



Q3/2022: 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 will start on Tuesday 27 September 2022 and the January-September 2022 results will be published on Thursday 27 October 2022 at around 09.00 am EEST. Webcast will be held on the same day starting at 10.30 am EEST. You can watch the webcast from this link: <https://terveystalo.videosync.fi/2022-q3-results>

The most important releases during Q3/2022

13 September 2022: Composition of Terveystalo Plc's shareholders' nomination board

The Shareholders' Nomination Board of Terveystalo Plc comprises the representatives of the four largest shareholders of the company as per 1 September 2022 and, in addition, the Chairman of the Board of Directors. The members of Terveystalo's Nomination Board are: Risto Murto, Varma Mutual Pension Insurance Company; Tomas von Rettig, Rettig Group AB; Timo Ritakallio, Pohjola Vakuutus Oy; Peter Therman, Hartwall Capital; Kari Kauniskangas, Chairman of the Board of Directors of Terveystalo Plc. In its organizing meeting on 13 September 2022, the Nomination Board elected Risto Murto as its Chairman.

19 July 2022: Juuso Pajunen appointed as CFO of Terveystalo

Juuso Pajunen, b. 1981, M.Sc. (Econ.) has been appointed as Chief Financial Officer and member of the Executive team. Juuso Pajunen will start in the position in January 2023 the latest. Pajunen joins Terveystalo from AFRY, an engineering and consulting company, where he currently holds the position of CFO. Prior to his current position, Pajunen held multiple senior financial positions at Pöyry Group, including CFO and the Head of Group Business Control.

Terveystalo made multiple bolt-on acquisitions during the quarter

Terveystalo supplemented its oral health services by acquiring two businesses in the field; Hymyn paikka dental clinic in Seinäjoki and HammasRasti in Kuopio. Rehabilitation services were expanded by acquiring Ludus Oy, which offers neuropsychology, psychology and psychotherapy services, and Kunnon Syke Oy, which offers physiotherapy and massage services. The total annual revenue of the acquired companies is approximately EUR 2.7 million.

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

Frequently asked questions during the quarter

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

The demand for health services continues to be high, and the supply continues to limit growth. Weakened consumer confidence has not affected the demand for private customers' health services so far. Demand from corporate customers has continued to be strong.

Doctor appointment booking rates have remained high, and higher-than-normal sick leaves have had a negative effect on supply during Q3. We have increased the offering in the digital services (chat, video receptions) and continued to recruit new professionals (in Q2, the number of practitioners was up + 10%). Successful recruitments will be reflected in the actual supply figures with a delay. 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?

Upward pressure on prices can be seen in all procurement categories, and we actively negotiate with our suppliers to limit the impact on our costs. The rising price of electricity will have a negative impact on operational costs. Delivery times have become longer in certain categories of products and materials, such as healthcare equipment, due to component shortages.

Skill shortages, a tight labour market and accelerating inflation put pressure on wages. The private healthcare sector has however concluded a two year, very moderate 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 will be 2.0% starting on 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%.

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 and plans to implement several price increases, the effects of which will be seen in stages during H2 2022 and 2023.

How is Terveystalo going to proceed in the Swedish market? What are Terveystalo's competitive advantages in the Swedish market?

The Swedish market offers Terveystalo more opportunities for growth both organically and through acquisitions. The occupational health market in Sweden is more fragmented than in Finland and there are opportunities for market consolidation. The "funnel" of bolt-on acquisition targets is currently strong. Terveystalo has already made three bolt-on acquisitions in Swedish occupational health, in addition to Feelgood. In the longer term, the goal is also to grow in Sweden outside occupational health to specialized care.

In addition, Terveystalo has clear plans to expand its digital suite to the Swedish market, and the goal here is to make progress this year.

Terveystalo is a pioneer in occupational health and the largest operator in Finland. We believe that solutions developed in Finland - advanced in a global comparison - in the early identification of health risks, preventive occupational health and the implementation of effective care chains are competitive advantages in other markets.

What are the current valuation levels like in the Swedish M&A market?

Valuation levels vary somewhat depending on the specialty (e.g. imaging vs. mental health), but, as a whole, they are attractive. There is plenty of potential for value creating acquisitions.

Are Terveystalo's core markets now Finland and Sweden, or is the intention to grow into new markets as well?

We are currently focusing on growth in Sweden. There are currently no plans to expand into new markets. However, we follow the opportunities in the M&A market closely and do not rule out the possibility of expansion if a suitable and value-creating target comes along.

What plans do you have for developing the digital business, how is it going?

Our goal is to continue to accelerate the growth of our digital services. More efficient use of health data, better care management and digital appointments can improve productivity, access to care and job satisfaction. The number of digital appointments increased fivefold from 2019 to 2021, when one million digital appointments were made at Terveystalo. The self-booking rate has risen by about 50%. This year, we have launched a digital platform for public sector customers. In addition, we have identified the digital services which we plan to scale first to the Swedish market.

Will the share of digital/remote appointments remain permanently at high level?

Customers have found the remote services to be convenient and easy to use. Although the growth rate has slowed down, they seem to be here to stay as a permanent part of the service offering. Going forward, we focus on developing solutions that help our professionals work more smoothly and efficiently, and support the continuity and seamlessness of care between physical and digital service channels.

Financial reporting 2023

Terveystalo will publish the financial calendar for 2023 at the latest in connection with Q3 result.

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 health care 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 Terveystalo's over 360 clinics across Finland. In Sweden, we offer occupational health services at 120 clinics. Terveystalo is listed on the Helsinki Stock Exchange and has a predominantly Finnish ownership.

In 2021, Terveystalo had approximately 1.3 million individual customers in Finland and the number of customer appointments was approximately 8 million, with more than a quarter of these taking place via remote channels. Terveystalo employs over 15,500 healthcare and well-being professionals. Terveystalo is a Key Flag company and member of Association for Finnish Work. www.terveystalo.com