Services will be appointed by the end of the financial year 2015.

Management team

The Pihlajalinna Group's management team has seven members: Mikko Wirén, CEO, Leena Niemistö, Deputy CEO and Director of the Private Clinics and Specialised Care segment, Joni Aaltonen, Chief Operating Officer, Juha Rautio, Director of the Primary and Social Care segment,

Virpi Holmqvist, Chief Financial Officer, Terhi Kivinen, Senior Vice President Communications, Marketing and IR, Kimmo Saarinen, Medical Director.

Shares and share capital

At the end of the reporting period Pihlajalinna Oy's share capital amounted to EUR 80,000 and the total number of shares outstanding was 19,113,146. The Company has one share series, with each share entitling its holder to one vote at a general meeting of the Company. All shares vest their holders with equal rights to dividends and other distribution of the Company's assets. At the end of the reporting period, the Company had 2,869 (174) shareholders. The Company does not hold any treasury shares. The list of largest shareholders is available on the investor's website of the Company www.pihlajalinna-konserni.fi.

The trading of Pihlajalinna shares commenced on the pre-list of NASDAQ OMX Helsinki Ltd on 4 June 2015 and on the official list on 8 June 2015. During the first trading month 4,961,193 shares¹ were traded, the trading value in total was EUR 55,462,043. The highest price of the period was EUR 14.00, the lowest price EUR 11.38, the average price EUR 12.13 and the ending price EUR 12.25. The market value of the share capital based on the ending price was EUR 234.1 million.

Flagging notifications

Pihlajalinna Oyj received on 17 June 2015 a disclosure notice under chapter 9, section 5 of the Securities Market Act regarding MWW Yhtiö Oy holdings of Pihlajalinna Oyj stock that on 17 June 2015 have increased to 11.23 per cent of total Pihlajalinna stock and voting rights.

According to information published in the Offering Circular of Pihlajalinna Oyj, MWW Yhtiö Oy and Sinister Oy shareholders signed agreements on 7 May 2015 and 8 May 2015 according to which MWW Yhtiö Oy will buy the shares of Sinister Oy should the listing of Pihlajalinna Oyj be realised. The acquisition of the shares has been realised with the payment of the purchase price of the shares on 17 June 2015. Pihlajalinna Oyj CEO Mikko Wirén and his family own about 90 per cent of MWW Yhtiö Oy.

Resolutions of the Annual General Meeting

Pihlajalinna's Annual General Meeting held on 12 March 2015 adopted the financial statements and the Board of Directors' report for 1 January 2014 – 31 December 2014, and resolved that no dividend will be paid for the 2014

financial year. The Annual General Meeting discharged the members of the Board and the CEO from liability.

In the Annual General Meeting on 12 March 2015 former board members Aarne Aktan, Heikki Dunder, Leena Niemistö, Veli-Matti Qvintus, Marjatta Rytömaa and Mika Uotila were re-elected, and Jari Sundström was elected as a new member, to Pihlajalinna Oy's Board of Directors, which has seven members. The Extraordinary General Meeting held on 22 May 2015 made a decision of the number of the Board Members being eight (8) and elected Martti Ala-Härkönen to be a new Member of the Board of Directors for the term starting 1 June 2015 and continuing to the end of the next Annual General Meeting.

The Annual General Meeting on 12 March 2015 decided to keep its compensation unchanged, with each Board member being paid a monthly remuneration of EUR 1,000. In addition, a meeting fee of EUR 1,000 will be paid for each Board meeting to all members who are present, and a meeting fee of EUR 500 for each committee meeting to all members who are present.

The firm of authorised public accountants KPMG Oy, with Frans Kärki, APA, as the principal auditor, were elected as the Company's auditors.

The Company's Extraordinary General Meeting decided on 22 May, 2015 to change the Articles of Association and the company form. The business name of the Company was changed to Pihlajalinna Oyj and the redemption clause and the notice clause according to the former Articles of Association were removed. The removal of these clauses was registered in connection to the listing on 4 June 2015.

In addition the Extraordinary General Meeting decided on 22 May 2015 to increase the capital stock with a bonus issue from EUR 2,500 to EUR 80,000 from the reserve for invested unrestricted equity.

Authorisations of the Board of Directors

Pihlajalinna's Extraordinary General Meeting on 22 May 2015 authorised the Board of Directors to decide on directed share issue and its terms in relation to the listing of the Company including the subscription price and price range of the shares.

The number of the shares issued under the authorisation may be in total maximum 9,000,000. The authorisation is valid to the end of the next Annual General Meeting, at most until 30 June 2016. The Board has under the authorisation issued 5,714,286 new shares in connection to the Initial Public Offering of the Company.

¹ Includes 1,918,409 shares sold by certain shareholders of the Company in connection to the listing and full exercise of the Over-Allotment Option 978,000 shares.

In addition Pihlajalinna's Extraordinary General Meeting on 22 May 2015 authorised the Board of Directors to decide on issuance of option rights and other special rights conferring entitlement to the shares referred to in Chapter 10, Section 1 of the Finnish Companies Act as follows: Based on authorisation the Board of Directors may issue option rights or other special rights which entitle to subscribe in total 800,000 shares of the Company. The Board of Directors has right to decide on all terms including the terms of the option programs directed to the key management persons of the Pihlajalinna Group. The authorisation is valid 18 months from the authorisation decision.

Committees nominated by the Board

The Board of Directors has in its meeting 18 June 2015 resolved upon members of its committees for a term ending at the end of the next Annual General Meeting.

Mika Uotila was elected as a chairman of the Audit Committee, other members are Marjatta Rytömaa, Aarne Aktan and Martti Ala-Härkönen.

Aarne Aktan was elected as a chairman of the Nomination and Remuneration Committee, other members are Veli-Matti Qvintus, Marjatta Rytömaa and Jari Sundström.

Listing of the Company on NASDAQ OMX Helsinki

The Company announced on 4 May 2015 its plan for an Initial Public Offering and listing on NASDAQ OMX Helsinki. The Board of the Company decided under the authorisation given by the Extraordinary General Meeting on 22 May 2015 to arrange the Initial Public Offering and to file the listing application.

In the Initial Public Offering the Company offered for subscription ("Share Issue") and certain shareholders of the Company offered for purchase ("Share Sale") in total preliminary maximum 7,607,076 shares of the Company. Preliminary maximum 500,000 shares were offered to private individuals and organisations in Finland ("Public offering") and preliminary maximum 7,107,076 shares to institutional investors in Finland and internationally ("Institutional offering").

According to the terms and conditions of the Initial Public Offering in the event of an oversubscription, Sentica Buyout III Ky and Sentica Buyout III Co-Investment Ky (together "Institutional Sellers") and the Lead Manager Danske Bank may agree on granting the Lead Manager an over-allotment option exercisable within 30 days from the publication of the final subscription price to subscribe up to 978,000 additional shares. In addition in the terms and conditions of the Initial Public Offering was agreed

on stabilisation measures, which the Lead Manager may, within 30 days of the publication of the final subscription price engage in measures that stabilise, maintain or otherwise affect the price of the shares.

The Lead Manager carried out the Share Lending Agreement with Institutional Sellers related to stabilisation according to the terms and conditions of the Initial Public Offering. According to the Share Lending Agreement the Lead Manager borrowed the shares of the Company for the number equal to the over-allotment option.

The Public Offering was discontinued due to oversubscription on 1 June 2015 and the Institutional offering was discontinued due to oversubscription on 3 June 2015. The final subscription price of Pihlajalinna was set at EUR 10.50 per share on 3 June, 2015. In the Initial Public Offering 5,714,286 new shares were issued corresponding about 43 per cent of the total amount of the shares before the share issue. In the share issue certain shareholders of the Company sold 1,918,409 shares. The over-allotment option was exercised in total. The Lead Manager Danske Bank bought 978,000 shares from the Institutional Sellers on 11 June 2015. In the same connection Danske Bank redelivered 978,000 shares of Pihlajalinna borrowed on the basis of a Share Lending Agreement to the Institutional Sellers.

No stabilisation measures were carried out since the listing, and due to Pihlajalinna's share price development, the Lead Manager discontinued the stabilisation period.

In the Initial Public Offering in total 749,997 shares were allocated to private individuals and organisations in Finland and 6,882,698 shares for institutional investors in Finland and internationally. The total number of the shares of the Company amounted to 19,113,146 shares. The shares were registered in the trade register on 4 June 2015.

Risks and uncertainties in business operations

As the population ages and the structures of health care services change, social policies may have a material impact on the private health care sector's business environment both in the short and long term. New policies may impact business opportunities in the future, particularly with respect to the availability of skilled expert personnel.

In addition to the aforementioned factors, the Pihlajalinna Group's operational risks and uncertainties in the long term concern the continuity of key existing customer relationships and contracts and the financial impacts of new commitments and contracts, which are continuously increasing in value. The competitive situation in the Pihlajalinna Group's business areas is estimated to remain unchanged.

Political decision-making and structural reforms in the public sector also affect social care and healthcare services

and may directly or indirectly impact the Company's business and growth opportunities. The purpose of the planned Social and Healthcare Reform is to guarantee equal social and healthcare services to all citizens of Finland. The future overall effects of the Social and Healthcare Reform and any other possible changes in the arrangement of social and healthcare services are difficult to predict. Reforms may hamper the Company's operations in some areas of social and healthcare services but, on the other hand, the Company's extensive operations in different operating areas may partially balance the effects of reforms.

Events after the end of the reporting period

No significant events have occurred after the balance sheet date.

Accounting policies

This Interim Report has been prepared in accordance with IAS 34 (Interim Financial Reporting) and in compliance with the same accounting policies and methods used in the preparation of the consolidated financial statements for 2014. All of the figures presented in the condensed financial statements and the notes have been rounded, due to which the actual total of individual figures may differ from the total presented.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and contingent assets and liabilities on the statement of financial position, and the recognition of the amount of income and expenses. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

In the 2014 financial year, the Pihlajalinna Group carried out an extensive restructuring and refinancing arrangement. Prior to the restructuring arrangement, the Group's parent company was Pihlajalinna Terveys Oy (former Pihlajalinna Oy, business ID 2303024–5). The Group's new parent company, Pihlajalinna Oy (former Sorbuscast Oy, business ID 2617455–1), was registered on 29 April 2014. In July 2014, Pihlajalinna Oy carried out a directed share issue for the holders of Series A shares in Pihlajalinna Terveys Oy, who exchanged their shares for new shares in Pihlajalinna Oy. As a result of the share swap, Pihlajalinna Oy holds the entire share capital of Pihlajalinna Terveys Oy, and the parties that held a stake in Pihlajalinna Terveys Oy prior to the restructuring became shareholders of Pihlajalinna Oy.

The information presented in this January–June 2015 interim report is unaudited.

Condensed financial statements and notes 1 January – 30 June 2015

Consolidated statement of comprehensive income

EUR million	4-6/ 2015 3 mths	4-6/ 2014 3 mths	change %	1-6/ 2015 6 mths	1-6/ 2014 6 mths	change %	2014 12 mths
Revenue	51.9	32.8	58	99.8	64.3	55	148.9
Other operating income	0.3	0.3	-11	0.4	0.5	-11	0.9
Materials and services	-20.3	-11.0	85	-38.5	-21.3	81	-58.7
Employee benefit expenses	-23.6	-15.6	51	-44.9	-29.9	50	-62.2
Other operating expenses	-6.2	-3.6	74	-11.7	-7.3	59	-17.1
EBITDA	2.1	3.0	-31	5.1	6.2	-18	11.8
Depreciation, amortisation and impairment	-2.0	-1.4	39	-3.8	-2.7	38	-5.8
Operating profit (EBIT)	0.1	1.6	-96	1.3	3.5	-62	6.0
Financial income	0.1	0.0	42	0.1	0.1	47	0.1
Financial expenses	-0.8	-1.2	-29	-1.5	-1.6	-7	-3.2
Profit before tax	-0.7	0.4	-253	-0.1	1.9	-106	2.9
Income taxes	0.1	-0.1	-164	0.1	-0.5	-126	-1.0
Profit for the period **	-0.6	0.3	-297	0.0	1.4	-99	1.9
Total comprehensive income for the period	-0.6	0.3	-297	0.0	1.4	-99	1.9
Total comprehensive income for the period attributable							
To the owners of the parent	-0.7	0.1	-1,075	-0.3	1.0	-133	1.5
To non-controlling interests	0.2	0.2	-28	0.4	0.4	-7	0.4
Earnings per share calculated on the basis of the profit for the period attributable to owners of the parent (EUR)							
Basic and diluted	-0.05	0.00		-0.02	0.08		0.11

** The Group has not had any other comprehensive income

Consolidated statement of financial position

EUR million	6/2015	6/2014	change%	12/2014
ASSETS				
Non-current assets				
Property, plant and equipment	39.8	30.1		35.3
Goodwill	64.6	50.6		56.2
Other intangible assets	11.0	8.4		9.7
Interests in associates	0.0	0.1		0.0
Available-for-sale financial assets	0.1	0.1		0.1
Other receivables	2.7	0.6		1.6
Deferred tax assets	2.3	0.9		1.1
Total non-current assets	120.4	90.8	33	104.2
Current assets				
Inventories	1.6	0.8		1.3
Trade receivables and other receivables	17.8	14.4		14.1
Current tax assets	0.4	0.5		0.1
Cash and cash equivalents	32.6	9.8		11.0
Total current assets	52.5	25.5	106	26.5
Total assets	172.9	116.3	49	130.7
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	0.1	0.0		0.0
Reserve for invested unrestricted equity	62.6	5.1		5.1
Retained earnings	3.7	2.8		2.8
Result for the review period	-0.3	1.0		1.5
	66.1	8.9		9.4
Non-controlling interests	1.0	1.0		1.0
Total equity	67.0	9.9	575	10.4
Non-current liabilities				
Deferred tax liabilities	4.4	3.7		4.1
Financial liabilities	54.6	69.3		73.6
Other non-current liabilities	2.0	0.9		0.8
Total non-current liabilities	61.0	73.9	-17	78.5
Current liabilities				
Trade and other payables	37.9	25.2		26.5
Current tax liabilities	0.6	0.6		0.9
Financial liabilities	6.3	6.6		14.4
Total current liabilities	44.9	32.4	38	41.8
Total liabilities	105.9	106.4	0	120.3
Total equity and liabilities	172.9	116.3	49	130.7

Consolidated statement of changes in equity

EUR million	Share capital	Reserve for invested unrestricted equity	Retained earnings	Non-controlling interests	Total equity
Total equity, 1 Jan 2014	0.0	31.0	6.2	1.1	38.3
Profit for the period			1.0	0.4	1.4
Total comprehensive income for the period			1.0	0.4	1.4
Share issue		3.7			3.7
Dividends paid			–3.3		–3.3
Repayment of capital		–29.6		–0.5	–30.1
Total transactions with the owners of the parent		–25.9	–3.3		–29.2
Changes in non-controlling interests				0.0	0.0
Total equity, 30 June 2014	0.0	5.1	3.8	1.0	9.9
Total equity, 1 Jan 2015	0.0	5.1	4.3	1.0	10.4
Profit for the period			–0.3	0.4	0.0
Total comprehensive income for the period			–0.3	0.4	0.0
Bonus issue	0.1	–0.1			
Share issue *		57.6			57.6
Dividends paid				–0.5	–0.5
Total transactions with the owners of the parent		57.6			57.6
Changes in non-controlling interests resulting no change in control			–0.6	0.1	–0.5
Total equity, 30 June 2015	0.1	62.6	3.4	1.0	67.0

* The emission costs EUR 2.4 million for the new shares and the related tax have been recorded in in the reserve for invested unrestricted equity.

Consolidated statement of cash flows

EUR million	4–6/2015 3 mths	4–6/2014 3 mths	1–6/2015 6 mths	1–6/2014 6 mths	2014 12 mths
Cash flow from operating activities					
Cash receipts from sales	52.5	32.4	101.6	62.8	145.6
Cash receipts from other operating income	0.3	0.2	0.4	0.3	0.7
Operating expenses paid	–49.3	–29.0	–91.4	–57.6	–135.6
Operating cash flow before financial items and taxes	3.5	3.6	10.6	5.5	10.7
Interest received	0.0	0.0	0.0	0.0	0.1
Taxes paid	–1.0	–1.1	–1.1	–1.2	–1.4
Net cash flow from operating activities	2.6	2.5	9.5	4.3	9.4
Cash flow from investing activities					
Investments in property, plant and equipment and intangible assets	–1.6	–4.4	–4.9	–5.2	–10.4
Proceeds from disposal of property, plant and equipment and intangible assets and prepayments	–1.2		7.8		
Changes in other investments	0.0	0.0	0.4	0.0	0.0
Changes in loan receivables	–0.1	1.1	–0.1	–1.2	–1.3
Dividends received	0.0		0.0		
Acquisition of subsidiaries less cash and cash equivalents at date of acquisition	–2.8	–1.9	–13.0	–1.2	–5.1
Disposal of subsidiaries less cash and cash equivalents	1.3	0.0	1.3	–0.6	–0.6
Net cash flow from investing activities	–4.3	–5.2	–8.5	–8.2	–17.5
Cash flow from financing activities					
Proceeds from issuing shares	58.2	0.0	58.2	3.7	3.7
Repayment of capital		–29.6		–29.6	–29.6
Changes in non-controlling interests	–0.5		–0.5		
Proceeds from borrowings	0.1	62.3	4.4	62.3	69.7
Repayment of borrowings	–33.1	–28.5	–39.3	–29.2	–29.2
Repayment of finance lease liabilities	–0.3	0.1	–0.5		–0.6
Interest and other operational financial expenses	–0.7	–0.5	–1.2	–0.9	–2.4
Dividends paid and other profit distribution	–0.5	–3.3	–0.5	–3.8	–3.8
Net cash flow from financing activities	23.2	0.5	20.7	2.5	7.7
Changes in cash and cash equivalents	21.4	–2.1	21.7	–1.5	–0.4
Cash at the beginning of the financial period	11.2	12.0	11.0	11.3	11.3
Cash at the end of the financial period	32.6	9.8	32.6	9.8	11.0

Operating segments

EUR million	4–6/2015 3 mths	4–6/2014 3 mths	change%	1–6/2015 6 mths	1–6/2014 6 mths	change%	2014 12 mths
Revenue							
C & S	30.8	18.5	67	60.7	35.9	69	92.9
P & S	22.0	14.7	50	40.6	29.1	39	57.9
Unallocated	0.0	0.0		0.0	0.0		0.0
Eliminations	–0.9	–0.3		–1.5	–0.7		–1.9
Total consolidated revenue	51.9	32.8	58	99.8	64.3	55	148.9
EBITDA							
C & S	1.9	2.5	–24	5.0	5.2	–3	11.2
P & S	1.3	0.9	48	1.5	1.6	–5	2.8
Unallocated	–1.1	–0.4		–1.4	–0.5		–2.2
Consolidated EBITDA	2.1	3.0	–31	5.1	6.2	–18	11.8
EBITDA, % of revenue							
C & S	6.2%	13.6%	–54	8.2%	14.4%	–43	12.1%
P & S	5.9%	6.0%	–1	3.7%	5.5%	–32	4.8%
Consolidated EBITDA, % of revenue	4.0%	9.1%	–56	5.1%	9.7%	–47	7.9%
Operating profit							
C & S	0.4	1.3	–73	1.9	3.0	–36	6.3
P & S	0.9	0.6	37	0.8	1.0	–19	1.9
Unallocated	–1.2	–0.4		–1.4	–0.6		–2.2
Consolidated operating profit	0.1	1.6	–96	1.3	3.5	–62	6.0
Operating profit, % of revenue							
C & S	1.2%	7.2%	–84	3.1%	8.4%	–62	6.7%
P & S	4.0%	4.4%	–8	2.1%	3.6%	–42	3.3%
Consolidated operating profit, % of revenue	0.1%	4.7%	–97	1.3%	5.4%	–76	4.0%
Reconciliation	4–6/2015	4–6/2014	change%	1–6/2015	1–6/2014	change%	2014
Revenue							
Operating segments' revenue	52.8	33.2	59	101.3	65.0	56	150.8
Elimination of inter-segment revenue	–0.9	–0.3	179	–1.5	–0.7	122	–1.9
Total consolidated revenue	51.9	32.8	58	99.8	64.3	55	148.9
EBITDA							
Operating segments' EBITDA	3.2	3.4	–5	6.5	6.8	–4	8.2
Items unallocated to the segments	–1.1	–0.4	192	–1.4	–0.5	160	–2.2
Consolidated EBITDA	2.1	3.0	–31	5.1	6.2	–18	6.0
Operating profit							
Operating segments' operating profit	1.2	2.0	–37	2.8	4.0	–32	8.2
Items unallocated to the segments	–1.2	–0.4	181	–1.4	–0.6	151	–2.2
Consolidated operating profit	0.1	1.6	–96	1.3	3.5	–62	6.0

Changes in property, plant and equipment

EUR million	1-6/2015	1-6/2014	2014
Cost at the beginning of the period	45.1	29.6	29.6
Additions	13.9	4.1	9.6
Business Combinations	0.6	4.8	7.8
Disposals	-8.4	-1.9	-1.9
Cost in the end of the period	51.2	36.7	45.1
Accumulated depreciation at the beginning of the period	-9.7	-4.9	-4.9
Depreciation in the period	-2.4	-1.7	-3.5
Business Combinations	0.0	-0.1	-1.4
Accumulated depreciation on disposals	0.7	0.1	0.1
Accumulated depreciation in the end of the period	-11.4	-6.6	-9.7
Carrying amount in the end of the period	39.8	30.1	35.3

Changes in intangible assets

EUR million	1-6/2015	1-6/2014	2014
Cost at the beginning of the period	70.6	58.1	58.1
Additions	1.0	0.7	1.4
Business Combinations	10.2	3.6	11.1
Disposals	-0.2	0.0	0.0
Cost in the end of the period	81.7	62.4	70.6
Accumulated amortisation at the beginning of the period	-4.7	-2.3	-2.3
Amortisation in the period	-1.4	-1.0	-2.3
Business Combinations	0.0	0.0	0.0
Accumulated amortisation on disposals	-6.1	-3.3	-4.7
Accumulated amortisation in the end of the period	75.6	59.1	66.0

Contingent liabilities and commitments

EUR million	30.6.2015	30.6.2014	31.12.2014
Collateral given on own behalf			
Pledged collateral notes	520.6	312.6	416.6
Properties		4.6	4.6
Other shares	2.4	2.5	2.5
Bank accounts and other receivables	26.8	3.9	5.1
Collateral given on behalf of associates			
Other contingent liabilities	2.1	1.9	2.3
Other contingent liabilities			
Lease commitments	23.2	8.3	15.9
Value added tax (VAT) adjustment liability on property investments	0.1	0.1	0.1

Business combinations in total

Acquisitions during the reporting period 2015

The following information on business combinations is presented consolidated, since the acquisitions are not individually material:

EUR million	1–6/2015
Consideration transferred	
Cash	16.8
Total cost of combinations	16.8

At the date of acquisition, the values of assets acquired and liabilities assumed were as follows:

EUR million	1–6/2015
Property, plant and equipment	0.6
Intangible assets	1.7
Non-current receivables	0.0
Inventories	0.2
Trade receivables and other receivables	1.3
Cash and cash equivalents	5.4
Total assets	9.3
Deferred tax liability	–0.3
Financial liabilities	–0.1
Other liabilities	–0.5
Total liabilities	–1.0
Net assets	8.3

Goodwill generated in the acquisition

Consideration transferred	16.8
Net identifiable assets of acquiree	–8.3
Goodwill	8.5
Transaction price paid in cash	16.8
Cash and cash equivalents of acquiree	–5.4
Effect on cash flow	11.4

The acquisition-related expenses, a total of EUR 333 thousand have been recorded under other operating expenses.

The revenues and profit from the business combinations since the dates of acquisition total revenues EUR 4.6 million and total operating profit EUR 0.3 million, are included in the consolidated statement of comprehensive income. Had the business combinations during the financial year been consolidated since the beginning of the 2015 reporting period, consolidated revenues would have amounted to EUR 102.6 million and operating profit for the period would have amounted to EUR 1.4 million.

Related party transactions

EUR million	1–6/2105	1–6/2014	1–12/2014
Key management personnel			
Rents paid	0.53	0.31	0.60
Services procured	0.29		
Payments received		0.23	0.44
Receivables			0.12
Trade payables	0.00	0.01	0.00
Other related parties			
Services procured	0.07	0.05	0.11
Trade payables	0.00	0.00	0.01
Associates			
Services procured	0.12	0.09	0.22
Trade payables		0.08	0.06
Loan receivables	1.45	1.15	1.34

Quarterly information

EUR million	Q2/15	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME						
Revenue	51.9	47.9	51.9	32.6	32.8	31.5
Other operating income	0.3	0.1	0.3	0.1	0.3	0.2
Materials and services	–20.3	–18.2	–27.5	–9.8	–11.0	–10.4
Employee benefit expenses	–23.6	–21.3	–17.5	–14.8	–15.6	–14.3
Other operating expenses	–6.2	–5.5	–4.2	–5.5	–3.6	–3.8
EBITDA	2.1	3.0	3.0	2.6	3.0	3.2
EBITDA excluding non-recurring items	3.0	3.1	3.6	3.8	3.5	3.2
Depreciation, amortisation and impairment	–2.0	–1.8	–1.6	–1.5	–1.4	–1.3
Operating profit (EBIT)	0.1	1.3	1.4	1.1	1.6	1.9
Operating profit (EBIT) excluding non-recurring items	1.0	1.3	1.9	2.3	2.0	1.9
Financial income	0.1	0.0	0.0	0.0	0.0	0.0
Financial expenses	–0.8	–0.7	–0.7	–0.9	–1.2	–0.5
Profit before tax	–0.7	0.6	0.7	0.2	0.4	1.5
Income taxes	0.1	0.0	–0.2	–0.3	–0.1	–0.3
Profit for the period	–0.6	0.6	0.5	–0.1	0.3	1.1
Personnel at the end of the period	2,525	2,261	1,714	1,688	1,649	1,466

Publication of financial information

The interim report for January–September 2015 will be published on Wednesday, 11 November 2015.

Helsinki, 18 August 2015

Pihlajalinna Oyj's Board of Directors

Press and analyst meeting

The press and analyst meeting for the announcement of financial results of the second quarter 2015 will be held on August 18, 2015 at 10:00 the Kämp hotel congress center, meeting room Paavo Nurmi, Pohjoisesplanadi 29, 00100, Helsinki.

An audio webcast and teleconference in English will be held on the same day starting at 13.30 p.m. EET.

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Participant password: Pihlajalinna

The event can be followed live as an audio webcast at investors.pihlajalinna-konserni.fi. The event will be recorded and can be accessed on the website later the same day.

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Pihlajalinna in brief

Pihlajalinna is one of the leading private social and healthcare services providers in Finland. The Company provides social and healthcare services for households, companies, insurance companies and public sector entities in private clinics, health centres, dental clinics and hospitals around Finland. Pihlajalinna provides general practitioner and specialised care services, including emergency and on-call services, a wide range

of surgical services as well as occupational healthcare and dental care services, in private clinics and hospitals operating under the Dextra brand. Under the Pihlajalinna brand the Company, in cooperation with the public sector, offers social and healthcare service provision models to public sector entities with the aim of providing high quality services for public pay healthcare customers.

Calculation of key figures

Return on equity (ROE), %	$\frac{\text{Profit for the period}}{\text{Equity (average)}} \times 100$
Return on capital employed (ROCE), %	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total statement of financial position} - \text{non-interest-bearing liabilities (average)}}$
Gearing, %	$\frac{\text{Interest-bearing net debt}}{\text{Equity}} \times 100$
Equity ratio, %	$\frac{\text{Equity}}{\text{Total statement of financial position} - \text{prepayments received}} \times 100$
Earnings per share (EPS), EUR	$\frac{\text{Profit for the period attributable to owners of the parent}}{\text{Average number of shares during the period}}$
Equity per share, EUR	$\frac{\text{Equity attributable to owners of the parent}}{\text{Number of shares at period end}}$
EBITDA	Operating result + depreciation, amortisation and impairment
EBITDA, %	$\frac{\text{EBITDA}}{\text{Revenue}} \times 100$
Net debt / Adjusted EBITDA (rolling 12 months)	$\frac{\text{Interest bearing net debt}}{\text{EBITDA excluding non-recurring items (rolling 12 months)}}$
Cash Flow after investments	Cash flow from operating activities + Cash flow from investing activities