



Terveystalo Group Financial Statements Release 2022

Solid revenue growth, profit improvement program is well underway to address decreased profitability

Terveystalo

October-December 2022 in brief

- Revenue increased by 2.2% year-on-year to EUR 334.8 (327.5) million. The revenue in Finland increased by 1.0%. The revenue of Sweden and others segment¹⁾ increased by 17.9% and came to EUR 27.6 (23.4) million.
- Supply of appointments grew by 15% year-on-year
- Adjusted²⁾ earnings before interest, taxes, amortization, and impairment losses (EBITA) decreased by 29.1% year-on-year to EUR 29.7 (41.9) million, representing 8.9% (12.8%) of revenue. Profitability was reduced year-on-year due to a decline in COVID testing, changes in the sales mix with a larger share of shorter care pathways, as well as increased costs.
- Adjusted items affecting comparability²⁾ were EUR 7.3 (1.0) million.
- Result for the period was EUR 7.6 (25.8) million.
- Earnings per share (EPS) was EUR 0.06 (0.20).
- Cash flow from operating activities was EUR 76.5 (86.1) million.
- The profit improvement program targeting at least 50-million-euro annualized (run-rate) EBITA improvement by the end of 2024, has progressed according to the plan. The measures implemented by the end of 2022 are estimated to have an annual run-rate impact on the profitability of around 11 million euros.

January-December 2022 in brief

- Revenue increased by 9.0% year-on-year to EUR 1,259.1 (1,154.6) million. The revenue in Finland increased by 4.3%. The revenue of Sweden and others segment¹⁾ came to EUR 92.8 (36.9) million.
- Supply of appointments grew by 11% year-on-year
- Adjusted²⁾ earnings before interest, taxes, amortization, and impairment losses (EBITA) decreased by 25.4% year-on-year to EUR 105.2 (141.0) million, representing 8.4 (12.2) percent of revenue.
- Adjusted items affecting comparability²⁾ were EUR 39.5 (4.3) million. The operating result was weakened by one-off write-downs of approximately EUR 29 million due to a decision to suspend certain sub-projects relating to development of basic IT-systems during the third quarter.
- Result for the period was EUR 24.4 (80.4) million.
- Earnings per share (EPS) were EUR 0.19 (0.63).
- **Net debt/adjusted EBITDA (last 12 months) was 3.2 (2.5).**
- Cash flow from operating activities was EUR 140.9 (195.2) million.
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.28 (0.28) per share be distributed for 2022 and the dividend payment would happen in two installments.

The figures in parentheses refer to the corresponding period one year ago.

1) Consists of the Group's business operations in Sweden, Estonia, and the Netherlands. Feelgood (Sweden) has been consolidated from 1 July 2021 onwards. Estonia and the Netherlands did not have a significant effect on revenue during the reporting period.

2) Adjustments are material items outside the ordinary course of business, associated with acquisition-related expenses, restructuring-related expenses, net gains, and losses on the sale of assets, impairment losses, strategic projects and other items affecting comparability. Expenses related to the profit improvement program were approximately EUR 4.9 million.

Ville Iho, President and CEO: Continued strong demand, profit improvement program proceeding as planned

Demand for health services continued to be strong in the fourth quarter of 2022. Challenges related to the sales mix continued, and demand in our core business continued to focus on appointments and lower-margin care chains, reducing revenue and profitability compared to the reference period, which coincided with the peak in coronavirus testing due to the spread of the Omicron variant. The share of diagnostics visits excluding COVID testing is gradually increasing but remains below the level of 2019. Surgical operations and digital services, which were in strong demand throughout the year, continued to grow. In the last quarter of the year, revenue overall increased by 2.2% year-on-year to EUR 334.8 million. Our business in Sweden accounted for about half of this growth.

Inflationary pressures and the dilution of the sales mix continued in the last quarter of the year. However, the actions taken throughout 2022 to increase our supply are starting to yield results. Our supply clearly improved at the end of the year, not only in terms of digital appointments but also in terms of appointments at the clinics. However, the clear improvement was not enough to compensate for the negative profit drivers and profitability still fell short of the targets. Adjusted EBITA for the fourth quarter decreased by 29.1% to EUR 29.7 million, representing 8.9% of revenue. Earnings per share were EUR 0.06.

In connection with Q3, we communicated three sets of measures we are taking to react to the change in the operating environment: the profit improvement program, a change in the operating model, and the independent profitability improvement measures of the portfolio businesses. We have made progress in each of these areas. Our profit improvement program is progressing as planned and we are confident that we will achieve our goal of an annual run-rate EBITA improvement of EUR 50 million by 2024, most of which is estimated to be achieved already in 2023. The measures implemented by the end of 2022 are expected to generate an EBITA improvement of EUR 11 million in 2023. Our renewed management model, based on a clearer division of the core business, portfolio business, and Swedish business, has brought clarity to profit drivers and speed to decision-making; we will renew our reporting from 2023 in accordance with the new structure.

In the Finnish healthcare services, the conditions for growth are good. Demand is strong, and the utilization rate of total capacity is high, despite the dip in consumer confidence and the uncertain market environment. Poor access to treatment in public healthcare increases the demand for privately provided services, especially through voluntary health insurance. The situation in the public market is predictably quiet after the reform and there are few new tenders. We expect the market to pick up in the second half of the year 2023 after the start-up phase of the well-being services counties.

In the portfolio businesses, each business now has an independent plan to strengthen profitability in a timely manner and these plans are being promoted at full speed.

Our Swedish business developed as expected in 2022. Revenue grew organically and through acquisitions, and profitability strengthened compared to the reference period. We see growth potential and opportunities for value creation in Sweden in the medium term.

Our financial targets and strategy remain unchanged; in our core business, we aim for industry-leading profitability, and we want to keep our spot as the preferred choice for customers and professionals. Portfolio businesses aim at independent value creation, and in Sweden, we aim for significant and profitable growth in the medium term. Due to the changed operating environment, our primary focus is on the core business and organic growth, and we are clearly more selective in M&A in both of our home markets, Finland, and Sweden.

Our financial position is strong, and we are confident about the future. Our goal is to significantly improve the total return for shareholders in the coming years. The board proposes to the Annual General Meeting that the dividend remains at the 2021 level of 0.28 euros.

Our customer satisfaction is very strong, and we have maintained our position as the preferred employer among industry professionals. The clinical quality of our services is excellent, and our work to develop the effectiveness of treatment is particularly strongly reflected in the results of our investment areas, such as mental well-being, and in the results of treatment paths for the musculoskeletal system. In the business built around the musculoskeletal system, the number of customers has grown strongly during the year, and the number of referrals from insurance companies has increased thanks to the fast access to care and excellent treatment results based on multi-professional treatment paths. In terms of mental well-being, Terveystalo has long been a pioneer in building low-threshold services for companies, and our extensive data shows that the services radically reduce sickness absences related to mental health. Our mission is to fight for a healthier life. We want to keep our client companies moving and we will continue to invest in the effectiveness and high-quality of care pathways.

Ville Iho

Market outlook

- Demand for health services continues to be strong. However, demand is focused on short care pathways and services, the growth of which is limited by supply. A tight labor market and high inflation create growing pressure on operating costs, including wages.
- The demand for Covid-19 related services is expected to decrease and the demand for digital services to continue strong.
- Significant employment and consumer confidence changes may be reflected in demand.

These views are based on the expected development of demand for Terveystalo's services within the next six months, compared with the past six months.

Financial targets

Terveystalo's financial targets are:

- annual revenue growth of at least 5 percent through organic growth and acquisitions
- adjusted EBITA margin of at least 12–13 percent in the medium to long term
- net debt/adjusted EBITDA ratio 3.5x or less. However, indebtedness may temporarily exceed the target level, such as in conjunction with acquisitions.
- to distribute a minimum of 40 percent of net profit as dividends annually. However, the dividend proposal must take into account Terveystalo's long-term development potential and financial position.

Key figures

Terveystalo Group, MEUR	10-12/ 2022	10-12/ 2021	Change, %	2022	2021	Change, %
Revenue	334.8	327.5	2.2	1,259.1	1,154.6	9.0
Adjusted EBITDA, * 1)	48.0	59.1	-18.8	178.0	206.1	-13.6
Adjusted EBITDA, % * 1)	14.4	18.1	-	14.1	17.8	-
EBITDA 1)	42.2	58.2	-27.5	168.8	201.8	-16.4
EBITDA, % 1)	12.6	17.8	-	13.4	17.5	-
Adjusted EBITA * 1)	29.7	41.9	-29.1	105.2	141.0	-25.4
Adjusted EBITA, % * 1)	8.9	12.8	-	8.4	12.2	-
EBITA 1)	23.8	40.9	-41.9	95.9	136.7	-29.8
EBITA, % 1)	7.1	12.5	-	7.6	11.8	-
Adjusted EBIT * 1)	20.1	34.8	-42.3	73.4	114.4	-35.8
Adjusted EBIT, % * 1)	6.0	10.6	-	5.8	9.9	-
EBIT	12.8	33.9	-62.3	33.9	110.1	-69.2
EBIT, %	3.8	10.3	-	2.7	9.5	-
Return on equity (ROE), % 1)	-	-	-	4.1	13.6	-
Equity ratio, % 1)	-	-	-	40.2	42.2	-
Earnings per share (EUR)	0.06	0.20	-70.4	0.19	0.63	-69.5
Weighted number of shares outstanding, in thousands	126,548	126,742	-	126,508	127,180	-
Net debt	-	-	-	566.6	519.0	9.2
Gearing, % 1)	-	-	-	95.7	85.2	-
Net debt/adjusted EBITDA (last 12 months) 1)	-	-	-	3.2	2.5	-
Total assets	-	-	-	1,479.4	1,448.6	2.1
Adjusted EBITDA (last 12 months), excluding IFRS 16*1)	-	-	-	122.2	156.9	-22.1
Net debt, excluding IFRS 16	-	-	-	386.8	340.6	13.6

Adjusted net debt/adjusted EBITDA (last 12 months), excluding IFRS 16* ¹⁾	-	-	-	3.2	2.2	-
Average personnel (FTEs)	-	-	-	6,552	5,643	16.1
Personnel (end of period)	-	-	-	10,933	9,805	11.5
Private practitioners (end of period)	-	-	-	5,928	5,754	3.0
Sustainability						
Quality index ²⁾				92.2	94.6	-2.5
Net Promoter Score (NPS), appointments				82.7	83.0	-0.4
Employee Net Promoter Score (eNPS)				29	32	-9.4
Mixed waste intensity ³⁾				5.81	6.42	-9.6

*¹⁾ Adjustments are material items outside the ordinary course of business, associated with acquisition-related expenses, restructuring-related expenses, gain on sale of assets, impairment losses, and strategic projects and other items affecting comparability.

¹⁾ Alternative performance measure. In addition to the IFRS figures, Terveystalo presents additional, alternative performance indicators which the company monitors internally, and which provide the company management, investors, stock market analysts, and other stakeholders with important additional information concerning the company's financial performance, financial position, and cash flows. These performance indicators should not be reviewed separately from the IFRS figures and they should not be considered to replace the IFRS figures.

²⁾ The quality index consists of seven effectiveness indicators that describe the clinical and experienced quality, access to care, and the proportion of preventive care.

³⁾ Amount of mixed waste (metric tons) relative to total revenue (100 million)

Operating environment

Target markets

Demand for health services was strong in Terveystalo's target markets throughout the year. Nevertheless, the growth was tempered by the lack of supply, which was also impacted by higher sickness absences compared to the comparison period. In Finland, the demand was more focused on short care pathways. The demand for diagnostics and other services related to COVID-19 decreased significantly from the comparison period due to a decline in COVID testing. In Sweden, the demand for occupational health services and particularly for consultation for organizational management and harmful use was growing. The growth of demand for digital services and remote appointments continued strong. The demand for mental health services and preventive well-being services continued to grow.

A tight labor market and high inflation create growing pressure on operating costs, including wages. The employment situation is strong, but significant changes can affect the demand for occupational health services. The long-term growth prospects are good for Terveystalo's addressable markets in Finland and Sweden; underlying demand is strong, and we are well-positioned to drive growth going forward, supported by our strong market position and reputation among industry professions of being a preferred employer.

The impacts of inflation

High inflation can be seen as upward pressure on prices in all procurement categories, and Terveystalo has actively negotiated with its suppliers to limit the impact of inflation on costs. The rising price of electricity has a negative impact on operational costs. Due to component shortages, delivery times have become longer in certain categories of products and materials, such as healthcare equipment.

Skill shortages, a tight labor market, and high inflation put pressure also on wages. The private healthcare sector concluded a two-year, moderate salary agreement for the period 1 May 2022 to 30 April 2024. The first wage increases of 2.0% took effect on 1 October, 2022. The wage increases in 2023 will be decided according to the wage increases in the reference sectors and the salary increase is at least 1.9%.

Commercial initiatives have been and will be undertaken to mitigate the effect of inflation as a part of Terveystalo's profit improvement program. The effects are visible in stages from the fourth quarter of 2022 onwards.

The treatment queues, Social and healthcare reform, and changes in the regulation

The contraction of non-urgent care in the private and public healthcare sectors during COVID-19 restrictions has resulted in a significant treatment gap in other illnesses. According to the Finnish Institute for Health and Welfare (THL), over 150,000 patients

were waiting for access to non-urgent specialized care at the end of August 2022. Of those waiting for treatment, over 20,000 (9,500) had been waiting for more than six months. The average waiting time for non-urgent care was 65 days in August 2022. The treatment queues continued to lengthen also in Sweden. In November 2022, close to 150,000 people in Sweden were waiting for surgery or a procedure (www.skr.se).

Under the social and healthcare reform, the responsibility for the organization of social and healthcare services will be transferred to the 21 well-being services counties and the City of Helsinki. The well-being services county councils, elected in January 2022, will decide on the well-being services county and service strategies, principles of the service network, service level of emergency services, budget and financial planning of the well-being services county, and appointment of members to governing bodies. The term of office of the county council is four years, commencing on March 1, 2022. In 2022, the new well-being services county councils have focused on administrative organization. Decisions on new material service procurements from the private sector are expected in the first half of 2023 at the earliest.

As a result of the social welfare and healthcare reform, some of Terveystalo's outsourcing agreements for public services will need to be renegotiated so that the new contractual terms will enter into force at the beginning of 2026 at the latest. Furthermore, there will be restrictions on the subcontracting practices for public services produced as outsourced services, but these are not expected to have a significant impact on Terveystalo. The dismantling of the queues for non-urgent care in the public sector will require more extensive use of private healthcare services in the aftercare of the pandemic.

Cuts to Kela reimbursements for private healthcare took effect on 1 January 2023. The changes are estimated to impact the demand for general practitioners' and gynecologists' appointments and imaging services. As consumers' general purchasing power weakens, the changes can also affect the use of other services. Cutting Kela reimbursements from private healthcare will most likely lengthen the queues in public healthcare, make it more difficult to dismantle long treatment queues, increase the costs of the public sector, and make the work of newly established well-being services counties more difficult.

The impacts of the war in Ukraine

The indirect impacts of the war in Ukraine on Terveystalo are assessed to be minimal, as Terveystalo does not have business operations in, or with, countries that are subject to sanctions. Indirect impacts arise from supply chain disruptions, high inflation, and potential disruptions in the financial markets. The indirect economic impacts are already visible in weakened consumer confidence and purchasing power. The impacts may also have a delayed economic impact through declining employment, which could negatively impact the demand for Terveystalo's services.

Revenue

Revenue for the fourth quarter increased by 2.2% year-on-year to EUR 334.8 (327.5) million. The revenue in Finland increased by 1.0% year-on-year. Acquisitions increased revenue by approximately 5.8 million euros. The revenue of the Sweden and others segment increased by 17.9% and came to EUR 27.6 (23.4) million. The growth mainly came from acquisitions.

Revenue from corporate customers increased by 3.6% due to the increased demand for preventive occupational health services. Revenue from private customers was flat year-on-year and shorter care chains and appointments were emphasized in the sales mix. There was strong growth in revenue from insurance companies. Revenue from public sector customers decreased by 1.7% year-on-year. Revenue from service sales and occupational healthcare to public sector customers increased by 13.2%. Revenue from staffing services decreased by 5.3% due to lower demand COVID-19-related services in nurse staffing. Revenue from the outsourcing business decreased by 10.4% due to expired outsourcing contracts.

The demand for general practitioners' appointments continued at a good level, with the growth of revenue being restricted by the limited supply of physicians. Appointments relating to various acute infections and ear, nose, and throat diseases grew substantially year-on-year. Visits to laboratory services decreased substantially year-on-year as COVID testing decreased. A total of approximately 41,000 (131,000) COVID-19 tests were performed during the fourth quarter, a decrease of 69% year-on-year.² Revenue from laboratory services not related to COVID testing increased year-on-year. During the quarter, acute medical care and general practitioner services continued to be emphasized in the sales mix. These involve fewer laboratory and diagnostic services than specialist medical services with longer care chains. Revenue from surgical operations grew substantially year-on-year.

Revenue from imaging services decreased slightly year-on-year. The demand for well-being services remained strong, with revenue increasing by 11% to EUR 32.6 (29.2) million. The number of digital appointments¹⁾ grew by 18% to approximately 351,000 (296,000) appointments. There were 63 (64) working days in October-December.

Revenue for 2022 increased by 9.0% year-on-year and amounted to EUR 1 259.1 (1 154.6) million. The revenue in Finland increased by 4.3%. Acquisitions increased revenue by approximately 18.3 million euros. The revenue of the Sweden and others segment came to EUR 92.8 (36.9) million. The Swedish operations were consolidated into Terveystalo's reporting as of 1 July 2021.

Revenue from corporate customers increased by 6.2%. Revenue from preventive occupational health services as well as acute infection and other illness-related appointments increased year-on-year. Revenue from private customers increased by 1.9%. Shorter care chains and appointments were emphasized in the sales mix. There was strong growth in revenue from insurance companies. Revenue from public sector customers increased by 4.1%. Revenue from service sales and occupational healthcare to public sector customers increased by 9.8% mainly due to the occupational health business that increased through acquisitions and new agreements. Revenue from staffing services grew 2.4% with demand being strong, but the shortage of physicians restricted the growth. Revenue from the outsourcing business increased by 0.9% mainly driven by the child welfare services business.

The demand for general practitioners' appointments was at a high level throughout the year, but the growth of revenue was restricted by the limited supply of physicians. Appointments relating to various acute infections and ear, nose, and throat diseases grew substantially year-on-year. Visits to laboratory services decreased substantially year-on-year as COVID testing decreased. A total of approximately 335,000 (500,000) COVID-19 tests were performed during the fourth quarter, a decrease of 33% year-on-year¹⁾. During the year, acute medical care and general practitioner services were emphasized in the sales mix. These involve fewer laboratory and diagnostic services than specialist medical services with longer care chains. Revenue from surgical operations grew substantially year-on-year. Revenue from imaging services grew slightly year-on-year. Demand for well-being services remained strong, with revenue increasing by 9% to EUR 117.1 (107.9) million. The number of digital appointments²⁾ grew by 29% to approximately 1.4 (1.0) million appointments. There were 253 (253) working days in 2022.

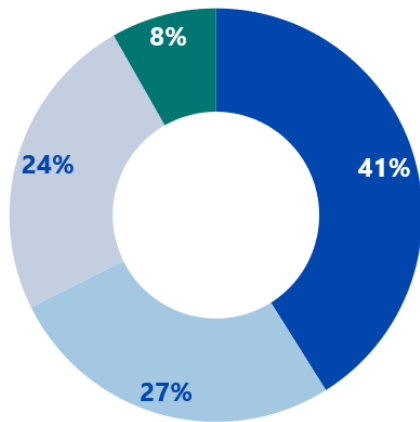
¹⁾ Excludes sample collection services

²⁾ Does not include the digital appointments of the Sweden and others segment.

MEUR	10-12/ 2022	10-12/ 2021	Change, %	2022	2021	Change, %
Corporate customers	137.5	132.7	3.6	511.7	481.7	6.2
Private customers	89.0	89.4	-0.4	339.4	333.2	1.9
Public sector customers	80.7	82.1	-1.7	315.2	302.8	4.1
Outsourcing	29.7	33.2	-10.4	122.2	121.1	0.9
Staffing services	22.4	23.7	-5.3	89.8	87.6	2.4
Service sales, occupational health, and others	28.6	25.3	13.2	103.3	94.0	9.8
Finland in total	307.2	304.1	1.0	1 166.2	1 117.7	4.3
Sweden and others*	27.6	23.4	17.9	92.8	36.9	151.3
Total	334.8	327.5	2.2	1 259.1	1 154.6	9.0

* Consists of the Group's business operations in Sweden, Estonia, and the Netherlands. Feelgood (Sweden) was consolidated on 1 July 2021. Estonia and the Netherlands did not have a significant effect on revenue during the reporting period.

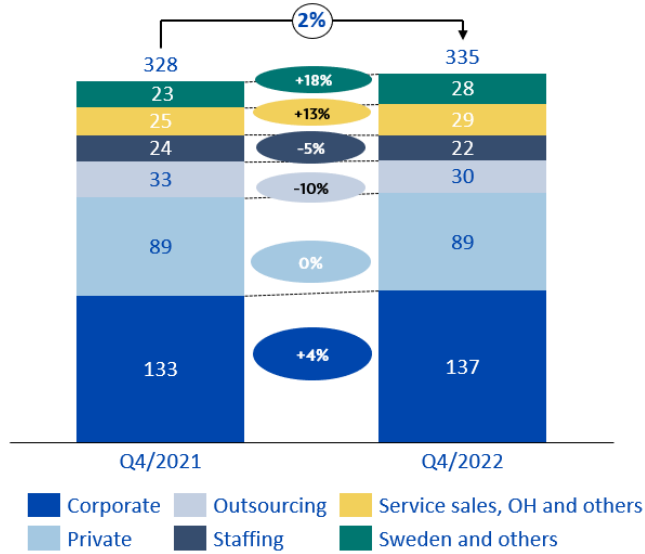
Q4/2022 REVENUE BREAKDOWN, %



■ Corporate ■ Public
■ Private ■ Sweden and others

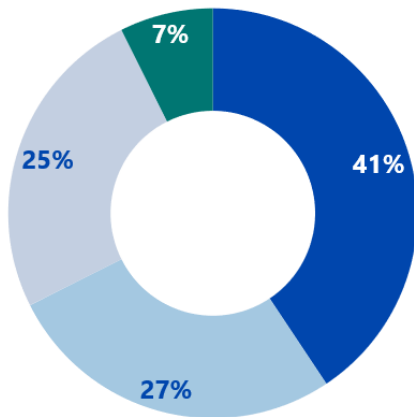
Feelgood (Sweden) was consolidated as of 1 July, 2021.

Q4/2022 REVENUE BREAKDOWN, M€



■ Corporate ■ Outsourcing ■ Service sales, OH and others
■ Private ■ Staffing ■ Sweden and others

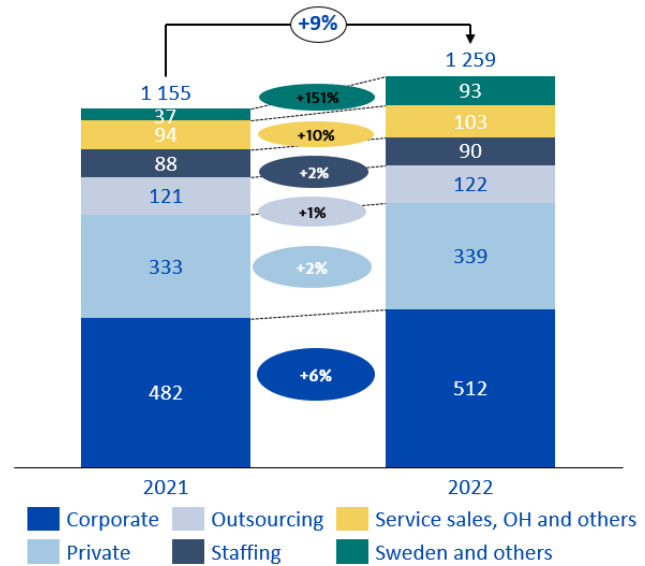
2022 REVENUE BREAKDOWN, %



■ Corporate ■ Public
■ Private ■ Sweden and others

Feelgood (Sweden) was consolidated as of 1 July, 2021.

2022 REVENUE BREAKDOWN, M€



■ Corporate ■ Outsourcing ■ Service sales, OH and others
■ Private ■ Staffing ■ Sweden and others

Revenue breakdown

Corporate customers

Corporate customers constitute Terveystalo's largest customer group. Terveystalo's corporate customers consist of the company's occupational health customers, excluding municipal occupational healthcare customers, which are included in the public sector customer group. The company provides statutory occupational health services and other occupational health and well-being services for corporate customers of all sizes. Terveystalo is the largest provider of occupational health services in Finland in terms of revenue and the number of end users. Terveystalo provides occupational healthcare services for over 27,000 companies in Finland, which have approximately 670,000 occupational health customers.

Revenue for the fourth quarter from corporate customers increased by 3.6% year-on-year and amounted to EUR 137.5 (132.7) million.

Revenue from preventive occupational health services¹⁾ as well as acute infection and other illness-related appointments increased year-on-year. The revenue from laboratory services declined substantially year-on-year as COVID-19 testing decreased.

Approximately 30,000 (94,000) COVID-19 tests were performed for corporate customers during the quarter, a decrease of 68% year-on-year. The average prices of tests decreased year-on-year. The revenue from surgical operations and imaging services grew year-on-year. The revenue for well-being services²⁾ increased by approximately 13% year-on-year. The growth was strongest in mental well-being services. Digital occupational health appointments grew by 22% year-on-year and exceeded 280,000 (230,000) appointments. The number of end customers in occupational healthcare increased year-on-year.

Revenue from corporate customers for 2022 increased by 6.2% and amounted to EUR 511.7 (481.7) million. Revenue from preventive occupational health services¹⁾ as well as acute infection and other illness-related appointments increased year-on-year. The revenue from laboratory services declined substantially year-on-year as COVID-19 testing decreased. Approximately 265,000 (350,000) COVID-19 tests were performed for corporate customers during the year, a decrease of 25% year-on-year. The average prices of tests decreased year-on-year. The revenue from surgical operations and imaging services grew year-on-year. The revenue for well-being services²⁾ increased by approximately 10% year-on-year. The growth continued to be strongest in mental well-being services. Digital occupational health appointments grew by 39% year-on-year and exceeded 1,100,000 (793,000) appointments. The number of end customers in occupational healthcare increased year-on-year.

¹⁾ The statutory task of occupational healthcare is to prevent work-related adverse health effects. Preventive services include, for example, workplace surveys to examine the conditions and exposures at the workplace; health examinations; suggested measures to improve work conditions and to promote the employees' ability to work; guidance and counselling; participation in the planning and implementation of measures that maintain workability promotion of coping at work and, when necessary, referrals to rehabilitation in case of reduced work ability; guidance in first aid preparedness at the workplace; and assessment and monitoring of the quality and impact of occupational healthcare activities.

²⁾ Well-being services include, for example, physiotherapy, mental well-being services (psychologists and psychotherapists), nutritional therapy, workability coaching, and massage services.

Private customers

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, extensive service portfolio for private customers, families, and senior citizens, and personalized digital services give Terveystalo a competitive edge over other private operators and public healthcare services and encourage customers to invest in their health. Services for private customers are paid for either by the customers themselves or by their insurance companies.

Revenue for the fourth quarter from private customers was flat year-on-year amounting to EUR 89.0 (89.4) million.

Short care chains, acute medical care, and general practitioner services were emphasized in the sales mix during the quarter. The growth of revenue was restricted by limited supply. Appointments relating to various acute infections and ear, nose, and throat diseases grew year-on-year. The revenue from specialist medical services in fields such as orthopedics, gynecology, and dermatology grew year-on-year. The revenue from laboratory services declined substantially year-on-year as COVID-19 testing decreased. Approximately 1,700 (20,000) COVID-19 tests were performed for private customers during the quarter, a decrease of 91% year-on-year. The revenue from surgical operations grew slightly year-on-year due to strong revenue from insurance companies. The revenue from well-being services, such as mental well-being and physical therapy services, grew 7% year-on-year.

Revenue from oral health also grew year-on-year. The number of digital appointments decreased by 22% year-on-year and was approximately 20,000 (25,000).

Revenue from private sector customers for 2022 increased by 1.9% year-on-year and amounted to EUR 339.4 (333.2) million. The number of appointments grew year-on-year. Short care chains, acute medical care, and general practitioner services were emphasized in the sales mix during the year. The growth of revenue was restricted by limited supply. Appointments relating to various acute infections and ear, nose, and throat diseases grew year-on-year. The revenue from specialist medical services in fields such as orthopedics, gynecology, and dermatology grew year-on-year. The revenue from laboratory services declined substantially year-on-year as COVID-19 testing decreased. Approximately 23,000 (86,000) COVID-19 tests were performed for private customers during the year, a decrease of 73% year-on-year. The revenue from imaging services was flat year-on-year. The revenue from surgical operations grew substantially year-on-year due to strong revenue from insurance companies. The revenue from well-being services, such as mental well-being and physical therapy services, grew 5% year-on-year. Demand for oral health services returned to growth during the second half of the year and revenue grew slightly year-on-year. The number of digital appointments decreased by 22% year-on-year and was approximately 84,000 (108,000).

Public sector customers

Terveystalo's public sector customer group consists of Finnish public sector organizations. 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. The services offered to public sector customers include full and partial outsourcing, healthcare staffing services, specialized care services, other healthcare services as well as occupational health services for municipalities, municipal federations, and hospital districts. Occupational health services covered approximately 90,000 persons.

Revenue for the fourth quarter from public sector customers decreased by 1.7% year-on-year and amounted to EUR 80.7 (82.1) million.

Revenue from the outsourcing business decreased by 10.4% to EUR 29.7 (33.2) million. The decline in revenue was due to expired outsourcing contracts.

Revenue from staffing services decreased by 5.3% to EUR 22.4 (23.7) million. The demand for staffing services remained strong, but the growth of revenue was restricted by the limited supply of physicians. The revenue from nurse staffing services decreased as the demand for services related to COVID-19 decreased.

Revenue from service sales, as well as services provided for municipal occupational health customers and other public sector customers, increased by 13.2% to EUR 28.6 (25.3) million mainly due to growth in occupational health as well as rehabilitation and interpretation services. Approximately 9,200 (18,000) COVID-19 tests¹⁾ were performed for public sector customers during the quarter, a decrease of 49% year-on-year. In addition to testing, Terveystalo served as a partner to public healthcare services in sample collection. Digital appointments grew by 23% to almost 49,000 (40,000) appointments. Revenue from well-being services grew by 14% year-on-year.

1) Excludes sample collection services

Revenue from public sector customers for 2022 increased by 4.1% year-on-year and amounted to EUR 315.2 (302.8) million.

Revenue from the outsourcing business increased by 0.9% to EUR 122.2 (121.1) million. The revenue growth came mainly from the child welfare services business.

Revenue from staffing services increased by 2.4% to EUR 89.8 (87.6) million. The demand for staffing services remained strong, but the growth of revenue was restricted by the limited supply of physicians. The demand for nurse staffing services also remained strong, even though the demand for services related to COVID-19 decreased.

Revenue from service sales, as well as services provided for municipal occupational health customers and other public sector customers, increased by 9.8% to EUR 103.3 (94.0) million mainly due to the occupational health business that increased through acquisitions and new agreements. Sales of COVID-19-related services decreased year-on-year. Approximately 49,000 (65,000)

COVID-19 tests¹⁾ were performed for public sector customers during the year, a decrease of 26% year-on-year. In addition to testing, Terveystalo served as a partner to public healthcare services in sample collection. Digital appointments grew by 38% to almost 184,000 (133,000) appointments. Revenue from well-being services grew by 11% year-on-year.

1) Excludes sample collection services

Sweden and others

In 2021, Terveystalo expanded its operations to the Swedish market by acquiring Feelgood and becoming one of the leading occupational health operators in Sweden. Terveystalo has approximately 780 employees in Sweden, serving customers digitally and in person at approximately 155 locations. The company provides occupational health, management development, and substance abuse prevention services as well as digital private healthcare and well-being services. Terveystalo serves approximately 8,300 corporate customers in Sweden and has approximately 1.2 million employees covered by occupational health. In addition to Sweden, Terveystalo operates on a small scale in Estonia and the Netherlands.

The external revenue of Sweden and others segment in the fourth quarter increased by 17.9% and amounted to EUR 27.6 (23.4) million. Demand continued strong, particularly in consultation for organizational management and harmful use. Revenue increased mainly because of acquisitions.

The external revenue of Sweden and others segment for 2022 amounted to EUR 92.8 (36.9) million.

Demand continued strong, particularly in consultation for organizational management and harmful use. Revenue increased mainly because of acquisitions.

The Swedish operations were consolidated into Terveystalo's reporting as of July 1, 2021.

Financial performance

The Group's adjusted earnings for the fourth quarter of 2022 before interest, taxes, amortization, and impairment losses (EBITA) decreased by 29.1% to EUR 29.7 (41.9) million, representing 8.9% (12.8%) of revenue. Profitability was reduced year-on-year due to the decline in COVID-testing, change in the sales mix towards a larger share of appointments, shorter care pathways, and increased costs. Material expenses and service purchasing increased by 3.5% year-on-year and amounted to EUR 140.8 (136.0) million. Employee benefit expenses increased by 9.6% year-on-year and amounted to EUR 120.4 (109.8) million. Personnel costs increased due to acquisitions, substantially higher sickness absences compared to the comparison period, recruitment, and an increase in appointment visits, as well as salary increases. Other operating expenses increased by 30.6% to EUR 32.4 (24.8) million due to acquisitions, higher costs related to IT, M&A, and premises.

Adjusted EBITDA decreased by 18.8% year-on-year to EUR 48.0 (59.1) million. Adjusted EBIT amounted to EUR 20.1 (34.8) million. Operating profit (EBIT) came to EUR 12.8 (33.9) million.

Net financing costs increased to EUR 2.9 (2.0) million mainly due to the increased interest rate and amount of loans, the effect of which is reduced by the increase in the fair value of interest rate hedges. The result before tax was EUR 9.9 (31.8) million. Income taxes were EUR 2.2 (6.0) million. The result for the fourth quarter amounted to EUR 7.6 (25.8) million, and earnings per share were EUR 0.06 (0.20).

Cash flow from operating activities in the fourth quarter decreased to EUR 76.5 (86.1) million, mainly due to lower profit. The impact of the lower profit was reduced by refunds of advance taxes and working capital released from sales receivables.

Cash flow from investing activities decreased to EUR -24.0 (-27.4) million.

Cash flow from financing activities amounted to EUR -40.5 (-59.7) million. The change from the comparison period mainly consisted of the refinancing of the loan related to the acquisition of Feelgood and the acquisitions of own shares carried out in the comparison period.

In the Sweden and others segment in the fourth quarter, adjusted earnings before interest, taxes, amortization, and impairment losses (EBITA) amounted to EUR 3.1 (2.4) million, representing 11.2 (10.0) % of revenue. Revenue growth improved profitability,

while costs related to professional resources and other activities, increased by inflation and rapid growth, had a negative impact on profitability during the seasonally weakest quarter.

The Group's 2022 adjusted operating profit before interest, taxes, amortization, and impairment losses (EBITA) decreased by 25.4% to EUR 105.2 (141.0) million, representing 8.4% (12.2) of revenue. Profitability was reduced year-on-year due to the decline in COVID testing, change in the sales mix towards a larger share of appointments, and increased costs. Material expenses and service purchasing increased by 7.5% year-on-year and amounted to EUR 525.7 (488.9) million. Employee benefit expenses increased by 20.3% year-on-year and amounted to EUR 455.0 (378.2) million. Expenses were increased by personnel costs attributable to acquisitions (including Feelgood). Personnel expenses also increased due to substantially higher sickness absences compared to the comparison period, recruitment, and an increase in appointment visits, as well as salary increases. Other operating expenses increased by 25.9% to EUR 112.3 (89.2) million mainly due to acquisitions (including Feelgood), and higher costs related to IT, marketing, M&A, and premises.

Adjusted EBITDA decreased by 13.6% year-on-year to EUR 178.0 (206.1) million.

The adjusted operating profit (EBIT) amounted to EUR 73.4 (114.4) million. Operating profit (EBIT) came to EUR 33.9 (110.1) million. Operating profit (EBIT) was significantly impacted by approximately EUR 29 million impairment loss relating to other intangible assets. Terveystalo is modernizing its basic IT systems in stages. The basic IT system development project portfolio contains several sub-projects in different stages of readiness, some of which were decided to be suspended. These projects are not expected to go into production as earlier planned and related impairment was considered necessary. Other intangible assets capitalized in the balance sheet related to these have been impaired. The impairment loss has no effect on the company's cash flow or adjusted operating profit (EBIT).

Net financial expenses decreased to EUR 2.9 (9.0) million mainly due to an increase in the fair value of interest rate hedges. Profit before tax was EUR 30.9 (100.7) million. Taxes on income amounted to EUR 6.5 (20.3) million. Profit for the period was EUR 24.4 (80.4) million, and earnings per share were EUR 0.19 (0.63).

Cash flow from operating activities decreased to EUR 140.9 (195.2) million. Lower profit, decrease in accounts payables and other working capital-related payables and higher taxes paid had a negative effect on the cash flow from operating activities while the change in trade receivables had a positive effect.

Cash flow from investing activities was EUR -93.9 (-108.1) million. The difference vs. the comparison period is mainly due to the smaller number of acquisitions the effect of which was reduced by an increase in investments in tangible and intangible assets.

Cash flow from financing activities amounted to EUR -44.6 (-126.1) million. The change from the comparison period was mainly due to the differences in withdrawals and repayments of long-term and short-term loans, related to e.g. the loan withdrawn from NIB, as well as acquisitions of non-controlling interests and own shares during the comparison period.

In Sweden and others segment's 2022 adjusted earnings before interest, taxes, amortization, and impairment losses (EBITA) amounted to EUR 2.8 (0.8) million, representing 3.0 (2.1) % of revenue. Revenue growth improved profitability, while costs related to professional resources and other activities, increased by inflation and rapid growth, had a negative impact on profitability.

Financial position

Terveystalo's liquidity position is good. Cash and cash equivalents at the end of the financial period amounted to EUR 40.2 (38.1) million. The total assets of the Group amounted to EUR 1,479.4 (1,448.6) million.

Equity attributable to owners of the parent company totalled EUR 592.0 (608.9) million. The decrease was mainly due to the payment of dividends. The dividends paid by Terveystalo for the 2021 financial period totalled EUR 0.28 per share (or approximately EUR 35.4 million), and they were paid in two equal tranches on 20 April 2022 and 19 October 2022.

Gearing (including lease liabilities) was 95.7% (85.2%) and net debt amounted to EUR 566.6 (519.0) million.

The average maturity of Terveystalo's loans was 2.3 (2.0) years, and the average interest rate was 1.2 (1.0) percent at the end of 2022. During the financial period, the company fulfilled the covenant requirement included in its financing agreements reflecting relative indebtedness.

During the third quarter, the company signed an agreement for a long-term loan of EUR 120 million. The loan has been drawn and the company's short-term loan of EUR 70 million has been repaid during the fourth quarter. The loan is a bullet loan with a three-year maturity.

During the second quarter, The Nordic Investment Bank (NIB) and Terveystalo agreed on a long-term loan of EUR 50 million for financing the company's investments in its digital healthcare services and applications during 2022–2025. The loan has been drawn in full by the end of the review period.

During the first quarter, the company signed an agreement for a EUR 100 million domestic commercial paper program and issued its first commercial papers under the program. During the second quarter, the company expanded the program to a EUR 200 million multi-bank program. Under the program, the company may issue commercial papers with a maturity of less than one year. During the first quarter, the company also signed a financing agreement that includes a credit facility of EUR 40 million and an uncommitted credit facility of EUR 80 million.

At the end of the financial period, the unused part of credit based on financing agreements and bank accounts with a credit facility amounted to EUR 99.6 (55.5) million.

Return on equity for the financial period was 4.1% (13.6%). The equity ratio was 40.2% (42.1%).

Seasonal variation and the impact of the number of business days

Terveystalo's revenue from corporate and private customers has typically been lower during the vacation seasons, particularly in July and August. The number of business days influences the revenue and earnings development, particularly when comparing quarterly performance. Because of the seasonal nature of business, the required net working capital varies during the year. Variation is caused by the timing of pension and VAT payments, vacation pay obligations, and service fees related to occupational healthcare, etc.

Investments and acquisitions

Net investments* in January–December 2022, including M&A, amounted to EUR 94.1 (125.4) million. The Group's net capital expenditure, excluding M&A, amounted to EUR 60.0 (42.6) million. The investments consisted mainly of investments in digital application and service development, IT system projects, medical equipment, and network. The relative share of intangible investments in gross investments decreased year-on-year.

Terveystalo made several acquisitions to complement its business portfolio during 2022 by acquiring Vantaan Työterveys Oy, Suomen Fysiogeriatría Oy and its subsidiaries (physiotherapy and occupational therapy), Lapin Liikuntaklinikka Oy (physiotherapy), OMT-Klinikka Kokkola Oy (physiotherapy), Into Terveys Oy (physiotherapy), Kunnon Syke Oy (physiotherapy) and FysioProfessionals Oy's operations (physiotherapy), Hammasrasti's operations (oral health), Ludus Oy Tutkimus- ja Kuntoutuspalvelut (rehabilitation), Hymyn paikka Oy's operations (oral health), Saimaan Urheilufysioterapia Oy (physiotherapy) and Somia Reality Oy (chat and video connection solutions) in Finland. In Sweden, Feelgood acquired Länshälsan Uppsala AB (occupational health), Nämndemansgården AB and its subsidiaries (addiction treatment), and Jobbhälsan i Norr AB:n (occupational health).

** Net investments do not include increases in right-of-use assets related to leases for business premises. Net investments include the acquisition of non-controlling interests.*

Development expenses

Capitalized development expenses in 2022 were EUR 16.4 (9.7) million and were included in other intangible assets.

Personnel

The number of Terveystalo's employed staff on 31 December 2022 was 10,933 (9,805). In addition to acquisitions, the number of personnel was increased through the recruitment of various healthcare professionals. In FTEs, the average number of personnel was 6,552 (5,643). The number of private practitioners was 5,928 (5,754).

Personnel	1-12/2022	1-12/2021	Change, %
Average personnel, (FTEs*)			
Finland	5,865	5,338	9.9
Sweden and others	687	305	125.2
Total	6,552	5,643	16.1
Personnel (end of period)			
Finland	10,100	9,131	10.6
Sweden and others	833	674	23.6
Total	10,933	9,805	11.5
Private practitioners (end of period)			
Finland	5,822	5,644	3.2
Sweden and others	106	110	-3.6
Total	5,928	5,754	3.0

Profit improvement program and change in operating model

Terveystalo announced on 14 October 2022 that it strengthens the implementation of its growth strategy by launching a program to speed up the achievement of strategic and financial goals. The program consists of strategic and operational initiatives to increase revenue and improve profitability in line with the company's financial targets. Terveystalo's financial targets are intact: The company is aiming for at least 5 percent revenue growth and an adjusted EBITA margin of 12–13 percent.

To strengthen long-term value creation, focus on high medical quality, and the execution of the program, Terveystalo has changed its operating model and organizational structure. The implemented changes clarify roles and responsibilities, strengthen the independent and efficient management of separate businesses, and strengthen the implementation of intact care pathways and high-quality care.

The new organization came into force at the beginning of 2023, and it consists of three business areas: Healthcare Services, Portfolio Businesses, and Swedish business. In Healthcare Services, Terveystalo targets high profitability and growth exceeding the market growth. In Portfolio Businesses, the company aims for independent value creation. In Sweden, Terveystalo seeks strong, profitable growth in the medium term.

Program content and goals

The program aims for an inflation-adjusted, annualized (run-rate) EBITA improvement of at least 50 million euros by the end of 2024. Most of the targeted benefits are estimated to be realized already in 2023.

The costs related to the program are estimated to be 25–30 million euros. The costs are related to restructuring and advisory fees. Advisory fees are tied to the results achieved by the program. The costs of the program are treated as items affecting comparability.

The measures implemented by the end of 2022 are estimated to have an annual run-rate impact on the profitability of around 11 million euros. The costs of the program treated as items affecting comparability were 4.9 million euros.

Shares, shareholders, and Board authorizations

At the end of 2022, Terveystalo's market value was EUR 794 (1,516) million and the closing price was EUR 6.25 (11.84). In 2022, the highest price of Terveystalo's share on Nasdaq Helsinki Ltd was EUR 11.94 (12.56), the lowest price was EUR 6.06 (10.10), and the average price was EUR 9.41 (11.34). A total of 29.5 (32.0) million shares were traded in 2022. At the end of the reporting period, the number of Terveystalo shares registered in the Trade Register was 127,036,531 (128,036,531). The following tables list the largest shareholders, distribution of ownership, and owner groups.

The largest registered shareholders on 31 December 2022

Name	Number of shares	% of shares	Votes	% of votes
Varma Mutual Pension Insurance Company	22,151,945	17.44	22,151,945	17.44
Rettig Group AB	21,153,191	16.65	21,153,191	16.65
Pohjola Insurance Ltd	10,530,332	8.29	10,530,332	8.29
Hartwall Capital	8,231,690	6.48	8,231,690	6.48
OP Life Assurance Company Ltd	7,136,652	5.62	7,136,652	5.62
Ilmarinen Mutual Pension Insurance Company	5,736,817	4.52	5,736,817	4.52
Elo Mutual Pension Insurance Company	2,834,734	2.23	2,834,734	2.23
Local Tapiola Mutual Insurance Company	2,600,000	2.05	2,600,000	2.05
Åbo Akademi University Foundation	1,816,242	1.43	1,816,242	1.43
The State Pension Fund of Finland	1,300,000	1.02	1,300,000	1.02
Ten largest in total	83,491,603	65.72	83,491,603	65.72

The list is based on the register of shareholdings maintained by Euroclear, and it does not include nominee-registered shares. According to its own notification and its custodian's notification, **Lannebo Fonder** owns in total 2.74% (3.34%) of all shares.

Distribution of ownership 31 December 2022

Number of shares	Number of shareholders	% of shareholders	Number of securities	% of securities	Number of votes	% of votes
1–100	14,173	45.81	660,697	0.52	660,697	0.52
101–500	11,739	37.94	2,969,880	2.34	2,969,880	2.34
501–1,000	2,670	8.63	2,066,923	1.63	2,066,923	1.63
1,001–5,000	1,909	6.17	3,970,022	3.13	3,970,022	3.13
5,001–10,000	199	0.64	1,432,937	1.13	1,432,937	1.13
10,001–50,000	171	0.55	3,793,301	2.99	3,793,301	2.99
50,001–100,000	25	0.08	1,914,641	1.51	1,914,641	1.51
100,001–500,000	33	0.11	7,715,245	6.07	7,715,245	6.07
500,001–	19	0.06	102,512,885	80.70	102,512,885	80.70
Total	30,938	100.00	127,036,531	100.00	127,036,531	100.00
of which nominee-registered	12	0.04	13,244,454	10.43	13,244,454	10.43
Non-transferred, total	0		0	0	0	0
In general account			0	0	0	0
In special accounts, total			0	0	0	0
Total issued			127,036,531	100.00	127,036,531	100.00

Shareholder groups, 31 December 2022

Shareholders by sector	Number of shares	% of shares
Households	12,416,744	10.91
Public entities	32,304,419	28.39
Financial and insurance institutions	28,261,793	24.84
Companies	16,328,943	14.35
Non-profit institutions	3,256,792	2.86
Foreign owners	21,223,386	18.65
Total	113,792,077	100.00
Of which nominee-registered	13,244,454	10.43

Management shareholding, 31 December 2022

Name	Position	Number of shares	% of shares	of votes %
Kari Kauniskangas	Chairman of the Board of Directors	16,532	0.01 %	0.01 %
Matts Rosenberg	Member of the Board of Directors	11,366	0.01 %	0.01 %
Carola Lemne	Member of the Board of Directors	2,627	0.00 %	0.00 %
Kristian Pullola	Member of the Board of Directors	5,075	0.00 %	0.00 %
Katri Viippola	Member of the Board of Directors	8,954	0.01 %	0.01 %
Ville Iho	President and CEO	5,000	0.00 %	0.00 %
Juuso Pajunen	Chief Financial Officer	12,000	0.01 %	0.01 %
Petri Bono	Chief Medical Officer	7,587	0.01 %	0.01 %
Siina Saksi	Chief Operating Officer, Healthcare Services	60,380	0.05 %	0.05 %
Marja-Leena Tuomola	Chief Commercial Officer, Healthcare Services	1,000	0.00 %	0.00 %
Kati Sulin	Senior Vice President, Digital Business	0	0.00 %	0.00 %
Mikko Tainio	Senior Vice President, Portfolio Businesses	518	0.00 %	0.00 %
Minttu Sinisalo	Senior Vice President, Human Resources	0	0.00 %	0.00 %
Management shareholding in total		131,039	0.10 %	0.10 %
Number of shares total		127,036,531	100 %	100 %

Notifications of major shareholdings

In 2022, Terveystalo Plc did not receive any notifications pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act.

The Board's authorizations

The Board has been authorized to resolve 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 percent of the company's currently registered shares.

The Board has also been authorized to resolve 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 a maximum of 12,803,653 own shares in total, which corresponds to approximately 10 percent of the company's currently registered shares. Authorizations were not used during the financial period.

Dividend Policy and distribution of profits for 2022 proposed by the Board

The objective of Terveystalo's Dividend Policy is to distribute a minimum of 40 percent of earnings per share in dividends. The current financial performance, development potential, financial position, and capital requirements are taken into account. In 2022, earnings per share were EUR 0.19 (0.63).

The parent company's distributable funds totaled EUR 530.8 (542.6) million, of which EUR 23.7 (43.8) million is profit for the financial year. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.28 (0.28) per share totaling EUR 35.4 (35.4) million be paid based on the balance sheet adopted for the financial year ended 31 December 2022. The dividend would be paid in two installments as follows:

The first dividend installment of EUR 0.14 per share would be paid to the shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the first dividend installment on 27 March 2023. The Board of Directors proposes that the first dividend installment would be paid on 3 April 2023.

The second dividend installment of EUR 0.14 per share would be paid to shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the second dividend installment on 2 October 2023. The Board of Directors proposes that the second dividend installment would be paid on 9 October 2023. The Board of Directors also proposes that the Annual General Meeting would authorize the Board of Directors to resolve, if necessary, on a new record date and date of payment for the second dividend installment should the rules of Euroclear Finland Ltd or statutes applicable to the Finnish book-entry system change or otherwise so require.

No substantial changes have occurred in the company's financial position since the end of the financial year. The company's liquidity is good and, in the Board's opinion, will not be jeopardized by the proposed distribution of profits.

Decisions of the Annual General Meeting 2022 and the first Board meeting

The Annual General Meeting of Terveystalo Plc was held on 7 April 2022 in Helsinki, Finland. The Annual General Meeting adopted the financial statements for the financial year 2021 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting approved the remuneration report for governing bodies and decided to support the amended remuneration policy for governing bodies which was presented to the Annual General Meeting.

The Annual General Meeting decided, in accordance with the proposal of the Board of Directors, that a dividend of EUR 0.28 per share (totaling approximately EUR 35.6 million with the current number of shares) be paid based on the balance sheet adopted for the financial year ended 31 December 2021. The dividend was paid in two installments as follows. The first dividend installment of EUR 0.14 per share was paid to the shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the first dividend installment on 11 April 2022. The first dividend installment was paid on 20 April 2022. The second dividend installment of EUR 0.14 per share was paid to shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the second dividend installment on 10 October 2022. The second dividend installment was paid on 19 October 2022. The Annual General Meeting also authorized the Board of Directors to resolve, if necessary, on a new record date and date of payment for the second dividend installment should the rules of Euroclear Finland Ltd or statutes applicable to the Finnish book-entry system change or otherwise so require.

The number of members of the Board of Directors was confirmed to be six (6). Dag Andersson, Kari Kauniskangas, Kristian Pullola and Katri Viippola were re-elected as members of the Board and Carola Lemne and Matts Rosenberg were elected as new members of the Board for a term that ends at the end of the Annual General Meeting 2023.

KPMG Oy Ab was re-elected as the Company's auditor. KPMG Oy Ab has notified that Henrik Holmbom, APA, would be acting as the principal auditor.

As proposed by the Board of Directors, the Annual General Meeting resolved to authorize the Board of Directors to resolve on the repurchase and/or on the acceptance as pledge of the Company's own shares using the unrestricted equity of the Company. The authorization covers a maximum of 12,803,653 shares, which corresponds to approximately 10% of all shares in the Company. In addition, as proposed by the Board of Directors, the Annual General Meeting resolved to authorize the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act. The authorization covers a maximum of 12,803,653 shares, which corresponds to approximately 10% of all shares in the

Company. These authorizations are effective until the end of the next Annual General Meeting, however no longer than until 30 June 2023.

As proposed by the Board of Directors, the Annual General Meeting resolved to authorize the Board of Directors to decide on donations in a total maximum of EUR 150,000 for charitable or corresponding purposes. In addition, the Annual General Meeting resolved to authorize the Board of Directors to decide on the donation recipients, purposes of use, and other terms of the donations. The authorization will remain effective until the end of the next Annual General Meeting 2023, however no longer than for a period of 18 months from the date of the resolution of the Annual General Meeting.

The new Board elected Kari Kauniskangas as Chairman of the Board and Matts Rosenberg as Vice Chairman of the Board. Kristian Pullola was elected Chairman of the Audit Committee and Matts Rosenberg and Katri Viippola were elected members. Kari Kauniskangas was elected Chairman of the Remuneration Committee and Dag Andersson and Carola Lemne were elected members of the Committee.

Change in the Board of Directors and Remuneration Committee

On 14 October 2022, Terveystalo Plc's Board of Directors elected Katri Viippola as a new member of the Remuneration Committee to replace Dag Andersson, who passed away suddenly in September. Katri Viippola is independent of the company. The Remuneration Committee is chaired by Kari Kauniskangas and Carola Lemne is the other member. Information on the compliance with the Corporate Governance Code can be found in the Corporate Governance Statement.

Change in the charter and composition of Terveystalo's Shareholders' Nomination Board

At its meeting held on 13 June 2022, the Shareholders' Nomination Board of Terveystalo Plc made a technical amendment to its charter. From now on, a shareholder entitled to appoint a member to the Nomination Board is entitled to change his or her representative on the Nomination Board even after the publication of the Nomination Board's proposals to the Annual General Meeting. The key parts of the Nomination Board's charter are available at: <https://www.terveystalo.com/en/company/investors/corporate-governance/shareholders-nomination-board/>.

Rettig Group announced that it will appoint Tomas von Rettig as its representative on the Nomination Board as of 13 June 2022. Prior to the change, Rettig Group was represented by Matts Rosenberg.

The composition of the Shareholders' Nomination Board of Terveystalo Plc included, after the change of the Board's term of office on 13 September 2022, Risto Murto from Varma Mutual Pension Insurance Company, Tomas von Rettig from Rettig Group, Timo Ritakallio from Pohjola Insurance and Peter Therman from Hartwall Capital, as well as Kari Kauniskangas, Chairman of the Board of Directors of Terveystalo Plc. The Nomination Board is chaired by Risto Murto.

Changes in Terveystalo's Executive Team and operating model

Terveystalo announced on 14 October 2022 that it strengthens long-term value creation, customer focus, and the execution of the profit improvement program announced on 14 October 2022, Terveystalo is planning to change its operating model and organizational structure. The changes clarify roles and responsibilities, strengthen the independent and efficient management of separate businesses, and strengthen the implementation of intact care pathways and high-quality care.

The new organization came into force at the beginning of 2023, and it consists of three business areas: Healthcare Services, Portfolio Businesses, and Swedish business.

Changes in Terveystalo's Executive Team

With the new operating model and organizational changes, the responsibilities of the members of the management team changed as follows:

- Siina Saksi, Chief Operating Officer, Healthcare Services
The organization is responsible for the operational functions of Healthcare Services.
- Marja-Leena Tuomola, Chief Commercial Officer, Healthcare Services

- The organization is responsible for the commercial operations of Healthcare Services in all customer segments.
- Mikko Tainio, Senior Vice President, Portfolio Businesses
Portfolio Businesses include outsourcing, staffing, digital services for the public sector, oral health, rehabilitation, child protection as well as massage services and training. The change strengthens the independent development and management of these businesses.

In addition to the above-mentioned executives, Terveystalo's new Executive team includes Chief Medical Officer Petri Bono, Chief Financial Officer Juuso Pajunen (started 28 November 2022), Senior Vice President, Digital Business Kati Sulin, and Senior Vice President, People, and Careers Minttu Sinisalo. All the above report to CEO Ville Iho. Elina Saviharju continues in her role as the General Counsel of Terveystalo.

In the new operating model, the role of the consumer business changes, and Veera Siivonen, Senior Vice President, Consumer Business decided to leave the company after a very successful and productive career in the company.

Terveystalo will change the structure of its financial reporting in accordance with the new operating model and will publish the comparison data of the new segments for 2022 before publishing the results of the first quarter of 2023.

Corporate governance

Terveystalo Plc's Corporate Governance Statement, Remuneration Policy, and Remuneration Report for 2022 will be published as part of the Annual Report 17 February 2023.

Activities following the end of the reporting period

Terveystalo Plc's Board of Directors has approved a new performance period covering years 2023-2025 of the long-term share-based incentive plan for key personnel

The Performance Share Plan is based on a rolling 3-year performance period structure, with a new performance period starting at the beginning of each year if so decided by the Board. The Board decides on the participants, performance measures, and targets as well as earning opportunities on an annual basis. The purpose of the program is to align the objectives of shareholders and key personnel to increase the company's value in the long term, and to commit key personnel to implement Terveystalo's strategy by offering them a competitive, share-based incentive program. The establishment of the program and its main terms were announced in a stock exchange release published on 3 December 2020.

Performance Period 2023-2025 of the Performance Share Plan (PSP)

During the performance period 2023-2025, the performance indicators on the basis of which share rewards may be paid are absolute Total Shareholder Return (TSR) and relative TSR (compared to the OMX HKI benchmark CAP GI index).

Terveystalo's Board of Directors confirms the total amount of shares earned after the end of the performance period. The share rewards that may be paid based on the 2023–2025 earning period will be paid in Terveystalo Plc shares after the end of the performance period, provided that the performance targets set for the program by the Board are achieved. The maximum number of shares to be paid based on this plan is 640,000 shares. Taxes and tax-like payments to the recipient are deducted from the share reward, after which the remaining net amount is paid to the participants in shares.

No more than approximately 70 people selected by the Board are eligible to participate in the program, including members of Terveystalo's Executive Team.

Terveystalo applies a share ownership requirement to the members of the Executive Team. Each member of the Executive Team is expected to retain at least 50 percent of the net shares received under the long-term incentive plan until his or her shareholding in Terveystalo is at least equal to his or her annual gross base salary.

Performance Period 2023-2025 of the Restricted Share Plan (RSP)

The purpose of the Restricted Share Plan is to act as a supplementary structure for separately selected key personnel of Terveystalo in special situations.

The share rewards will be paid in Terveystalo Plc shares after the end of the performance period, provided that the individual participants are still employed by Terveystalo. The maximum number of shares to be paid based on this plan is 64,000 shares.

The most significant short-term risks and uncertainty factors

Terveystalo's risk management is governed by the risk management policy approved by the Board. The policy defines goals, principles, organizations, responsibilities, and practices for risk management. The management of financial risks complies with the Group's financing policy approved by Terveystalo's Board.

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

- Achieving the targeted financial effects of the launched profit improvement program is necessary to combat the impact of high inflation and to achieve the financial targets set by the company.
- The company's business operations rely on its capacity to identify, recruit, and retain competent and professional healthcare professionals, employees, and executives. The increased supply of services and increased competition may affect the availability of healthcare professionals, particularly in major cities. Turnover in key employees involves the risk of losing knowledge and expertise.
- Weak general economic performance and high inflation in Finland and their effects on the financial circumstances of private individuals, employers, and public entities may adversely affect Terveystalo's business and results of operations by decreasing the demand for Terveystalo's services, as well as may adversely affect the availability of financing.
- The development and implementation of information system projects and services, service products, and operating models involve risks. The company develops new digital customer solutions, which increases the overall risk related to information systems. A failure in the development of digital systems may expose Terveystalo to potential technical faults and disturbances.
- The company may not be able to find suitable acquisition targets or expansion opportunities under favorable terms, and the integration of acquisition targets is not necessarily realized as planned.
- Terveystalo's expansion to new geographical locations involves several risks, and failure to identify expansion opportunities, recruit new employees, and achieve estimated benefits may adversely affect Terveystalo's business and the results of operations.
- The company's business is very dependent on functioning information systems, data communication, and external service providers. Interruptions can result from hardware failure, software failure, or cyber threats. Long-lasting malfunction of information systems or payment transfers can lead to significant loss of sales and a decline in customer satisfaction.
- Endangered information security or privacy can lead to losses and claims for damages and endanger reputation.
- The COVID-19 pandemic and other potential pandemics or epidemics and related restrictive measures may adversely affect the business operations of Terveystalo through, among other things, demand for certain healthcare services and challenges in the supply chain.
- Changes in the competitive landscape, new competitors entering the markets, and increasing price competition may have a negative impact on the company's profitability and growth potential.
- Terveystalo is exposed to changes in demand for occupational healthcare services due to demographic trends; aging and shrinking working-age population.
- The Social Welfare and Healthcare Reform in Finland and its legal interpretations may have impacts on Terveystalo's business and results of operations.
- Changes in compensation systems for healthcare services may adversely affect Terveystalo's business, financial position, and results of operations.
- Failures or deficiencies in the operational risk management, medical quality, and internal control processes may result in failure of quality control, including medical quality, or otherwise adversely affect Terveystalo's profitability and reputation.
- Terveystalo's operations could be subject to labor disruptions or disputes.
- 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. According to the company's opinion, its currently pending legal obligations and court cases are not significant in nature.

Risk management at Terveystalo and risks related to the company's business are described in more detail on the company's website and in the company's Annual Review.

Financial reporting and Annual General Meeting 2023

In 2023, Terveystalo will publish financial information as follows:

Annual Report 2022	17 February 2023
Interim Report, January - March 2023	28 April 2023
Half-yearly Report, January - June 2023	18 July 2023
Interim Report, January - September 2023	27 October 2023

The financial reports will be published at approximately 9:00 a.m. EET. Financial reports are published in Finnish and English. Terveystalo Financial Statements and the Report of the Board of Directors are published as a part of the Annual Report 2022.

Terveystalo observes a silent period of 30 days before the publication of financial information.

Terveystalo Plc's Annual General Meeting (AGM) is planned to be held on Thursday 23 March 2023.

Capital Markets Day 2023

Terveystalo will arrange Capital Markets Day on 10 May 2023 in Helsinki.

Briefing

Terveystalo will arrange a webcast and a conference call in English on its result on Friday 10 February 2022 starting at 10:30 EET.

You can watch the webcast online at: <https://terveystalo.videosync.fi/2022-q4-results>

You can access the teleconference by registering at the link below. After the registration, you will be provided phone numbers and a conference ID to access the conference. <http://palvelu.flik.fi/teleconference/?id=10010208>

Helsinki, 9 February 2023

Terveystalo Plc

Board of Directors

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Terveystalo in brief

Terveystalo is the largest private healthcare service provider in Finland in terms of revenue and network. Terveystalo is also a leading occupational health provider in the Nordic region. We offer a wide variety of primary health care, specialized care, and well-being services for corporate and private customers and the public sector. Terveystalo's digital services are available 24/7,

regardless of time and place. Health and well-being services are also provided by over 370 clinics across Finland. In Sweden, we offer occupational health services at 155 clinics. Terveystalo is listed on the Helsinki Stock Exchange.

In 2022, Terveystalo had approximately 1.3 million individual customers in Finland and the number of customer appointments was approximately 8.5 million, with more than a quarter of these being conducted via remote channels. Terveystalo employs over 16,800 healthcare and well-being professionals. www.terveystalo.com

Consolidated statement of comprehensive income

EUR mill.	Note	10-12/2022	10-12/2021	Change, %	2022	2021	Change, %
Revenue	4	334.8	327.5	2.2	1,259.1	1,154.6	9.0
Other operating income		1.0	1.2	-22.2	2.7	3.4	-20.8
Materials and services	5	-140.8	-136.0	3.5	-525.7	-488.9	7.5
Employee benefit expenses	6	-120.4	-109.8	9.6	-455.0	-378.2	20.3
Depreciation, amortization and impairment losses	10, 11	-29.4	-24.3	20.9	-134.9	-91.7	47.1
Other operating expenses	7	-32.4	-24.8	30.6	-112.3	-89.2	25.9
Operating result		12.8	33.9	-62	33.9	110.1	-69.2
Financial income		0.9	0.4	132.2	7.5	0.8	>200.0
Financial expenses		-3.8	-2.4	58.2	-10.4	-9.9	4.8
Net finance income and expenses		-2.9	-2.0	44.3	-2.9	-9.0	-67.9
Share of result in associated companies		0.0	-0.1	-100.0	-0.1	-0.3	-75.1
Result before taxes		9.9	31.8	-69.0	30.9	100.7	-69.3
Income tax expense	8	-2.2	-6.0	-62.5	-6.5	-20.3	-68.0
Net income		7.6	25.8	-70.5	24.4	80.4	-69.7
Net income attributable to:							
Owners of the parent company		7.6	25.8	-70.4	24.4	80.5	-69.7
Non-controlling interests		-0,0	0.0	-107.1	-0,0	-0,0	-93.2
Other comprehensive income							
Items that may be reclassified to profit or loss		-1.4	-0.4	>200.0	-5.3	-0.8	>200,0
Items that will not be reclassified to profit or loss		-0.1	0.1	-	0.2	0.1	-
Other comprehensive income for the period, net of tax		-1.5	-0.3	>200.0	-5.1	-0.6	>200.0
Total comprehensive income		6.1	25.5	-76.0	19.3	79.8	-75.8
Total comprehensive income attributable to:							
Owners of the parent company		6.1	25.5	-76.0	19.3	79.8	-75.8
Non-controlling interest		-0.0	0.0	-107.1	-0.0	-0.0	-93.2
Earnings per share for profit attributable to the shareholders of the parent company, in euro							
Basic earnings per share		0.06	0.20	-70.4	0.19	0.63	-69.5
Diluted earnings per share		0.06	0.20	-70.3	0.19	0.63	-69.5

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

Consolidated statement of financial position

EUR mill.	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Property, plant and equipment	10	82.0	72.0
Right-of-use assets	12	173.9	172.5
Goodwill	11	879.5	848.6
Other intangible assets	11	145.2	175.2
Investment properties		0.5	0.5
Investments in associates		0.0	0.6
Loan receivables		0.3	0.1
Deferred tax assets		7.7	5.4
Other non-current assets		0.8	0.8
Total non-current assets		1,289.8	1,275.8
Current assets			
Inventories		6.6	6.4
Trade and other receivables		142.9	128.3
Cash and cash equivalents		40.2	38.1
Total current assets		189.7	172.8
TOTAL ASSETS		1,479.4	1,448.6
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		0.1	0.1
Invested non-restricted equity reserve		492.8	492.8
Treasury shares		-15.8	-18.0
Retained earnings		114.9	134.0
Equity attributable to equity holders of the Company total		592.0	608.9
Non-controlling interest		0.0	0.0
TOTAL EQUITY		592.0	608.9
Non-current liabilities			
Non-current financial liabilities	13	383.1	257.9
Non-current lease liabilities		133.2	131.4
Deferred tax liabilities		29.5	28.5
Provisions		8.3	8.5
Other liabilities		16.2	15.6
Total non-current liabilities		570.3	441.9
Current liabilities			
Current financial liabilities	13	44.2	120.9
Current lease liabilities		46.5	47.1
Current tax liabilities		0.0	13.3
Provisions		3.2	2.5
Trade and other payables		223.2	214.1
Total current liabilities		317.1	397.9
TOTAL LIABILITIES		887.4	839.7
TOTAL EQUITY AND LIABILITIES		1,479.4	1,448.6

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

Consolidated statement of changes in equity

Equity attributable to owners of the parent company							
EUR mill.	Share capital	Invested non-restricted equity reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
Equity 1 Jan 2022	0.1	492.8	-18.0	134.0	608.8	0.0	608.9
Comprehensive income							
Profit for the period	-	-	-	24.4	24.4	0.0	24.4
Other comprehensive income	-	-	-	-5.1	-5.1	-	-5.1
Transactions with owners							
Dividend	-	-	-	-35.4	-35.4	-	-35.4
Share-based payments	-	-	2.2	-3.0	-0.8	-	-0.8
Transactions with non-controlling interest							
Transactions with non-controlling interest	-	-	-	-	-	0.0	0.0
Equity 31 Dec 2022	0.1	492.8	-15.8	114.9	592.0	0.0	592.0

Equity attributable to owners of the parent company							
EUR mill.	Share capital	Invested non-restricted equity reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
Equity 1 Jan 2021	0.1	492.8	-6.7	85.3	571.4	-	571.4
Comprehensive income							
Profit for the period	-	-	-	80.5	80.5	-0.0	80.4
Other comprehensive income	-	-	-	-0.6	-0.6	0.0	-0.6
Transactions with owners							
Acquisition of treasury shares	-	-	-11.3	-	-11.3	-	-11.3
Share-based payments	-	-	-	1.9	1.9	-	1.9
Dividend	-	-	-	-33.1	-33.1	-	-33.1
Transactions with non-controlling interest							
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	12.8	12.8
Transactions with non-controlling interest	-	-	-	0.1	0.1	-12.8	-12.7
Equity 31 Dec 2021	0.1	492.8	-18.0	134.0	608.9	0.0	608.9

Consolidated statement of cash flows

EUR mill.	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Cash flows from operating activities				
Profit before taxes	9.9	31.8	30.9	100.7
Adjustments for				
Depreciation, amortization and impairment losses	29.4	24.3	134.9	91.7
Change in provisions	0.1	1.6	0.5	0.9
Other transactions	-0.5	0.1	-4.1	1.3
Gains and losses on sale of property, plant and equipment	-0.1	-0.1	-0.3	-0.1
Net finance expenses	2.9	2.0	2.9	9.0
Changes in working capital				
Trade and other receivables	4.2	1.3	1.6	-17.0
Inventories	1.0	0.4	-0.2	0.6
Trade and other payables	26.7	26.9	0.4	28.4
Interest received	0.1	0.1	0.3	0.3
Income taxes paid	2.9	-2.4	-26.0	-20.7
Net cash from operating activities	76.5	86.1	140.9	195.2
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	-5.7	-11.8	-34.9	-65.3
Acquisition of property, plant and equipment	-9.4	-6.2	-30.2	-21.0
Acquisition of intangible assets	-9.0	-9.7	-29.0	-22.1
Acquisition of business operation, net of cash acquired	-	-	-0.7	-0.1
Proceeds from the disposal of associates	-	-	0.1	-
Proceeds from sale of property, plant and equipment	0.2	0.3	0.7	0.5
Dividends received	0.0	0.0	0.0	0.0
Net cash from investing activities	-24.0	-27.4	-93.9	-108.1
Cash flows from financing activities				
Acquisition of treasury shares	-	-11.3	-	-11.3
Acquisition of non-controlling interest	-	-1.6	-0.0	-12.7
Proceeds from non-current borrowings	119.6	-	169.5	-
Repayment of non-current borrowings	-25.0	-26.1	-40.0	-41.9
Proceeds from current borrowings	0.0	16.9	41.0	77.0
Repayment of current borrowings	-100.3	-5.0	-116.7	-46.5
Payment of lease liabilities	-12.7	-11.8	-49.3	-42.4
Payment of hire purchase liabilities	-1.2	-1.4	-5.3	-5.9
Interests and other financial expenses paid	-3.2	-3.0	-8.4	-9.3
Dividends paid	-17.7	-16.5	-35.4	-33.1
Net cash from financing activities	-40.5	-59.7	-44.6	-126.1
Net change in cash and cash equivalents	12.0	-1.0	2.3	-39.0
Cash and cash equivalents at the beginning of the period	28.3	39.2	38.1	77.1
Translation differences	-0.1	-0.1	-0.3	-0.1
Cash and cash equivalents at the end of the period	40.2	38.1	40.2	38.1

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

Notes to the interim financial statements

1. Basis of accounting principles

The figures in these interim financial statements are based on the audited financial statements for the year ended 31 December 2022, and have been prepared in accordance with IAS 34 Interim Financial Reporting -standard, and should be read in conjunction with the Group's latest annual consolidated financial statements as at and for the year ended 31 December 2021. The accounting principles adopted are consistent with those of the annual financial statements for 2021. All presented figures have been rounded. Financial ratios have been calculated using exact figures.

2. Use of judgments and estimates

In preparing these interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were mainly the same as those that applied to the consolidated financial statements for 2021.

3. Events after the reporting period

Terveystalo Plc's Board of Directors has approved a new performance period covering years 2023-2025 of the long-term share-based incentive plan for key personnel.

The Performance Share Plan is based on a rolling 3-year performance period structure, with a new performance period starting at the beginning of each year if so decided by the Board. During the performance period 2023-2025, the performance indicators on the basis of which share rewards may be paid are absolute Total Shareholder Return (TSR) and relative TSR (compared to the OMX HKI benchmark CAP GI index). The maximum number of shares to be paid based on this plan is 640,000 shares. Taxes and tax-like payments to the recipient are deducted from the share reward, after which the remaining net amount is paid to the participants in shares.

Performance Period 2023-2025 of the Restricted Share Plan (RSP). The purpose of the Restricted Share Plan is to act as a supplementary structure for separately selected key personnel of Terveystalo in special situations. The share rewards will be paid in Terveystalo Plc shares after the end of the performance period, provided that the individual participants are still employed by Terveystalo. The maximum number of shares to be paid based on this plan is 64,000 shares.

4. Revenue and segment information

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

Corporate customers constitute Terveystalo's largest customer group. Terveystalo's corporate customers consist of the company's occupational health care customers, excluding municipal occupational health care customers. The company provides statutory occupational health services and other occupational health and well-being 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 27,000 companies.

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

Terveystalo's public customer group is made up of Finnish public sector organizations, such as municipalities, municipal federations, and hospital districts, as well as municipal occupational health care customers. Terveystalo's broad nationwide platform, digital offering, good reputation, and established brand, as well as its thorough expertise and experience in health care 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 from budgets of municipalities, municipal federations, and hospital districts. The services offered to public sector customers include full and partial outsourcings, health care staffing services, specialized care services, other health care services, as well as occupational health care services for municipalities, municipal federations, and hospital districts.

Disaggregation of revenue

EUR mill.	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Corporate	137.5	132.7	3.6	511.7	481.7	6.2
Private	89.0	89.4	-0.4	339.4	333.2	1.9
Public	80.7	82.1	-1.7	315.2	302.8	4.1
<i>Outsourcing</i>	29.7	33.2	-10.4	122.2	121.1	0.9
<i>Staffing services</i>	22.4	23.7	-5.3	89.8	87.6	2.4
<i>Service sales, such as occupational health and others</i>	28.6	25.3	13.2	103.3	94.0	9.8
Finland	307.2	304.1	1.0	1,166.2	1,117.7	4.3
Sweden and other*	27.6	23.4	17.9	92.8	36.9	151.3
Total	334.8	327.5	2.2	1,259.1	1,154.6	9.0

*Consists of Group operations in Sweden, Estonia and Netherlands. The impact of Estonia and Netherlands to the revenue of the reporting period has not been material.

Timing of satisfying performance obligations

EUR mill.	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
At a point in time	305.1	293.5	3.9	1,134.4	1,030.1	10.1
Over time	29.7	34.0	-12.6	124.6	124.5	0.1
Total	334.8	327.5	2.2	1,259.1	1,154.6	9.0

Segment information

Revenue EUR mill.	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Finland	307.2	304.2	1.0	1,166.2	1,117.7	4.3
Sweden and other	27.6	23.4	18.2	93.0	37.2	150.0
Internal eliminations	-0.1	-0.1	-49.5	-0.2	-0.3	-39.7
Total	334.8	327.5	2.2	1,259.1	1,154.6	9.0

Adjusted EBITA EUR mill.	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Finland	26.6	39.5	-32.6	102.3	140.2	-27.0
Sweden and other	3.1	2.4	27.2	2.8	0.8	255.8
Total	29.7	41.9	-29.2	105.2	141.0	-25.4

Depreciations EUR mill.	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Finland	16.8	15.9	5.4	66.2	62.3	6.3
Sweden and other	1.6	1.4	16.1	6.6	2.8	135.7
Total	18.4	17.3	6.3	72.8	65.1	11.9

The reconciliation of adjusted EBITA to result for the period is presented in the Note 17.

Personnel	1-12/2022	1-12/2021	Change, %
Average personnel (FTEs)			
Finland	5,865	5,338	9.9
Sweden and others	687	305	125.2
Total	6,552	5,643	16.1
Personnel (end of period)			
Finland	10,100	9,131	10.6
Sweden and others	833	674	23.6
Total	10,933	9,805	11.5
Private practitioners (end of period)			
Finland	5,822	5,644	3.2
Sweden and others	106	110	-3.6
Total	5,928	5,754	3.0

5. Materials and services

EUR mill.	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Purchase of materials	-11.7	-10.4	12.6	-44.1	-34.8	26.5
Change in inventories	-1.0	-0.4	131.2	0.2	-0.6	-136.5
External services	-128.1	-125.1	2.4	-481.8	-453.4	6.3
Total	-140.8	-136.0	3.5	-525.7	-488.9	7.5

6. Employee benefit expenses

EUR mill.	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Salaries and fees	-100.7	-91.8	9.7	-379.5	-314.1	20.8
Share-based payments	-0.6	-0.5	7.5	-2.0	-1.9	8.5
Other personnel expenses	-19.1	-17.5	9.3	-73.5	-62.3	18.0
Total	-120.4	-109.8	9.6	-455.0	-378.2	20.3

7. Other operating expenses

EUR mill.	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Rents, leases and premises	-6.9	-4.7	46.4	-22.9	-18.1	26.3
ICT expenses	-10.5	-8.7	20.9	-39.7	-31.7	25.2
Marketing and communication expenses	-1.5	-2.3	-36.5	-8.5	-7.3	16.7
Other operating expenses	-13.5	-9.0	49.0	-41.1	-32.0	28.6
Total	-32.4	-24.8	30.6	-112.3	-89.2	25.9

8. Income taxes

Income taxes in the statement of income

EUR mill.	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Current tax for the reporting year	-3.1	-6.6	-53.6	-8.3	-23.4	-64.6
Income taxes for prior periods	0.0	0.0	-163.4	0.0	0.1	-62.5
Change in deferred taxes	0.8	0.6	32.6	1.8	3.1	-42.2
Total income taxes	-2.2	-6.0	-62.5	-6.5	-20.3	-68.0

9. Share-based payments

During the first half of year 2022, Terveystalo granted a new performance period for long-term incentive plan 2021 to the members of executive team and other key persons. Vesting period for the Performance Share Plan is three years and the rewards are conditional on the fulfillment of a three-year service condition and performance conditions tied to total shareholder return. The reward is granted as a gross number of Terveystalo shares, including a cash portion for taxes and tax-related expenses arising from the reward to the employee. The reward is settled as net shares. The program's impact to the result for the year 2022 has been EUR 0.6 million and the expected total cost of the program is EUR 2.3 million. 63 persons are included in the arrangement.

During the year 2022, Terveystalo granted a new vesting period for restricted share plan. Restricted Share Plan offers individually selected employees an opportunity to earn a fixed number of shares after a vesting period. Rewards are conditional on the fulfillment of a service condition during the vesting period. The reward is granted as a gross number of Terveystalo shares, including a cash portion for taxes and tax-related expenses arising from the reward to the employee. The reward is settled as net shares. The impact to the result for the year 2022 of the vesting periods 2021-2023 and 2022-2024 has been EUR 0.0 million and the expected total cost of the plan is EUR 0.1 million.

In addition to above mentioned new incentive plans, Terveystalo has performance share plan 2021-2023 and bridge plan ongoing during the review period. Descriptions of these plans are included in financial statements 2021.

10. Property, plant and equipment

2022	Land and water, buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2022	2.1	144.4	55.0	3.0	204.4
Business combination	0.2	0.4	0.5	0.0	1.1
Additions	-	20.0	4.9	6.1	31.0
Disposals	-	-0.4	-	-	-0.4
Translation differences	-0.0	-0.2	-0.0	-0.0	-0.2
Transfers between items	-	1.0	4.0	-4.9	0.1
Acquisition cost 31 Dec 2022	2.3	165.1	64.4	4.2	236.0
Accumulated depreciation and impairment losses 1 Jan 2022	-1.1	-101.7	-29.6	-	-132.4
Depreciation	-0.0	-14.6	-5.9	-	-20.6
Impairment losses	-	-0.8	-0.2	-	-1.0
Translation differences	0.0	0.1	0.0	-	0.1
Accumulated depreciation and impairment losses 31 Dec 2022	-1.2	-117.1	-35.8	-	-154.0
Carrying amount 1 Jan 2022	1.0	42.6	25.4	2.9	72.0
Carrying amount 31 Dec 2022	1.2	47.9	28.7	4.2	82.0

2021	Land and water, buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2021	2.1	127.4	49.5	1.8	180.8
Business combination	-	2.6	0.4	0.0	3.0
Additions	-	13.5	1.7	5.8	21.1
Disposals	-	-0.4	-0.0	-	-0.5
Translation differences	-	-0.0	-0.0	-	-0.0
Transfers between items	-	1.3	3.4	-4.7	-
Acquisition cost 31 Dec 2021	2.1	144.4	55.0	3.0	204.4
Accumulated depreciation and impairment losses 1 Jan 2021	-1.1	-88.1	-24.1	-	-113.3
Depreciation and impairment losses for the reporting period	-0.0	-13.6	-5.5	-	-19.2
Accumulated depreciation and impairment losses 31 Dec 2021	-1.1	-101.7	-29.6	-	-132.4
Carrying amount 1 Jan 2021	1.0	39.3	25.5	1.8	67.6
Carrying amount 31 Dec 2021	1.0	42.6	25.4	2.9	72.0

11. Intangible assets

2022	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2022	916.6	166.5	88.8	111.0	1,282.9
Business combination	34.4	2.0	-	4.1	40.4
Additions	-	-	-	26.1	26.1
Translation differences	-3.5	-0.7	-0.1	-0.9	-5.2
Reclassifications	-	-	-	-0.1	-0.1
Acquisition cost 31 Dec 2022	947.5	167.8	88.7	140.2	1,344.2
Accumulated amortizations and impairment losses 1 Jan 2022	-68.0	-107.4	-33.7	-50.0	-259.1
Amortization	-	-10.2	-4.8	-15.1	-30.1
Impairment losses*	-	-	-	-30.5	-30.5
Translation differences	-	0.1	0.0	0.1	0.2
Accumulated amortizations and impairment losses 31 Dec 2022	-68.0	-117.5	-38.5	-95.6	-319.6
Carrying amount 1 Jan 2022	848.6	59.1	55.1	61.0	1,023.8
Carrying amount 31 Dec 2022	879.5	50.3	50.2	44.6	1,024.7

* Includes approx. EUR 29 million impairment related to discontinued sub-projects of the basic IT system development.

2021	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2021	849.8	154.2	82.9	80.9	1,167.8
Business combination	67.3	12.3	6.0	5.1	90.6
Additions	-	-	-	25.1	25.1
Disposals	-	-	-	-0.0	-0.0
Translation differences	-0.4	-0.1	-0.1	-0.0	-0.5
Acquisition cost 31 Dec 2021	916.6	166.5	88.8	111.0	1,282.9
Accumulated amortizations and impairment losses 1 Jan 2021	-68.0	-97.3	-29.2	-39.3	-233.9
Amortization and impairment losses for the reporting period	-	-10.0	-4.5	-10.8	-25.3
Accumulated amortizations and impairment losses 31 Dec 2021	-68.0	-107.4	-33.7	-50.0	-259.1
Carrying amount 1 Jan 2021	781.8	56.9	53.6	41.6	933.9
Carrying amount 31 Dec 2021	848.6	59.1	55.1	61.0	1,023.8

12. Right of-use-assets and lease liabilities

12.1 Right-of-use assets

2022			
EUR mill.	Premises	Other right-of-use assets	Total
Acquisition cost 1 Jan 2022	278.7	41.1	319.8
Business combination	4.4	-	4.4
Additions	54.5	0.8	55.3
Disposals	-4.7	-0.3	-5.0
Translation differences	-1.3	-	-1.3
Acquisition cost 31 Dec 2022	331.7	41.5	373.1
Accumulated depreciation and impairment losses 1 Jan 2022	-119.0	-28.3	-147.3
Depreciation for the reporting period	-48,8	-3,5	-52,3
Translation differences	0.3	0.0	0.3
Accumulated depreciation and impairment losses 31 Dec 2022	-167,5	-31.8	-199.3
Carrying amount 1 Jan 2022	159.7	12.7	172.5
Carrying amount 31 Dec 2022	164.2	9.7	173.9

2021			
EUR mill.	Premises	Other right-of-use assets	Total
Acquisition cost 1 Jan 2021	234.9	38.9	273.8
Business combination	17.3	0.6	17.9
Additions	29.7	1.8	31.5
Disposals	-3.0	-0.2	-3.2
Translation differences	-0.1	-0,0	-0.1
Acquisition cost 31 Dec 2021	278.7	41.1	319.8
Accumulated depreciation and impairment losses 1 Jan 2021	-76.8	-24.6	-101.4
Depreciation for the reporting period	-42.2	-3.7	-45.9
Accumulated depreciation and impairment losses 31 Dec 2021	-119.0	-28.3	-147.3
Carrying amount 1 Jan 2021	158.1	14.3	172.4
Carrying amount 31 Dec 2021	159.7	12.7	172.5

12.2. Lease liabilities

31 Dec 2022			
EUR mill.	Premises	Other	Total
Non-current lease liabilities	124.2	9.0	133.2
Current lease liabilities	43.7	2.8	46.5
Total lease liabilities	167.9	11.8	179.8

31 Dec 2021			
EUR mill.	Premises	Other	Total
Non-current lease liabilities	120.0	11.4	131.4
Current lease liabilities	43.4	3.7	47.1
Total lease liabilities	163.3	15.1	178.5

13. Financial assets and liabilities – carrying amount, fair values and fair value hierarchy

EUR mill. 31 Dec 2022	Financial assets and liabilities at fair value	Financial assets and liabilities at amortized cost	Carrying amount	Fair value	Fair value hierarchy
Financial assets					
Non-current					
Loan receivables	0.3	-	0.3	0.3	Level 2
Unquoted equity investments	0.8	-	0.8	0.8	Level 3
Current					
Trade receivables	-	106.9	106.9	106.9	
Contract assets	-	12.8	12.8	12.8	
Cash and cash equivalents	-	40.2	40.2	40.2	
Interest rate derivatives	9.9	-	9.9	9.9	Level 2
Total	11.0	159.9	170.9	170.9	
Financial liabilities					
Non-current					
Loans from financial institutions	-	379.2	379.2	379.2	
Hire purchase liabilities	-	3.9	3.9	3.9	
Contingent considerations	5.6	-	5.6	5.6	Level 3
Current					
Loans from financial institutions	-	40.0	40.0	40.0	
Hire purchase liabilities	-	4.2	4.2	4.2	
Trade payables	-	49.0	49.0	49.0	
Contingent considerations	5.0	-	5.0	5.0	Level 3
Interest rate derivatives	3.4	-	3.4	3.4	Level 2
Total	14.0	476.2	490.2	490.2	

Financial assets and liabilities classified at fair value hierarchy level 3 consist of unquoted equity investments and contingent considerations from business combinations. The measurement of unquoted equity investments is based on the managements estimate of future cash flows arising from the investments and the measurement of contingent considerations is based on the amounts specified in purchase agreements and the management estimate on whether the consideration will be realized. The effect on earnings arising from the changes of fair values of financial assets and liabilities classified at fair value hierarchy level 3 has been EUR -2.4 million (2021: EUR 0.5 million).

EUR mill. 31 Dec 2021	Financial assets and liabilities at fair value	Financial assets and liabilities at amortized cost	Carrying amount	Fair value	Fair value hierarchy
Financial assets					
Non-current					
Loan receivables	0.1	-	0.1	0.1	Level 2
Unquoted equity investments	0.8	-	0.8	0.8	Level 3
Current					
Trade receivables	-	103.4	103.4	103.4	
Contract assets	-	15.0	15.0	15.0	
Cash and cash equivalents	-	38.1	38.1	38.1	
Interest rate derivatives	0.6	-	0.6	0.6	Level 2
Total	1.6	156.5	158.1	158.1	
Financial liabilities					
Non-current					
Loans from financial institutions	-	249.8	249.8	249.8	
Hire purchase liabilities	-	8.1	8.1	8.1	Level 2
Contingent considerations	5.4	-	5.4	5.4	Level 3
Current					
Loans from financial institutions	-	115.6	115.6	115.6	
Hire purchase liabilities	-	5.3	5.3	5.3	
Trade payables	-	57.1	57.1	57.1	
Contingent considerations	2.8	-	2.8	2.8	Level 3
Interest rate derivatives	1.2	-	1.2	1.2	Level 2
Total	9.4	435.8	445.2	445.2	

14. Business Combinations

During the year 2022, the Group has made 12 corporate acquisitions and 3 business acquisitions.

On 1 February 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the occupational health provider Vantaan Työterveys Oy.

On 1 February 2022 Feelgood Företagshälsovård AB acquired 100 percent of the Swedish occupational health provider Länshälsan Uppsala Ab.

On 31 March 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the physiotherapy service provider Lapin Liikuntaklinikka Oy.

On 31 March 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the physiotherapy service provider OMT Klinikka Kokkola Oy.

On 31 March 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the physiotherapy and occupational therapy service provider Suomen Fysiogeriatría Oy and an indirect 100 percent ownership in its subsidiaries Aktiivi-Fysioterapia Tampere Oy, Mimmin Terapia Oy and toi.minna Oy.

On 1 May 2022 Feelgood Företagshälsovård AB acquired 100 percent of the shares of the Swedish occupational health provider Jobbhälsan i Norr AB.

On 1 May 2022 Feelgood Svenska AB acquired 100 percent of the shares of the Swedish addiction treatment provider Nämndemansgården AB and its subsidiaries.

On 31 May 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the physiotherapy service provider Into Terveys Oy.

On 30 June 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the physiotherapy service provider Kunnon Syke Oy.

On 31 August 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the therapy service provider Ludus Oy Tutkimus- ja Kuntoutuspalvelut.

On 31 August 2022 Suomen Terveystalo Oy acquired the dental clinic business of Hammasrasti.

On 31 August 2022 Suomen Terveystalo Oy acquired the physiotherapy and therapy businesses of FysioProfessionals.

On 30 September 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the physiotherapy service provider Saimaan Urheilufysioterapia Oy.

On 30 September 2022 Suomen Terveystalo Oy acquired the dental clinic business of Hymyn Paikka.

On 31 October 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the chat and video connection solution provider Somia Reality Oy.

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 acquisition date. The statement of financial position of acquired companies has been prepared in accordance with IFRS and Terveystalo's accounting principles in all material respect. The following table is partially preliminary, and the information has been consolidated, because the acquisitions are not material individually.

Consideration transferred

EUR mill.	
Purchase price, payable in cash	37.8
Contingent consideration	5.1
Total consideration transferred	42.9

Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	4.4
Intangible assets	6.0
Property, plant and equipment	1.1
Right-of-use assets	4.4
Deferred tax assets	0.2
Inventories	0.2
Trade and other receivables	5.2
Financial liabilities	-0.5
Lease liabilities	-4.4
Trade and other payables	-6.2
Deferred tax liabilities	-1.1
Interest bearing liabilities	-0.1
Total identifiable net assets acquired	8.9

Goodwill	34.0
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As a result of these business combinations, a preliminary goodwill amounting to EUR 34.0 million was recognized. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. EUR 1.0 million of the recognized goodwill is deductible in taxation. Cashflow impact of the acquisitions made during 2022 was EUR 32.9 million.

In these business combinations, the Group has acquired customer relationships and technology related intangible assets. 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 technology has been determined using the estimated replacement cost.

The fair value of the acquired trade and other receivables amounted to EUR 5.2 million, for which the risk of impairment has been deemed as non-significant.

The Group has incurred acquisition-related expenses of EUR 1.3 million related to transfer tax, consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

The contributed revenue recognized from the acquisitions during the year 2022 was EUR 18.3 million and loss was EUR 1.0 million.

If the acquisition had occurred on 1 January 2022, management estimates that the Group's consolidated revenue in 2022 would have been EUR 1 268.0 million and the consolidated result for the period would have been EUR 23.3 million.

Business combinations 2021

During the year 2021, the Group made ten corporate acquisitions and one business acquisitions. The acquisition of Feelgood Svenska AB group is presented separately, whereas other smaller acquisitions are disclosed in aggregate.

Acquisition of Feelgood Svenska AB group

On 14 June 2021 Terveystalo Healthcare Oy acquired 72.14 percent of the shares of Feelgood Svenska AB (publ) which is the parent company of the Swedish Feelgood group. At the same time, Terveystalo Healthcare announced a recommended mandatory cash offer for all the remaining shares of Feelgood for a consideration of SEK 5.70 (approximately EUR 0.57) in cash per share. The cash offer ended on 26 July 2021 and through the cash offer Terveystalo ownership in Feelgoods shares and votes reached 97.42 percent. In August 2021, Terveystalo has initiated a mandatory redemption procedure for the remaining shares in Feelgood and Feelgood's shares were delisted from Nasdaq Stockholm on August 6.

Feelgood is one of Sweden's leading healthcare companies. Feelgood employs approximately 700 employees who serve customers both digitally and physically on 120 locations in Sweden. Feelgood offers services within occupational healthcare, organization and leadership, substance abuse in the workplace, as well as digital private healthcare and well-being services. Feelgood was listed on Nasdaq Stockholm. The acquisition is Terveystalo's first step in expanding its presence and services to the Swedish market. The deal brings together two industry leading platforms that complement each other in terms of people, service offering and geographical network and provides significant potential for value creation.

Immediately before obtaining control, Terveystalo Healthcare's ownership in Feelgood was 2.8 percent. The carrying amount of previous ownership corresponded its fair value at the acquisition date and the business combination achieved in stages did not have an impact on the profit and loss. Feelgood has been consolidated to Group's financial statements from the end of June 2021 onwards.

The following tables summarize the consideration transferred, acquisition date fair values of the assets acquired and liabilities assumed, non-controlling interest and the cash flow impact of the acquisition.

Consideration transferred

EUR mill.	
Purchase price, payable in cash	47.2
Total consideration transferred	47.2

Identifiable assets acquired and liabilities assumed, non-controlling interest and goodwill

EUR mill.	
Property, plant and equipment	2.0
Right-of-use assets	10.7
Other intangible assets	18.1
Deferred tax assets	0.1
Other non-current assets	0.1
Trade and other receivables	16.6
Cash and cash equivalents	2.7
Financial liabilities	-3.9
Lease liabilities	-9.9
Deferred tax liabilities	-3.7
Other non-current liabilities (pension obligations)	-1.9
Trade and other liabilities	-12.2
Total identifiable net assets acquired	18.6
Non-controlling interest	12.8
Goodwill	41.4

Cash flow impact of the acquisition

EUR mill.	
Cash paid	47.2
Less: cash and cash equivalents acquired	-2.7
Cash flow impact at the acquisition date	44.5
Acquisition of non-controlling interests	12.7
Total cash flow impact of the acquisition	57.2

The non-controlling interest from the acquisition has been recognized at fair value. The fair value of the non-controlling interest was determined based on the consideration of SEK 5.70 offered by Terveystalo Healthcare in the cash offer and the number of shares held by the minority at the acquisition date. After the acquisition date, Terveystalo has acquired the remaining non-controlling interests and reached a 100 percent ownership in Feelgood in December 2021.

Customer relationships, trademarks and technology related intangible assets were recognized in the determination of fair values and the combined fair value of these assets was measured at EUR 18.0 million. A deferred tax liability of EUR 3.7 million was recognized for the beforementioned assets. The fair values of customer relationships and trademarks have been determined through the use of income approach which requires an estimate or forecast of expected future cash flows. The fair value of technology has been determined using the estimated replacement cost. The acquisition resulted in a goodwill amounting to EUR 41.4 million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is not deductible for tax purposes.

The fair value of the acquired trade and other receivables amounts to EUR 16.6 million which materially corresponds their carrying amount and for which the risk of impairment has been deemed non-significant.

The Group incurred acquisition-related expenses of EUR 1.5 million related to consulting and valuation services. The expenses have been included in other operating expenses in the consolidated statement of income.

The revenue recognized from the acquisition during the year 2021 was EUR 36.9 million and the impact to the result of the period was EUR -0.7 million.

If the acquisition had occurred on 1 January 2021, management estimates that the Group's consolidated revenue during the year 2021 would have been EUR 1,194.1 million and the consolidated result for the period would have been EUR 80.7 million.

Other acquisitions

On 28 February 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the therapy service provider Attentio Oy.

On 28 February 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the dental clinic Espoon Keskuksen Hammaslääkärit Oy.

On 31 March 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the advanced child welfare service provider Keltaisen Kartanon Kuntoutus Oy.

On 30 April 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the medical clinic Helsinki Hospital Oy.

On 31 August 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the therapy service provider Sivupersoonaa Oy.

On 31 August 2021 Suomen Terveystalo Oy acquired the business of Fysiopiste Mervi Nivukoski.

On 1 September 2021 Feelgood Företagshälsovård AB acquired 100 percent of the Swedish occupational health provider Dalarnas Företagshälsa AB.

On 1 October 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the advanced child welfare service provider Hoitokoti Ankkuri Oy and an indirect 100 percent ownership in Ankkurin Huoltamo Oy, Jyväskylän Lastensuojelupalvelut Oy, Terapiatelakka Oy ja Lastensuojelupalvelut Väylä Oy.

On 29 October Suomen Terveystalo Oy acquired 94 percent of the shares of the medical clinic Medimar Skandinavia Ab. A non-controlling interest of EUR 15 thousand was recognized in the acquisition. The non-controlling interest is measured based on the proportionate share of the acquired identifiable net assets.

On 30 November Terveystalo Healthcare Oy acquired 100 percent of the shares of the Suomen Hierojakoulut Oy.

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 acquisition date. The statement of financial position of acquired companies has been prepared in accordance with IFRS and Terveystalo's accounting principles in all material respect. The information in following table has been consolidated, because the acquisitions are not material individually.

Consideration transferred

EUR mill.	
Purchase price, payable in cash	24.0
Contingent consideration	7.3
Total consideration transferred	31.4

Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	3.6
Intangible assets	5.5
Property, plant and equipment	0.9
Right-of-use assets	7.2
Inventories	0.2
Trade and other receivables	3.5
Financial liabilities	-0.8
Lease liabilities	-7.2
Trade and other payables	-6.6
Deferred tax liabilities	-1.0
Total identifiable net assets acquired	5.4

Goodwill	26.0
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As a result of these business combinations, a goodwill amounting to EUR 26.0 million was recognized. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. EUR 0.4 million of the recognized goodwill is deductible in taxation. The cash flow impact of the acquisitions was EUR 20.3 million.

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

The fair value of the acquired trade and other receivables amounted to EUR 3.5 million, for which the risk of impairment has been deemed as non-significant.

The Group has incurred acquisition-related expenses of EUR 0.9 million related to transfer tax, consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

The contributed revenue recognized from the acquisitions during 2021 was EUR 15.7 million and the impact to the profit for the period was EUR 0.7 million.

If the acquisition had occurred on 1 January 2021, management estimates that the Group's consolidated revenue in 2021 would have been EUR 1,176.6 million and the consolidated result for the period would have been EUR 79.2 million.

15. Collateral and other contingent liabilities

EUR mill.	31 Dec 2022	31 Dec 2021
Business mortgages	11.4	11.4
Total	11.4	11.4
Securities for own debts		
Deposits	0.5	0.2
Guarantees	0.4	0.9
Total	0.9	1.1

16. Group's key financial ratios

EUR mill. unless stated otherwise	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Revenue	334.8	327.5	2.2	1,259.1	1,154.6	9.0
Adjusted EBITDA, * ¹⁾	48.0	59.1	-18.8	178.0	206.1	-13.6
Adjusted EBITDA, % * ¹⁾	14.4	18.1	-	14.1	17.8	-
EBITDA ^{1) 2)}	42.2	58.2	-27.5	168.8	201.8	-16.4
EBITDA, % ¹⁾	12.6	17.8	-	13.4	17.5	-
Adjusted EBITA * ¹⁾	29.7	41.9	-29.1	105.2	141.0	-25.4
Adjusted EBITA, % * ¹⁾	8.9	12.8	-	8.4	12.2	-
EBITA ¹⁾	23.8	40.9	-41.9	95.9	136.7	-29.8
EBITA, % ¹⁾	7.1	12.5	-	7.6	11.8	-
Adjusted operating profit (EBIT) * ¹⁾	20.1	34.8	-42.3	73.4	114.4	-35.8
Adjusted operating profit (EBIT), % * ¹⁾	6.0	10.6	-	5.8	9.9	-
Operating profit (EBIT)	12.8	33.9	-62.3	33.9	110.1	-69.2
Operating profit (EBIT), %	3.8	10.3	-	2.7	9.5	-
Return on equity (ROE), % ¹⁾	-	-	-	4.1	13.6	-
Equity ratio, % ¹⁾	-	-	-	40.2	42.2	-
Earnings per share (€)	0.06	0.20	-70.4	0.19	0.63	-69.5
Weighted average number of shares outstanding, in thousands	126,548	126,742	-	126,508	127,180	-
Net debt ¹⁾	-	-	-	566.6	519.0	9.2
Gearing, % ¹⁾	-	-	-	95.7	85.2	-
Net debt/Adjusted EBITDA (LTM) * ¹⁾	-	-	-	3.2	2.5	-
Total assets	-	-	-	1,479.4	1,448.6	2.1
Adjusted EBITDA (LTM), excluding IFRS 16 * ¹⁾	-	-	-	122.2	156.9	-22.1
Net debt, excluding IFRS 16 ¹⁾	-	-	-	386.8	340.6	13.6
Net debt/Adjusted EBITDA (LTM), excluding IFRS 16 * ¹⁾	-	-	-	3.2	2.2	-
Average personnel (FTEs)	-	-	-	6,552	5,643	16.1
Personnel (end of period)	-	-	-	10,933	9,805	11.5
Private practitioners (end of period)	-	-	-	5,928	5,754	3.0

* Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses, restructuring related expenses, gains and losses on sale of assets (net), impairment losses, strategic projects and other items affecting comparability.

¹⁾ 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.

17. Calculation of financial ratios and alternative performance measures

Financial ratios

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

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 significant additional information related to the company's results of operations, financial position and cash flows to the management, investors, securities analysts and other parties. 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.

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

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

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

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

$$\text{Net debt/Adjusted EBITDA (LTM), excluding IFRS 16 *} = \frac{\text{Interest-bearing liabilities excluding lease liabilities - interest-bearing receivables and cash and cash equivalents}}{\text{Adjusted EBITDA (LTM), excluding IFRS 16}}$$

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.

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

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

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

Adjusted EBITA, %*	=	$\frac{\text{Earnings Before Interest, Taxes, Amortization, Impairment losses and adjustments}}{\text{Revenue}}$	x 100%
Adjusted operating profit (EBIT)*	=	$\frac{\text{Earnings Before Interest, Taxes and Share of profits in associated companies, and adjustments}}{\text{Revenue}}$	
Adjusted operating profit (EBIT), %*	=	$\frac{\text{Earnings Before Interest, Taxes and Share of profits in associated companies, and adjustments}}{\text{Revenue}}$	x 100%
EBITDA	=	$\frac{\text{Earnings Before Interest, Taxes, Depreciation and Amortization and Impairment losses}}{\text{Revenue}}$	
EBITDA, %	=	$\frac{\text{Earnings Before Interest, Taxes, Depreciation and Amortization and Impairment losses}}{\text{Revenue}}$	x 100%
EBITA	=	$\frac{\text{Earnings Before Interest, Taxes, Amortization and Impairment losses}}{\text{Revenue}}$	
EBITA, %	=	$\frac{\text{Earnings Before Interest, Taxes, Amortization and Impairment losses}}{\text{Revenue}}$	x 100%
Operating profit (EBIT)	=	$\frac{\text{Earnings Before Interest, Taxes and Share of profits in associated companies}}{\text{Revenue}}$	
Operating profit (EBIT), %	=	$\frac{\text{Earnings Before Interest, Taxes and Share of profits in associated companies}}{\text{Revenue}}$	x 100%
Adjusted EBITDA, excluding IFRS 16 *	=	$\frac{\text{Earnings Before Interest, Taxes, Depreciation, Amortization, Impairment losses and adjustments, excluding IFRS 16 lease adjustments}}{\text{Revenue}}$	

* Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses, restructuring related expenses, gains and losses on sale of assets (net), impairment losses, strategic projects and other items affecting comparability.

18. Reconciliation of alternative performance measures

Adjusted EBITDA, EUR mill.	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Profit (loss) for the period	7.6	25.8	24.4	80.4
Income tax expense	2.2	6.0	6.5	20.3
Share of profits in associated companies	0.0	0.1	0.1	0.3
Net finance expenses	2.9	2.0	2.9	9.0
Depreciation, amortization and impairment losses	29.4	24.3	134.9	91.7
Adjustments*	5.9	1.0	9.2	4.3
Adjusted EBITDA	48.0	59.1	178.0	206.1

Adjusted EBITDA, %	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Adjusted EBITDA	48.0	59.1	178.0	206.1
Revenue	334.8	327.5	1,259.1	1,154.6
Adjusted EBITDA, %	14.4	18.1	14.1	17.8

EBITDA, EUR mill.	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Profit (loss) for the period	7.6	25.8	24.4	80.4
Income tax expense	2.2	6.0	6.5	20.3
Share of profits in associated companies	0.0	0.1	0.1	0.3
Net finance expenses	2.9	2.0	2.9	9.0
Depreciation, amortization and impairment losses	29.4	24.3	134.9	91.7
EBITDA	42.2	58.2	168.8	201.8

EBITDA, %	10-12/2022	10-12/2021	1-12/2022	1-12/2021
EBITDA	42.2	58.2	168.8	201.8
Revenue	334.8	327.5	1,259.1	1,154.6
EBITDA, %	12.6	17.8	13.4	17.5

Adjusted EBITA, EUR mill.	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Profit (loss) for the period	7.6	25.8	24.4	80.4
Income tax expense	2.2	6.0	6.5	20.3
Share of profits in associated companies	0.0	0.1	0.1	0.3
Net finance expenses	2.9	2.0	2.9	9.0
Amortization and impairment losses	11.0	7.0	62.0	26.6
Adjustments*	5.9	1.0	9.2	4.3
Adjusted EBITA	29.7	41.9	105.2	141.0

Adjusted EBITA, %	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Adjusted EBITA	29.7	41.9	105.2	141.0
Revenue	334.8	327.5	1,259.1	1,154.6
Adjusted EBITA, %	8.9	12.8	8.4	12.2

EBITA, EUR mill.	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Profit (loss) for the period	7.6	25.8	24.4	80.4
Income tax expense	2.2	6.0	6.5	20.3
Share of profits in associated companies	0.0	0.1	0.1	0.3
Net finance expenses	2.9	2.0	2.9	9.0
Amortization and impairment losses	11.0	7.0	62.0	26.6
EBITA	23.8	40.9	95.9	136.7

EBITA, %	10-12/2022	10-12/2021	1-12/2022	1-12/2021
EBITA	23.8	40.9	95.9	136.7
Revenue	334.8	327.5	1,259.1	1,154.6
EBITA, %	7.1	12.5	7.6	11.8

Adjusted operating profit (EBIT), EUR mill.	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Profit (loss) for the period	7.6	25.8	24.4	80.4
Income tax expense	2.2	6.0	6.5	20.3
Share of profits in associated companies	0.0	0.1	0.1	0.3
Net finance expenses	2.9	2.0	2.9	9.0
Adjustments*	7.3	1.0	39.5	4.3
Adjusted operating profit (EBIT)	20.1	34.8	73.4	114.4

Adjusted operating profit, (EBIT), %	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Adjusted operating profit (EBIT)	20.1	34.8	73.4	114.4
Revenue	334.8	327.5	1,259.1	1,154.6
Adjusted operating profit (EBIT), %	6.0	10.6	5.8	9.9

Operating profit (EBIT), EUR mill.	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Profit (loss) for the period	7.6	25.8	24.4	80.4
Income tax expense	2.2	6.0	6.5	20.3
Share of profits in associated companies	0.0	0.1	0.1	0.3
Net finance expenses	2.9	2.0	2.9	9.0
EBIT	12.8	33.9	33.9	110.1

Operating profit, (EBIT), %	10-12/2022	10-12/2021	1-12/2022	1-12/2021
EBIT	12.8	33.9	33.9	110.1
Revenue	334.8	327.5	1,259.1	1,154.6
EBIT, %	3.8	10.3	2.7	9.5

Return on equity, %	31 Dec 22	31 Dec 21
Profit/loss for the period (LTM)	24.4	80.4
Equity (including non-controlling interest) (average)	600.4	590.1
Return on equity, %	4.1	13.6

Equity ratio, %	31 Dec 22	31 Dec 21
Equity (including non-controlling interest)	592.0	608.9
Total assets	1,479.4	1,448.6
Advances received	7.1	6.1
Equity ratio, %	40.2	42.2

Gearing, %	31 Dec 22	31 Dec 21
Interest-bearing liabilities	607.0	557.2
Interest-bearing receivables and cash and cash equivalents	40.4	38.2
Equity	592.0	608.9
Gearing, %	95.7	85.2

Net debt/Adjusted EBITDA (LTM)	31 Dec 22	31 Dec 21
Interest-bearing liabilities	607.0	557.2
Interest-bearing receivables and cash and cash equivalents	40.4	38.2
Adjusted EBITDA (LTM)	178.0	206.1
Net debt/Adjusted EBITDA (LTM)	3.2	2.5

Adjusted EBITDA (LTM), excluding IFRS 16	31 Dec 22	31 Dec 21
Profit (loss) for the period	23.3	80.4
Income tax expense	7.6	20.3
Share of profits in associated companies	0.1	0.3
Net finance expenses	2.9	9.0
Depreciation, amortization and impairment losses	134.9	91.7
Adjustments*	9.2	4.3
IFRS 16 lease expense adjustment	-55.8	-49.2
Adjusted EBITDA (LTM), excluding IFRS 16	122.2	156.9

Net debt/Adjusted EBITDA (LTM), excluding IFRS 16	31 Dec 22	31 Dec 21
Interest-bearing liabilities	427.2	378.8
Interest-bearing receivables and cash and cash equivalents	40.4	38.2
Adjusted EBITDA (LTM)	122.2	156.9
Net debt/Adjusted EBITDA (LTM), excluding IFRS 16	3.2	2.2

Adjustments*, EUR mill.	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Acquisition related expenses ¹	0.7	0.7	2.8	3.1
Restructuring related expenses ²	0.8	0.1	1.5	0.3
Impairment losses	1.4	-	30.3	-
Strategic projects and other items affecting to comparability	4.3	0.2	5.0	0.8
Adjustments	7.3	1.0	39.5	4.3

* Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses, restructuring related expenses, gains and losses on sale of assets (net), strategic projects, impairment losses and other items affecting comparability.

¹ Including transaction costs and expenses from integration of acquired businesses.

² Including restructuring of network and business operations.