



## Q2/2023: PRE-SILENT NEWSLETTER

IR Newsletter is published four times a year, prior to the beginning of the silent period. The newsletter wraps up the latest quarter including most important releases published during the quarter, frequently asked questions by investors and upcoming IR-events. You can subscribe to the newsletter here:

<https://www.terveystalo.com/en/company/investors/reports-and-presentations/ir-newsletters/>

Terveystalo's silent period starts on 19 June 2023 and Half-Year Report 2023 will be published on 18 July 2023 at around 09.00 am EEST. Webcast will be held on the same day starting at 10.30 am EEST. The link to the webcast and the conference call information will be published later.

### The most important releases during Q2/2023

#### 1 June 2023: Listing prospectus for Terveystalo's EUR 100 million sustainability-linked notes available and listing application submitted

Terveystalo Plc announced on 25 May 2023 the issuance of senior unsecured sustainability-linked notes in the aggregate principal amount of EUR 100 million (the "Notes"). The Notes will mature on 1 June 2028 and carry initially a fixed annual interest of 5.375 per cent. The Finnish Financial Supervisory Authority has on 1 June 2023 approved the listing prospectus of the Notes. The listing prospectus is available in English on Terveystalo's website at

<https://www.terveystalo.com/en/company/investors/financial-information/financial-arrangements>

[Read the release](#)

#### 25 May 2023: Terveystalo issues EUR 100 million sustainability-linked notes

Terveystalo Plc ("Terveystalo") issues senior unsecured sustainability-linked notes in the aggregate principal amount of EUR 100 million (the "Notes"). The Notes will mature on 1 June 2028 and carry initially a fixed annual interest of 5.375 per cent. The issue date for the Notes will be 1 June 2023.

"We are proud to announce the successful issuance of EUR 100 million sustainability-linked notes, showcasing our commitment to social responsibility and sustainable finance. By integrating ESG criteria into our capital structure, we create lasting value for stakeholders while addressing pressing challenges. This milestone reaffirms our dedication to

sustainability and propels us toward a more responsible and resilient future", Terveystalo CFO Juuso Pajunen comments.

[Read the release](#)

## 22 May 2023: Terveystalo publishes Sustainability-Linked Financing Framework

Terveystalo Plc has established a Sustainability-Linked Financing Framework under which Terveystalo may issue different financial instruments, including but not limited to bonds. Terveystalo's sustainability-linked financing framework is created to link sustainability to the funding and to help investors to understand the company's core values and strong commitments to sustainability goals.

Promoting the quality and effectiveness of care is one of the key goals of Terveystalo's sustainability agenda. Terveystalo has chosen the treatment of mental health problems and customer satisfaction as key indicators of the framework. These metrics reflect key sustainability challenges in healthcare. Mental health problems are one of the most common causes of sick leave and premature retirement in Finland. Terveystalo strives to create solutions to this growing problem by promoting access to appropriate care. The patient's own experience of care is also a key part of promoting health and well-being. For this reason, Terveystalo has chosen customer satisfaction (NPS, Net Promoter Score) as the second KPI. The financial characteristics of the securities issued under the framework are linked to the achievement of these two sustainability performance targets.

The framework is published on <https://www.terveystalo.com/en/company/investors/financial-information/sustainability-linked-financing-framework>

[Read the release](#)

All releases published by Terveystalo can be found in our [Newsroom](#).

## Frequently asked questions during the quarter

### How has the profit improvement program progressed?

The program has progressed according to our plans and the new operating model and organization came into effect at the beginning of 2023. The program aims for inflation-adjusted, of at least 50 million euros by the end of 2024. The measures taken by the end of Q1 are estimated to have a run-rate impact of 25 million euros and the full-year 2023 P&L impact of the program is estimated to be approximately 30 million euros. The quickly implemented measures in the two-year program have now been taken, and the currently implemented and planned changes require longer-term operational development work.

The program includes direct cost savings, commercial initiatives to drive top-line and mitigate the effect of inflation, and measures to accelerate capacity growth. Price increases are part of the program. We implemented price increases for consumer (private) customers at the end of 2022, and the price increases for corporate and public customers largely came into effect at the beginning of 2023. Measures that strengthen profitability also improve access to care and the effectiveness of the treatment when we move to efficient and scalable operating models. We optimise the productivity and margin of the digital channel as part of the profit improvement program. We have already made improvements, for example, in the continuity of care chains.

In addition to the profit improvement program in our core business, we will develop and optimise the portfolio businesses more independently to achieve the required financial performance and drive value creation.

In the short term, we focus on strengthening our profitability and we are confident that the profit improvement program will achieve its targets.

**How has the demand-supply situation developed, what has Terveystalo done to increase the supply?**

The market situation of healthcare services has continued to be similar as during the Q1 2023. Demand for basic laboratory testing is recovering but remains below pre-pandemic levels. In the comparison period (Q2/22), COVID-tests were still performed (74,000), while in 2023 the demand for COVID-tests has been basically non-existing.

Weakened consumer confidence has not affected the demand for private customers' health services so far. Demand from corporate customers has continued to be strong.

We have continued to recruit new professionals. To strengthen the supply, we are moving even more development efforts into solutions that make the work of professionals easier and more efficient.

**How does inflation affect Terveystalo's business?**

One of the key areas of the profit improvement program is the review of procurements and the effective implementation of identified savings targets. The goal is not only to fight inflation, but to reduce costs in certain product and service groups.

Skill shortages, a tight labour market and accelerating inflation put pressure on wages.

The private healthcare sector has however concluded a two-year salary agreement with the largest employee group at Terveystalo, the nurses, for the period 1 May 2022 to 30 April 2024. In 2022, the wage increases were 2.0% since October 1, 2022, and the wage increases in 2023 will be decided according to the wage increases in the reference sectors; the salary increase is at least 1.9%.

In the private healthcare sector, a two-year collective agreement is valid for the period 1 May 2022-30 April 2024, which applies to Terveystalo's largest group of employees, i.e. nurses.

In 2022, salary increases were 2.0% from 1 October 2022. The negotiating parties have now reached an agreement on the salary increases for 2023, which replaces the previously agreed recording. The salary increases for 2023 are in total 2.95% and will come into force on 1 November, 2023. In addition, an one-time installment of 450 euros was agreed upon, which will be paid in conjunction with the June 2023 salary payment.

Wage inflation is also visible in other professionals' recruitments. Most of the physicians who work for Terveystalo are however private practitioners (approximately 96%).

The financial risk related to inflation is reduced by the fact that Terveystalo has strong pricing power. Terveystalo has implemented several price increases, the effects of which will be seen in stages during 2023.

**How does the rise in interest rates affect Terveystalo's financing costs?**

About half of Terveystalo's interest-bearing debts (EUR 626 million at the end of Q1/2023) are hedged against interest rate increases, so the increase will not immediately have a full effect. In refinancing, the rise in interest rates will naturally have an effect, but the maturity profile allows the diversification of refinancing needs, which reduces the interest rate risk. In Q1/2023, the Group's average interest rate for loans from financial institutions was 2.82 (0.99)%. Read more about Terveystalo's [debt finance](#).

## Financial reporting 2023

In 2023, Terveystalo will publish financial information as follows:

Half-yearly Report, 1 January – 30 June, 2023	18 July 2023
Interim Report, 1 January – 30 September, 2023	27 October 2023

The financial reports will be published at approximately 9:00 a.m. EEST. Financial reports are published in Finnish and English. Terveystalo observes a silent period of 30 days prior to the publication of financial information.

## Terveystalo Capital Markets Day 2023

Terveystalo organised a Capital Market Day on 10 May, 2023 in Sanomatalo, Helsinki. View the recording of the event here: <https://www.terveystalo.com/en/company/investors/capital-markets-day-2023>

## Investor activities

Check Terveystalo's **Investor Calendar** for the upcoming [IR events](#).

## Consensus

Check the latest [Vara consensus](#).

## Terveystalo's IR Team

Terveystalo's IR Team is happy to help you with any questions.

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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](http://www.terveystalo.com)



