



Q4/2022: 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 Thursday 12 January 2023 and the Results for 2022 will be published on Friday 10 February 2023 at around 09.00 am EET. Webcast will be held on the same day starting at 10.30 am EET. The link to the webcast and the conference call information will be published later.

The most important releases during Q4/2022

16 December 2022: Proposals of the Shareholders' Nomination Board of Terveystalo to the Annual General Meeting 2023

The Shareholders' Nomination Board of Terveystalo has submitted its proposal regarding the Board of Directors to the Annual General Meeting 2023.

The Shareholders' Nomination Board proposes to the Annual General Meeting that the number of members of the Board of Directors shall be seven (7).

The Shareholders' Nomination Board proposes, for a term that ends at the end of the Annual General Meeting 2024, that Kari Kauniskangas, Carola Lemne, Kristian Pullola, Matts Rosenberg, and Katri Viippola are re-elected as members of the Board and Sofia Hasselberg and Ari Lehtoranta are elected as new members of the Board.

The Nomination Board recommends that Kari Kauniskangas be re-elected as the Chairman of the Board and that Matts Rosenberg be re-elected as the Board's Vice Chairman.

[Read the full release](#)

1 December 2022: Terveystalo strengthens its remote healthcare service solutions - Ninchat to become part of Terveystalo

With an agreement dated October 25, 2022, Terveystalo has acquired Somia Reality Oy that produces chat and video connection solutions with Ninchat brand for e.g. remote healthcare services. Terveystalo has been cooperating with Ninchat since 2016.

"For years, we have been building additional services on top of Ninchat's technology platform such as assessment of treatment need and messaging service for non-urgent needs. With the acquisition of Ninchat, we will have access to a strong, secure, and leading technology platform for digital health, and we will be able to combine all Terveystalo's services more seamlessly, from booking to attending our professionals' appointments. With this acquisition, we are also taking the next step towards the SaaS world in our digital business. For our customers, this will bring Finland's leading remote healthcare services all in one," says Kati Sulin, SVP, Digital Business at Terveystalo.

[Read the full release](#)

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

Frequently asked questions during the quarter

Will the 29 million one-off write-down, related to the failure of the IT system project, made in Q3/2022 affect the development of Terveystalo's digital services? How will it affect digital investments in the future? What was the write-down related to?

Outside of operational activities, the third quarter's result was weakened by an isolated issue, a one-off write-down of 29 million euros to other intangible assets. The impairment loss was related to the long-standing basic IT systems reform project, which included the renewal of the patient record (EMR) system.

The development path of the EMR system has been redesigned. The renovation can be carried out with lighter components, and the development work of an external supplier to build a completely new EMR system was decided to be suspended. The suspension does not affect Terveystalo's in-house development of digital services and will reduce future investment needs in basic systems.

Terveystalo's goal to be the leader in digitalization has not changed, and we continue to invest in the development of selected digital services and applications that provide a competitive advantage. Investments in lower-priority projects will be cut somewhat as part of the cost-saving program. However, investments in digital development will be a relatively large part of investments, as before.

How has the result improvement program you published in October started?

The Alpha program has progressed according to our plans and the new operating model and organization came into effect at the beginning of 2023. We are rapidly improving the profitability of our business with three different levers. First, in our already implemented new operating model, we make a clear division between the core business, portfolio businesses, and the Swedish business. The structure of our core business, healthcare services, has been simplified, and a profit improvement program has been launched. The program aims for 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 program includes direct cost savings, commercial initiatives to drive top-line and mitigate the effect of inflation, and measures to accelerate capacity growth. Measures that strengthen profitability also improve access to care and the effectiveness of the treatment when we move to efficient and scalable operating models. As the third area of profit improvement, we will develop and optimize the portfolio businesses more independently to achieve the required financial performance and drive value creation.

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

The demand for health services continued to be very high during the fourth quarter, 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.

We succeeded well in growing supply during the fourth quarter. Doctor appointment booking rates have remained high, and higher-than-normal sick leaves have had a negative effect on supply also during Q4/22. We have increased the offering in the digital services (chat, video receptions) and 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?

Upward pressure on prices can be seen in all procurement categories, and active negotiations with our suppliers have continued. 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. One of the key areas of the Alpha 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, 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 several price increases, the effects of which will be seen in stages during 2023. Price increases have been negotiated with corporate health customers and insurance companies, most of which came into effect at the beginning of 2023.

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

About half of Terveystalo's interest-bearing debts (EUR 609 million at the end of Q3/22) 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.

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 improving profitability in our home market in Finland as well as and in 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.

Financial reporting 2023

In 2023, Terveystalo will publish financial information as follows:

Financial statements release 2022	10 February 2023
Annual Report 2022	Week 7
Interim Report, January 1 - March 31, 2023	28 April 2023
Half-yearly Report, January 1 - June 30, 2023	18 July 2023
Interim Report, January 1 - September 30, 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 observes a silent period of 30 days prior to the publication of financial information.

Annual General Meeting 2023

The planned date for Terveystalo Plc's Annual General Meeting is Thursday, 23 March 2023. The notice of the meeting shall be given by the Board of Directors later. Shareholders must notify the Board of Directors of proposals for resolutions on the matters on the agenda of Terveystalo's 2023 Annual General Meeting no later than on 20 January 2023. A written request, together with a proposal for a resolution shall be sent to Terveystalo Plc, Jaakonkatu 3A, 6th floor, 00100 Helsinki, or by e-mail to AGM@terveystalo.com. The shareholder who makes the request also has the duty to ensure that the proposal for a resolution enables the Annual General Meeting to make a resolution on the matter.

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.

Terveystalo

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