



## Q4/2023: 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 15 January 2024 and the Financial Statements Release will be published on 14 February 2024 at around 09.00 am EET. Webcast will be held on the same day starting at 11.00 am EET. The link to the webcast and the conference call information will be published later.

### The most important releases during Q4/2023

#### **Stock Exchange Release 20 December 2023: Insider information: Terveystalo Plc makes a non-cash impairment-related write-off in the Portfolio Businesses segment**

Terveystalo has completed the Group's regular annual impairment testing and has updated its estimates of the fair value of its assets and liabilities. The basis for impairment testing in 2023 is, for the first time, the new management and reporting structure introduced at the beginning of the year, where Terveystalo Group consists of three reporting segments: Healthcare Services, Portfolio Businesses, and Sweden. The Portfolio Businesses segment includes Public and Private payor Cash Generating Units (CGUs). As a result of the impairment test, the company will make EUR 55 million write-offs related to goodwill and EUR 29 million write-offs to purchase price allocations relating to public outsourcing customer relationships within the Portfolio Businesses segment public payor CGU. The write-offs totaling EUR 84 million will reduce the fourth quarter 2023 net profit after taxes by EUR 79 million and will be treated as items affecting comparability. After the write-offs, the remaining goodwill related to Portfolio Businesses Public pay CGU amounts to EUR 146 million in total. Write-offs will reduce future PPA-related amortizations by EUR 29 million.

The impaired goodwill was recognised mainly in the acquisition of Attendo Healthcare Services in 2018. Customer relationship write-offs relate solely to the legacy Outsourcing business, acquired in the Attendo transaction that is gradually being phased out. The assumptions on the future profitability of the Portfolio business have not changed.

The write-off of PPAs related to customer relationships will positively impact future earnings per share, due to an approximately EUR 4 million reduction in annual amortizations, net of the tax effect. The impairment loss will not impact the Group's loans, cash flows, or capability to pay dividends. The impairment loss will not impact the guidance for 2023, the financial targets of the Group, or Terveystalo Plc's distributable equity.

### **Stock Exchange Release 28 November 2023: Proposals of the Shareholders' Nomination Board of Terveystalo for the Annual General Meeting 2024**

Proposal on the number of members of the Board of Directors and its composition

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 2025, that Kari Kauniskangas, Sofia Hasselberg, Ari Lehtoranta, Carola Lemne, Kristian Pullola, and Matts Rosenberg are re-elected as members of the Board and Teija Sarajärvi is elected as a new member of the Board. Katri Viippola has announced that she is not available for re-election to the Board of Directors.

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.

All candidates have given their consent to the position and the Nomination Board has assessed all candidates to be independent of the company. Kari Kauniskangas, Sofia Hasselberg, Ari Lehtoranta, Carola Lemne, Kristian Pullola, and Teija Sarajärvi are also independent of major shareholders. Matts Rosenberg is not considered to be independent of major shareholders due to his main occupation as the CEO of Rettig Group.

The curriculum vitae of the proposed new member of the Board, Teija Sarajärvi, is attached to the stock exchange release. The biographical details of the Board members proposed for re-election can be found at the company website: <https://www.terveystalo.com/en/company/investors/corporate-governance/board-of-directors>.

[Read the release](#)

### **Stock Exchange Release 31 October 2023: Terveystalo renews its management structure**

In October 2022, Terveystalo announced changes to its operating model and organisational structure. As of 1 January 2023, Terveystalo's organisation will consist of three business areas. This change is completed as planned by combining the commercial and operational management of the Healthcare Services business area under a single leader. Sari Heinonen, b.1976, PhD, Marketing, has been appointed Executive Vice President of the Healthcare Services Business Area and a member of Terveystalo's Executive Team as of 5 February 2024. Sari Heinonen will report to CEO Ville Iho in her new position. Currently, Heinonen is the CEO of OP Life Assurance. Prior to her current position, Heinonen held several management positions in the OP Financial Group, including Senior Vice President of Private Customer Banking, Chief Marketing Officer, and Senior Vice President of Digital Channel Development.

Chief Operating Officer Henri Mäenalanen will continue as a member of Terveystalo's Executive team and will serve as interim EVP of the Healthcare Services business area until Sari Heinonen takes up her position. Mr. Mäenalanen will be responsible for completing the profit improvement program until 31 March 2024, after which he will take over the position of Executive Vice President of Portfolio Businesses.

Stefan Kullgren, who started as Executive Vice President of the Swedish Business Area and CEO of Feelgood AB on 1 October 2023, has been appointed as a member of Terveystalo's Executive Team as of 1 November 2023.

The changes will further clarify responsibilities and strengthen effective performance management and the implementation of integrated care pathways and quality care. The changes will also support the expansion of the Swedish business area into healthcare services and effectively scaling digital capabilities across the Group.

In addition to the above-mentioned executives, Terveystalo's Executive team includes Petri Bono, Chief Medical Officer, Juuso Pajunen, Chief Financial Officer, Mikko Tainio, Executive Vice President of Portfolio Businesses until 31

March 2023, Ilari Richardt, Senior Vice President of Digital Services and Minttu Sinisalo, Senior Vice President of People and Careers. All the above report to President, and CEO Ville Iho.

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

## Frequently asked questions

### **How does the new government program and e.g. will increasing KELA compensation affect Terveystalo?**

The direction of development in Terveystalo's operating environment in Finland is changing through the healthcare-related entries and goals of the new government program. The government program contains many entries aimed at increasing cooperation between private and public healthcare to improve the effectiveness and cost-efficiency of the healthcare system. As a first concrete measure, the government decided in September 2023 during the budget negotiations to raise Kela reimbursements in accordance with the government program. The new Kela reimbursements came into effect on 1 January 2024 (<https://www.kela.fi/medical-expenses>). In total, Kela compensations will be increased by 500 million between 2024 and 2027, of which the state's financial contribution is 335 million. The aim of increasing the reimbursements is to shorten the treatment queues in primary care. The measures of the government program are estimated to support the growth of demand for private service production and will bring new opportunities for the implementation of publicly funded and privately provided services.

### **How has the profit improvement program progressed?**

The program has progressed well, and the target will be achieved ahead of schedule. The program aims for inflation-adjusted, of at least 50 million euros by the end of 2024. The measures taken by the end of Q3 are estimated to have a run-rate impact of over 40 million euros and the full-year 2023 P&L impact of the program is estimated to be over 30 million euros.

The program includes direct cost savings, productivity initiatives, 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. 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 and that we will achieve our financial target of 12% adj. EBITA in 2025.

### **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 Q3/2023. The demand is strong and the flu season is normal. Demand for basic laboratory testing is recovering and is close to the pre-pandemic levels. In the comparison period (Q4/22), COVID-tests were still performed (~40,000), while in 2023 the demand for COVID-tests has been basically non-existing.

In Finland, the weakened consumer confidence and purchasing power impacted the demand for out-of-pocket dental care services and massage services. Demand from corporate customers has continued to be strong. In Sweden, the

increased uncertainty of the economy slightly impacted the demand for preventive services, which are more sensitive to macroeconomic changes.

We have continued to recruit new professionals and succeeded in increasing the supply steadily during 2023. 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?**

The prolonged inflation puts pressure on prices in some procurement categories, and Terveystalo has actively negotiated with its suppliers to limit the impact of inflation on costs. The rise of electricity prices has levelled off from the comparison period. 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 to fight inflation and reduce costs in certain product and service groups.

Skill shortages, a tight labour market and accelerating inflation put pressure on wages. 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 and for 2023 the increases are in total 2.95 % and came into force on 1 November 2023. In addition, the agreed, one-time instalment of 450 euros was 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%).

Commercial initiatives have been and will be undertaken to mitigate the effect of inflation as a part of Terveystalo's profit improvement program. Terveystalo has implemented several price increases, the effects of which will be seen in stages during 2023 and 2024.

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

About half of Terveystalo's interest-bearing debts 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. The average maturity of Terveystalo's financial loans was 2.5 (1.9) years at the end of the third quarter of 2023, and the weighted average interest rate for the quarter was 4.9 (0.9) percent.

#### **What is the current business situation in Sweden?**

In Sweden, the increased uncertainty of the economy slightly impacted the demand for preventive services, which are more sensitive to macroeconomic changes. The profitability of the Swedish business has strengthened, but is not yet at a satisfactory level. A significant increase in the profitability requires expansion of services through acquisitions into specialized care in specialties suitable for the overall set-up (e.g. mental health) and a transition to care paths. The exchange rate of the Swedish krona has a significant impact on the revenue in euro terms.

### **Financial reporting and Annual General Meeting in 2024**

Terveystalo will publish the Interim Report for 1 January – 30 September 2023 on 27 October 2023 at approximately 9:00 a.m. EEST. Terveystalo observes a silent period of 30 days prior to the publication of financial information. The financial reporting dates for 2024 will be published on 27 September 2023.

In 2024, Terveystalo will publish financial information as follows:

Financial statements release 2023

14 February 2024

Annual Report 2023	Week 8
Interim Report, 1 January 1 – 31 March 2024	26 April 2024
Half-yearly Report, 1 January – 30 June 2024	17 July 2024
Interim Report, 1 January – 30 September 2024	25 October 2024

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.

Terveystalo Plc's Annual General Meeting (AGM) is planned to be held on Tuesday 26 March 2024. The meeting will be convened by the company's Board of Directors separately at a later date.

## 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)



