



Terveystalo Group Financial Statements Release 2023

Strong earnings growth in 2023 was supported by excellent progress of the profit improvement program

Terveystalo

October–December 2023 in brief

- **Revenue increased by 2.3% year-on-year to EUR 342.4 (334.8) million.**
The Healthcare Services segment revenue increased by 6.4% and was EUR 254.7 (239.5) million.
Portfolio Businesses revenue decreased by 8.8% due to expired outsourcing contracts and was EUR 67.3 (73.8) million.
The revenue from Sweden decreased by 3.6% and came to EUR 26.6 (27.6) million. In SEK terms, the revenue decreased by 1.0%.
- **Adjusted¹⁾ earnings before interest, taxes, amortization, and impairment losses (EBITA) increased by 33.2% year-on-year to EUR 39.5 (29.7) million, representing 11.5% (8.9%) of revenue.** The profitability strengthened in Healthcare Services and Portfolio Businesses. Profitability was improved due to the normalisation of the sales mix, and the progress of the profit improvement program including pricing actions and improved operational efficiency. The impact of prolonged inflation dampened the profitability improvement. In Sweden, the profitability weakened mainly due to decreased revenue caused by lower demand and the weakening of the Swedish krona. A profit improvement program was launched in Sweden targeting a structural change in the profitability in 2025.
- Items affecting comparability¹⁾ with an effect on EBITA were EUR 5.5 (5.9) million. The operating result was weakened by write-offs related to goodwill and purchase price allocations relating to public outsourcing customer relationships within the Portfolio Businesses, in total amounting to EUR 84.6 million.
- The result for the period was EUR -64.1 (7.6) million.
- Earnings per share (EPS) was EUR -0.51 (0.06).
- Cash flow from operating activities was 60.6 (76.5) million.
- The profit improvement program had an approximately EUR 13 million impact on the adjusted EBITA in the fourth quarter.

January–December 2023 in brief

- **Revenue increased by 2.2% year-on-year to EUR 1,286.4 (1,259.1) million.**
The Healthcare Services segment revenue increased by 5.7% and was 948.6 (897.8) million.
Portfolio Businesses revenue decreased by 8.1% and was EUR 267.2 (290.7) million.
The revenue from Sweden decreased by 0.4% and came to EUR 92.5 (92.8) million. In SEK terms, the revenue grew by 7.2%.
- **Adjusted¹⁾ earnings before interest, taxes, and amortization (EBITA) increased by 19.4% to EUR 125.6 (105.2) million, representing 9.8 (8.4) percent of revenue.**
- Items affecting comparability with an effect on EBITA were EUR 21.2 (9.2) million. The operating result was weakened by write-offs related to goodwill and to purchase price allocations relating to public outsourcing customer relationships within the Portfolio Businesses, in total amounting to EUR 84.6 million.
- Profit for the period was EUR -42.2 (24.4) million.
- Earnings per share (EPS) were EUR -0.33 (0.19).
- **Net debt/adjusted EBITDA was 3.0 (3.2).**
- Cash flow from operating activities was EUR 158.0 (140.9) million.
- The profit improvement program's initial target of a run-rate EBITA improvement of at least EUR 50 million by the end of 2024 was exceeded ahead of schedule. The measures implemented by the end of the reporting period are estimated to have an annual run-rate impact of over EUR 60 million on profitability. In 2023, the adjusted EBITA impact of the profit improvement program was EUR 37 million. Execution of the profit improvement initiatives will continue in 2024.

- Starting from 1 January 2023, Terveystalo Group comprises three reporting segments: Healthcare Services, Portfolio Businesses, and Sweden.
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.30 (0.28) per share be distributed for 2023 and the dividend payment would happen in two installments.

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

1) 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. Adjustments related to the profit improvement programs were approximately EUR 5.3 million during the fourth quarter and 21.7 million in 2023.

President and CEO Ville Iho: We are making determined progress towards our financial targets

Terveystalo's fourth quarter of 2023 was a strong end to a solid year, in line with our expectations. Revenue increased by 2.8% year-on-year to EUR 342.8 million. COVID-19 testing in the comparison period, expired outsourcing contracts and the weakening of the Swedish Krona decreased revenue year-on-year. Underlying organic growth was approximately 4% excluding these changes. Our profitability strengthened further and adjusted EBITA increased by 33% year-on-year to EUR 39.5 million, representing 11.5% of revenue.

Our core business, Healthcare Services, had a great quarter and the segment's revenue increased by 6.4% year-on-year. Revenue was boosted by a more favourable customer and service mix and the successful implementation of successful pricing actions. Profitability strengthened thanks to the outstanding progress of the profit improvement program, improved operational efficiency, and a stronger top line.

The profit improvement program focused on our core business and a clear organizational structure have brought excellent results and create a solid foundation for the future. The program exceeded the target set ahead of schedule and achieved a run-rate profit improvement of EUR 60 million in 2023. The adjusted EBITA impact for 2023 was EUR 37 million. With the target exceeded, the estimated one-off costs of the program will also increase slightly from the original estimate. Our strengthened line organisation will continue to execute profit improvement initiatives in 2024. The conditions for growth in Healthcare Services remain favourable and demand is strong despite the uncertain economic environment. Poor access to treatment in public healthcare increases the demand for privately produced services, notably through increasing health insurance.

Independent profitability improvement measures in the portfolio businesses paid off, and the profitability of the entire segment strengthened markedly year-on-year. The segment's revenue decreased by 8.8% in the fourth quarter, due to the planned contraction of the outsourcing agreement portfolio. The situation in the public pay market is still pending due to the funding challenges of the wellbeing services counties, and there are few new tenders. It is not easy to see a substantial recovery in the market before the second half of 2024.

Macroeconomic and exchange rate weakness impacted the Sweden segment's revenue, which decreased by 3.6% year-on-year in the fourth quarter. Lower revenue and prolonged inflation also weakened profitability. We reacted to the change in the operating environment with the launch of a profit improvement program at the end of 2023 to strengthen the business area's structural profitability in 2025.

I am proud of the committed work of Terveystalo employees. During 2023, we strengthened our profitability significantly in all segments despite headwinds and without compromising the high quality of our operations. In 2023, the Group's adjusted EBITA margin strengthened by 1.4 percentage points to 9.8% of revenue in line with our guidance. Our financial position is strong, and we are advancing with a clear agenda towards our financial target of an EBITA margin of 12% in 2025. Our earnings per share excluding non-recurring items for 2023 were EUR 0.47. The Board of Directors proposes to the Annual General Meeting that the dividend be increased from the previous year and a dividend of EUR 0.30 per share be distributed.

As a company, we have a clear purpose; We fight for a healthier life. Investments in data-driven integrated healthcare in line with our strategy are paying off. We are at the forefront of our industry in adopting technology that streamlines healthcare processes and improves customer value. Our customer satisfaction is record high. We have maintained our position as the preferred employer of professionals in the field, and the medical quality of our services and the effectiveness of treatment are excellent. We will continue to be at the forefront of the industry and build efficient, caring, and effective care for our customers.

Meaningful Matters,
Ville Iho

Guidance for 2024

Terveystalo estimates its revenue for 2024 to grow (2023: EUR 1,286 million) and its adjusted EBITA margin to be between 10.1% and 11.5% (9.8% in 2023).

The estimates are based on the end of 2023 projections for inflation, consumer demand and employment, normal morbidity, and a predictable labour market in Finland. The estimates include the impact of the successful completion of the profit improvement program and an annual decrease of approximately EUR 10 million in revenue in the Portfolio Businesses segment's outsourcing business. The Sweden segment's revenue is expected to decline due to macro weakness and the exchange rate is expected to remain stable. The estimates do not include significant acquisitions or divestments.

Financial targets

Terveystalo's financial targets are:

- annual revenue growth of at least 5 percent through organic growth and acquisitions
- an adjusted EBITA margin of at least 12 percent in 2025
- net debt/adjusted EBITDA ratio of 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 consider Terveystalo's long-term development potential and financial position.

Key figures

Terveystalo Group, MEUR	10–12/ 2023	10–12/ 2022	Change, %	2023	2022	Change, %
Revenue	342.4	334.8	2.3	1 286.4	1 259.1	2.2
Adjusted EBITA * ¹⁾	39.5	29.7	33.2	125.6	105.2	19.4
Adjusted EBITA, % * ¹⁾	11.5	8.9	-	9.8	8.4	-
EBITA ¹⁾	34.1	23.8	43.2	104.4	95.9	8.9
EBITA, % ¹⁾	9.9	7.1	-	8.1	7.6	-
EBIT	-58.9	12.8	>-200.0	-14.7	33.9	-143.3
EBIT, %	-17.2	3.8	-	-1.1	2.7	-
Return on equity (ROE), % ¹⁾	-	-	-	-7.6	4.1	-
Equity ratio, % ¹⁾	-	-	-	36.5	40.2	-
Earnings per share (EUR)	-0.51	0.06	>-200.0	-0.33	0.19	>-200.0
Weighted number of shares outstanding, in thousands	126,556	126,548	-	126,555	126,508	-
Net debt	-	-	-	598.1	566.6	5.6
Gearing, % ¹⁾	-	-	-	116.0	95.7	-
Net debt/adjusted EBITDA (last 12 months) ¹⁾	-	-	-	3.0	3.2	-
Adjusted EBITDA (last 12 months), excluding IFRS 16* ¹⁾	-	-	-	142.8	122.2	16.8
Net debt, excluding IFRS 16	-	-	-	379.0	386.8	-2.0
Adjusted net debt/adjusted EBITDA (last 12 months), excluding IFRS 16* ¹⁾	-	-	-	2.7	3.2	-
Average personnel (FTEs)	-	-	-	6 426	6 552	-1.9
Private practitioners (end of period)	-	-	-	6 092	5 928	2.8
Sustainability						
PEI index ²⁾	-	-	-	2.9	2.9	-2.5
Net Promoter Score (NPS), appointments	-	-	-	84.8	82.7	2.5

Employee Net Promoter Score (eNPS)	-	-	-	19	28	-32.1.
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**) 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, strategic projects, and other items affecting comparability.*

1) Alternative performance measure. In addition to the IFRS figures, Terveystalo presents additional, alternative performance indicators that 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) 2) PEI index (Patient Enablement Instrument) is used to measure whether the patient feels that he is coping with his symptoms or illness much better, better, as before, or worse after the reception. The scale is 1-4.

Operating environment

Target markets

In 2023, demand for healthcare services in Finland continued to be strong. Seasonal variations in demand and booking rates normalised compared to the exceptional comparison period. Demand for basic laboratory services largely normalised to pre-pandemic levels. As the pandemic receded, customer visits were focused on brick-and-mortar as the demand for COVID-19 testing, digital services, and remote appointments declined materially year-on-year.

Demand from corporate and insurance customers remained strong. In the public-pay market, staffing services saw continued strong demand. In the second half of the year, demand for out-of-pocket dental care services and massage services was dampened by weaker consumer confidence and purchasing power. The public-pay private-provision market is yet to see a broader increase in demand and new, smaller tenders have been limited to digital services.

In Sweden, increased economic uncertainty during the second half of the year affected the demand for organization and leadership consultation and harmful use rehabilitation services, which are more sensitive to macroeconomic changes.

In the fourth quarter of the year, demand remained strong for most services and the flu season was normal. Demand for Covid-19 testing was close to zero and basic laboratory testing for acute illnesses normalised.

Terveystalo continued to invest in the recruitment of professionals throughout the year and was successful in steadily increasing supply. To strengthen supply, development efforts were increasingly shifted towards solutions that enhance the work and productivity of professionals.

A tight labour market and inflation created increasing pressure on operating costs, including wages, throughout 2023. The overall employment remains decent. However, significant changes could affect the demand for occupational health services in Finland.

The long-term growth prospects for Terveystalo's addressable markets in Finland and Sweden are solid; the underlying demand is strong, and megatrends, such as the aging population, digitalisation of healthcare, and lengthening queues in public healthcare, support growth in the future. As the most preferred employer, Terveystalo is well-positioned to drive growth going forward, supported by its strong market position.

The impacts of inflation

Despite the stabilised inflation, some procurement categories had continued cost pressure. Terveystalo has actively negotiated with its suppliers to limit the impact of inflation on costs. Electricity prices levelled off from the comparison period.

One of the key areas of the profit improvement program is to fight inflation and reduce costs in selected product and service categories.

A tight labour market, and continued inflation put upward pressure on wages in healthcare services. In the private healthcare sector, a two-year collective agreement is binding for the duration of 1 May 2022 - 30 April 2024, which applies to Terveystalo's largest group of employees, nurses. In 2022, salary increases were 2.0% from 1 October 2022 onwards, and for 2023, the increases were in total 2.95 % and came into effect on 1 November 2023. In addition, the agreed, one-time instalment of 450 euros was paid

in June 2023. In other professions, wage inflation is also present. The large majority of the physicians who work in Terveystalo are private practitioners (approximately 96%), who are not in employment with the company.

Terveystalo implements commercial initiatives to mitigate the effect of inflation as a part of the profit improvement program. The successful pricing actions impact both 2023 and 2024 financials.

The treatment queues and regulatory environment in Finland

The contraction of non-urgent care during COVID-19 restrictions resulted in a significant treatment gap for other illnesses. Treatment queues for specialised care have continued to grow. In August 2023, close to 178,000 patients were waiting for access to public provision of non-urgent specialised medical care according to Finnish Institute for Health and Welfare (THL). Of those patients, more than 30,500 (17.2%) had been waiting for more than half a year to get treatment. In August 2023, the number of patients who had been waiting for more than half a year for treatment had grown by 9,400 from April 2023.

The responsibility for the organisation of social and healthcare services was transferred to the 21 wellbeing services counties and the City of Helsinki at the beginning of 2023. The wellbeing services county councils decide on the 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 wellbeing services counties have launched smaller tenders e.g., digital service solutions, but no decisions on larger tenders from the private sector have so far been made.

The government program published in the summer of 2023 aims to increase cooperation between private and public healthcare and to improve the effectiveness and cost-efficiency of the healthcare system. As a first concrete measure, the government decided to raise Kela reimbursements. 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.

Impact of the global political situation and conflicts

The direct impacts of political tensions and conflicts, such as the war in Ukraine have been minimal to Terveystalo. The company does not have business operations in or with Ukraine, Israel, or countries that are subject to sanctions. The indirect financial impact arises from high inflation and potential disruptions in the supply chain and financial markets. The indirect economic impacts are 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.

Financial development

Revenue

In the fourth quarter of 2023, the Group's revenue increased by 2.3% year-on-year to EUR 342.8 (334.8) million. The Healthcare Services segment revenue increased by 6.4% and was EUR 254.7 (239.5) million. The revenue increase was mainly driven by improved sales mix and successful pricing actions. Visits to laboratory services decreased substantially year-on-year as COVID testing decreased. A total of approximately 1,600 (41,000) COVID-19 tests were performed during the fourth quarter¹. Revenue from laboratory services not related to COVID testing increased year-on-year. Revenue from surgical operations and imaging services grew year-on-year.

The Portfolio Businesses segment revenue decreased by 8.8% due to expired outsourcing contracts and was EUR 67.3 (73.8) million. The revenue from Sweden decreased by 3.6% due to lower demand and the weakening of the Swedish krona against EUR and came to EUR 26.6 (27.6) million. Without the currency effect, the revenue increased by 1.0%. Acquisitions increased revenue in Sweden by approximately EUR 0.5 million.

There were 62 (63) working days in October-December.

Revenue for 2023 increased by 2.2% year-on-year and amounted to EUR 1,286.4 (1,259.1) million. The Healthcare Services segment revenue increased by 5.7% and was EUR 948.6 (897.8) million. The revenue increase was mainly driven by improved sales mix and successful pricing actions.

Visits to laboratory services decreased substantially year-on-year as COVID testing decreased. A total of approximately 6,800 (335,000) COVID-19 tests were performed¹⁾. Revenue from other laboratory services increased year-on-year. Revenue from surgical operations and imaging services grew year-on-year.

The Portfolio Businesses segment revenue decreased by 8.1% million due to expired outsourcing contracts and was EUR 267.2 (290.7).

The revenue from Sweden decreased by 0.4% and came to EUR 92.5 (92.8) million. Without the currency effect, the revenue grew by 7.2%. Acquisitions increased revenue in Sweden by approximately EUR 4.6 million.

1) Excludes sample collection services

Revenue, MEUR	10-12/ 2023	10-12/ 2022	Change, %	2023	2022	Change, %
Healthcare Services	254.7	239.5	6.4	948.6	897.8	5.7
Portfolio Businesses	67.3	73.8	-8.8	267.2	290.7	-8.1
Sweden	26.6	27.6	-3.6	92.5	92.8	-0.4
Other	-6.2	-6.1	2.5	-21.8	-22.2	-1.7
Total	342.4	334.8	2.3	1,286.4	1,259.1	2.2

Segment Other reported figures mainly consist of parent company expenses, unallocated Group level adjustments, and provisions as well as eliminations between reporting segments. Other segment's revenue includes eliminations between reporting segments.

Financial performance and cash flow

The Group's adjusted earnings for the fourth quarter of 2023 before interest, taxes, amortization, and impairment losses (EBITA) increased by 33.2% to EUR 39.5 (29.7) million, representing 11.5% (8.9%) of revenue.

Adjusted EBITA, MEUR	10-12/ 2023	10-12/ 2022	Change, %	2023	2022	Change, %
Healthcare Services	33.7	26.9	25.3	109.0	99.2	9.9
Portfolio Businesses	2.0	-1.8	>200.0	8.7	3.5	149.4
Sweden	2.4	3.0	-19.9	3.7	2.6	42.5
Other	1.5	1.6	-7.7	4.2	-0.1	>200.0
Total	39.5	29.7	33.2	125.6	105.2	19.4

The profitability improved in Healthcare Services and Portfolio Businesses. Profitability was strengthened by normalization of the sales mix, successful pricing actions, and the progress of the profit improvement program. In Sweden, the profitability weakened from the comparison period, mainly due to decreased revenue caused by lower demand and the weakening of the Swedish krona.

Material expenses and service purchasing increased by 1.2% year-on-year and amounted to EUR 142.5 (140.8) million. Employee benefit expenses decreased by 2.8% year-on-year and amounted to EUR 117.1 (120.4) million. Personnel costs decreased due to the actions of the profit improvement program, lower sick leaves and terminated outsourcing contracts. Personnel costs, on the other hand, increased due to new recruitments, as well as salary increases. Other operating expenses decreased by 3.4% to EUR 31.3 (32.4) million mainly due to advisory fees of the profit improvement program.

The Group's adjusted EBITDA increased by 21.0% year-on-year to EUR 58.1 (48.0) million. Adjusted EBIT amounted to EUR 31.2 (20.1) million. Operating result (EBIT) came to EUR -58.9 (12.8) million. The operating result was weakened by write-offs related to goodwill and to purchase price allocations relating to public outsourcing customer relationships within the Portfolio Businesses.

Net financing costs increased to EUR 7.5 (2.9) million mainly due to higher interest rates, and decrease in the fair value of interest rate hedges during the reporting period, the fair value of which having increased in the comparison period. The result before tax was EUR -66.4 (9.9) million. Income taxes were EUR 2.4 (-2.2) million. The result for the fourth quarter amounted to EUR -64.1 (7.6) million, and earnings per share were EUR -0.51 (0.06).

Cash flow from operating activities in the fourth quarter decreased to EUR 60.6 (76.5) million, driven by improved profitability development, impact of which was decreased by a seasonal increase in working capital tied up in operations.

Cash flow from investing activities amounted to EUR -11.5 (-24.0) million. The change from the comparison period consisted of a decrease in investments in intangible and tangible assets, as well as acquisitions.

Cash flow from financing activities amounted to EUR -46.9 (-40.5) million. The change from the comparison period was mainly due to refinancing and higher financing costs during the reporting period and the seasonal variation of commercial paper financing. In addition, a long-term loan was raised in the comparison period to repay a short-term loan.

The Group's adjusted earnings for 2023 before interest, taxes, amortization, and impairment losses (EBITA) increased by 19.4 % to EUR 125.6 (105.2) million, representing 9.8% (8.4%) of revenue. Profitability improved in all business areas. Profitability was strengthened by normalization of the sales mix, successful pricing actions, and the progress of the profit improvement program.

Material expenses and service purchasing increased by 2.0% year-on-year and amounted to EUR 536.2 (525.7) million. Employee benefit expenses decreased by 1.8% year-on-year and amounted to EUR 447.0 (455.0) million due to the actions of the profit improvement program, lower sick leaves, and terminated outsourcing contracts. The decrease was partially offset by recruitment and salary increases. Other operating expenses increased by 14.2% to EUR 128.2 (112.3) million mainly due to advisory fees of the profit improvement program, as well as higher costs related to rents and premises.

The Group's adjusted EBITDA increased by 12.5% year-on-year to EUR 200.2 (178.0) million. Adjusted EBIT amounted to EUR 93.1 (73.4) million. Operating result (EBIT) came to EUR -14.7 (33.9) million. The operating result was weakened by write-offs related to goodwill and to purchase price allocations relating to public outsourcing customer relationships within the Portfolio Businesses. In the comparison period, impairment of other intangible assets EUR 28.9 million decreased the operating profit.

Net financing costs increased to EUR 24.2 (2.9) million due to the increased interest rate, as well as the increase in the fair value of interest rate hedges during the comparison period. The result before tax was EUR -38.9 (30.9) million. Income taxes were EUR -3.3 (6.5) million. The result for the reporting period amounted to EUR -42.2 (24.4) million, and earnings per share were EUR -0.33 (0.19).

Cash flow from operating activities increased to EUR 158.0 (140.9) million due to improved profitability and timing differences in corporate tax payments. Growth was dampened by growth in working capital employed.

Cash flow from investing activities decreased to EUR -44.2 (-93.9) million. The change from the comparison period mainly consisted of a decrease in M&A activities and investments in intangible assets.

Cash flow from financing activities amounted to EUR -116.2 (-44.6) million. The change from the comparison period was mainly due to refinancing and increased net financial expenses during the reporting period.

Profit improvement programs

During the fourth quarter of 2022, Terveystalo launched a profit improvement program, which aims for an inflation-adjusted, annualised (run-rate) EBITA improvement of at least EUR 50 million by the end of 2024. The program progressed well, and the overall target was exceeded ahead of schedule. The measures implemented by the end of the reporting period are estimated to have an annual run-rate impact of over EUR 60 million on profitability. The adjusted EBITA impact of the program during the fourth quarter was approximately EUR 13 million and during 2023 EUR 37 million.

During the fourth quarter of 2022, a profit improvement program was launched in Sweden targeting a structural change in the profitability in 2025.

The total costs related to the programs in 2022–2024 are estimated to be EUR 30-35 million. The costs are related to restructuring and advisory fees. Advisory fees are tied to the results achieved by the programs. The costs of the programs are treated as items affecting comparability. The costs of the programs, treated as items affecting comparability, were EUR 5.3 million during the fourth quarter and EUR 21.7 million during 2023.

Financial position

Terveystalo's liquidity position is good. Cash and cash equivalents at the end of the reporting period amounted to EUR 37.7 (40.2) million. The total assets of the Group amounted to EUR 1,419.5 (1,479.4) million.

Equity attributable to owners of the parent company totalled EUR 515.4 (592.0) million.

Gearing (including lease liabilities) was 116.0% (97.7%) and net debt amounted to EUR 598.1 (566.6) million. The increase in net debt is mainly due to lease liabilities. Net debt, excluding IFRS 16 (lease liabilities) amounted to EUR 379.0 (386.8) million. The average maturity of Terveystalo's financial loans was 3.0 (2.3) years at the end of the fourth quarter of 2023, and the weighted average interest rate for the quarter was 4.8 (1.2) percent. During the reporting period, the company fulfilled the covenant requirement included in its financing agreements reflecting relative indebtedness.

During the reporting period, the company signed an agreement for a long-term loan of EUR 135 million linked to sustainability targets and refinanced the current revolving credit facility. The loan is a bullet loan, and the maturity of the loan is three years supplemented by an extension option of one year. EUR 125 million of the loan was withdrawn and used to refinance bank loans maturing during 2023 and 2024. In connection with the refinancing, the company agreed on the refinancing of a EUR 40 million revolving credit facility maturing in 2024. The maturity of the syndicated credit revolving facility is three years supplemented by an extension option of one year.

During the second quarter of 2023, Terveystalo issued senior unsecured sustainability-linked notes in the aggregate principal amount of EUR 100 million. The notes will mature on 1 June 2028 and carry initially a fixed annual interest of 5.375 per cent. The notes were listed on the official list maintained by Nasdaq Helsinki Ltd on 5 June 2023.

At the end of the reporting period, the unused part of credit based on financing agreements and bank accounts with a credit facility amounted to EUR 98.0 (99.6) million.

Return on equity for financial year was -7.6% (4.1%), which was significantly impacted by the impairment recognised during the reporting period. The equity ratio was 36.5% (40.2%). In accordance with the 2023 Annual General Meeting's decision, a dividend of EUR 0.28 per share has been paid based on the balance sheet adopted for the fiscal year ending 31 December 2022. The dividend was paid in two instalments. The first dividend instalment was paid to shareholders on 3 April 2023 and the second dividend instalment on 9 October 2023.

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 the summer months. The number of business days influences the revenue and earnings development, particularly when comparing quarterly performance. There was 62 (63) working days in October–December and 251 (253) working days in 2023. In 2024, there are 252 working days. 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.

Number of working days by quarter	2022	2023	2024
Q1	63	64	63
Q2	61	60	61
Q3	66	65	66
Q4	63	62	62
Full year	253	251	252

Investments and acquisitions

Net investments* in 2023, including M&A, amounted to EUR 43.9 (94.1) million. The Group's net capital expenditure, excluding M&A, amounted to EUR 40.2 (60.0) 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.

During the second quarter, Terveystalo subsidiary, Feelgood Svenska AB, entered into agreements for two acquisitions. Feelgood acquired Växjö Hälsoforum and Quality Care's operations, of which the former was finalised during the third quarter and the latter during the fourth quarter.

** 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

Capitalised development expenses in 2023 were EUR 23.2 (16.4) million and were included in other intangible assets.

Personnel

The number of Terveystalo's employed staff on 31 December 2023 in Finland was 8,950 (10 100), in Sweden 874 (833) and in total 9,824 (10,933). In FTEs, the average number of personnel in Finland was 5,596 (5,865), in Sweden 829 (687) and in total 6,426 (6,552). The number of private practitioners in Finland was 5,987 (5,822), in Sweden 105 (106) and in total 6,092 (5,928). The number of employees in Finland was affected by a reduction in the number of employees working in COVID-19 related services, the measures of the profit improvement program and the termination of outsourcing contracts.

Reporting segments

Starting from 1 January 2023, Terveystalo has changed its financial reporting structure to better highlight the performance of Terveystalo's businesses. The new reporting structure reflects Terveystalo's new operating model and is aligned with the way the company's management follows the operational performance of Terveystalo's businesses. Terveystalo Group comprises of three reporting segments: Healthcare Services, Portfolio Businesses, and Sweden.

Healthcare Services

Healthcare Services business segment offers customers in Finland integrated care paths from preventive occupational health services to primary care services and to different fields of specialized care, diagnostic, and day surgery. In Healthcare Services, Terveystalo aims for industry-leading profitability and the best care outcomes.

- Revenue increased from the comparison period mainly due to improved sales mix and successful pricing actions. Consumer customers and corporate customers' share of revenue increased and visits to basic laboratory services increased from the comparison period. In addition, strong demand for other services continued.
- Profitability increased clearly from the comparison period despite the ending of COVID-19 testing. Successful pricing actions and the progress of the profit improvement program supported profitability.
- The profit improvement program progressed well, and the overall target was exceeded ahead of schedule. The measures implemented by the end of the reporting period are estimated to have an annual run-rate impact of over EUR 60 million on profitability. The adjusted EBITA impact of the program during the fourth quarter was approximately EUR 13 million and during 2023 EUR 37 million.

Key figures

	10–12/ 2023	10–12/ 2022	Change, %	2023	2022	Change, %
Revenue, MEUR	254.7	239.5	6.4	948.6	897.8	5.7
EBITA, MEUR	32.4	25.3	28.1	107.1	93.8	14.2
EBITA, %	12.7 %	10.6 %	2.2 %-p.	11.3 %	10.4 %	0.8 %-p.
Adjusted EBITA, MEUR	33.7	26.9	25.3	109.0	99.2	9.9
Adjusted EBITA, % of revenue	13.2 %	11.2 %	2.0 %-p.	11.5 %	11.0 %	0.4 %-p.

The revenue from Healthcare Services in the fourth quarter increased by 6.4% and was 254.7 (239.5) million euros.

The revenue from corporate customers increased by 11.2% to EUR 156.5 (140.7) million. Revenue from preventive occupational health services¹⁾ increased year-on-year. Revenue from healthcare appointments also increased, even though the sales from COVID-related services dropped materially year-on-year. The revenue from consumers increased by 2.4% to EUR 74.9 (73.1) million. Revenue increased due to higher sales from services produced for insurance companies and successful pricing actions. The revenue from public sector customers decreased by 9.0% to EUR 23.3 (25.6) million due to terminated contracts and lower sales from COVID-related services. Revenue from services provided for municipal occupational health customers grew due to successful pricing actions.

The revenue from appointment services increased by 9.4% to EUR 169.4 (154.9) million mainly due to improved customer mix and successful pricing actions in all customer groups. The number of physical appointments decreased slightly year-on-year. The number of remote appointments decreased by 14.1% from the comparison period. There was a high number of COVID-related digital visits during the comparison period. Revenue from diagnostics services (laboratory and imaging) decreased by 3.3% and was 56.7 (58.6) million euros. The number of laboratory visits decreased clearly from the comparison period when there was still quite a high number of COVID tests done. Excluding COVID testing, the number of laboratory visits increased from the comparison period. The revenue from other services increased by 10.2% and was 28,6 (26,0) driven by surgical operations.

The revenue from Healthcare Services for 2023 increased by 5.7% and was 948,6 (897,8) million euros.

The revenue from corporate customers increased by 7.9% to EUR 564.0 (522.9) million. Revenue from preventive occupational health services¹⁾ increased year-on-year. Revenue from healthcare appointments also increased, even though the sales from COVID-related services dropped year-on-year. The revenue from consumers increased by 6.4% to EUR 296.1 (278.4) million. Revenue increased especially due to higher sales from services produced for insurance companies. The revenue from public sector customers decreased by 8.3% to EUR 88.5 (96.4) million due to terminated contracts and ending of COVID-related services sales. Revenue from services provided for municipal occupational health customers grew due to successful pricing actions.

The revenue from appointment services increased by 11.2% to EUR 618.3 (556.3) million mainly due to improved customer mix and successful pricing actions. The number of physical appointments increased slightly year-on-year. The number of remote appointments decreased by 19.0% due to the COVID-related digital visits during the comparison period. Revenue from diagnostics services (laboratory and imaging) decreased by 8.2% and was 229.6 (250.0) million euros. The number of laboratory visits decreased clearly from the comparison period when there was a high number of COVID tests done. Excluding COVID testing, the number of laboratory visits increased from the comparison period. The revenue from other services increased by 10.0% and was 100.7 (91.5) driven by surgical operations.

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 work ability; 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.

Healthcare Services, revenue by customer groups, and services

Revenue, MEUR	10–12/ 2023	10–12/ 2022	Change, %	2023	2022	Change, %
By customer						
Corporate	156.5	140.7	11.2	564.0	522.9	7.9
Consumer	74.9	73.1	2.4	296.1	278.4	6.4
Public sector	23.3	25.6	-9.0	88.5	96.4	-8.3
By service						
Appointments	169.4	154.9	9.4	618.3	556.3	11.2
Diagnostics	56.7	58.6	-3.3	229.6	250.0	-8.2
Other	28.6	26.0	10.2	100.7	91.5	10.0

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.

Consumer customers are Terveystalo's third-largest customer group. Consumer customers include private individuals and families. Services for consumers are paid for either by the customers themselves or by their insurance companies.

The services offered to **public sector** customers include specialized care services, other healthcare services produced in the clinic network, as well as occupational health services for the public sector. Outsourcing and staffing services are included in Portfolio Businesses.

Healthcare Services, number of visits

Visits	10–12/ 2023	10–12/ 2022	Change, %	2023	2022	Change, %
Appointments	1,688,123	1,765,734	-4.4	6,069,111	6,351,339	-4.4
Physical appointments	1,319,576	1,336,829	-1.3	4,750,619	4,723,915	0.6
Remote appointments	368,547	428,905	-14.1	1,318,492	1,627,424	-19.0
Diagnostics	318,756	352,926	-9.7	1,285,980	1,460,908	-12.0
Other	16,554	11,938	38.7	48,984	41,278	18.7
Total	2,023,433	2,130,598	-5.0	7,404,075	7,853,525	-5.7

In the Healthcare Services, adjusted earnings before interest, taxes, amortization, and impairment losses (EBITA) increased by 25.3% and amounted to EUR 33.7 (26.9) million, representing 13.2 (11.2) % of revenue in the fourth quarter. Profitability was supported by successful pricing actions and improved sales mix in non-COVID-related services. The profit improvement program targeting at least 50-million-euro annualised (run-rate) EBITA improvement by the end of 2024, progressed well and the overall target was exceeded ahead of schedule. The measures implemented by the end of the reporting period are estimated to have an annual run-rate impact of over EUR 60 million on profitability. The adjusted EBITA impact of the program during the fourth quarter was approximately EUR 13 million.

In 2023, adjusted earnings before interest, taxes, amortization, and impairment losses (EBITA) increased by 9.9% and amounted to EUR 109.0 (99.2) million, representing 11.5 (11.0) % of revenue. The drop in COVID-19 testing volumes had a negative impact on profitability, whereas successful pricing actions and improved sales mix in non-COVID-related services strengthened the profitability. The profit improvement program targeting at least 50-million-euro annualised (run-rate) EBITA improvement by the end of 2024, progressed well and the overall target was exceeded ahead of schedule. The measures implemented by the end of the reporting period are estimated to have an annual run-rate impact of over EUR 60 million on profitability. The adjusted EBITA impact of the program during 2023 EUR 37 million.

Portfolio Businesses

The Portfolio Businesses segment consists of business areas that aim for independent value creation utilising Terveystalo's capabilities according to their needs. Portfolio Businesses include public sector outsourcing, staffing services, and dental care, as well as other businesses such as public sector digital services, rehabilitation, child welfare, and massage services, as well as interpretation services.

- Revenue decreased year-on-year due to terminated outsourcing contracts.
- Profitability clearly improved year-on-year due to the termination of low-margin outsourcing contracts, successful pricing actions, and cost cuts. The improvement was partially offset by higher costs of specialised care in outsourcing services and prolonged inflation.

Key figures

	10–12/ 2023	10–12/ 2022	Change, %	2023	2022	Change, %
Revenue, MEUR	67.3	73.8	-8.8	267.2	290.7	-8.1
EBITA, MEUR	1.7	-2.4	168.9	8.3	2.0	>200.0
EBITA, %	2.5 %	-3.3 %	5.7 %-p.	3.1 %	0.7 %	2.4 %-p.
Adjusted EBITA, MEUR	2.0	-1.8	>200.0	8.7	3.5	149.4
Adjusted EBITA, % of revenue	2.9 %	-2.5 %	5.4 %-p.	3.3 %	1.2 %	2.1 %-p.

Portfolio Businesses, revenue by services

Revenue, MEUR	10–12/ 2023	10–12/ 2022	Change, %	2023	2022	Change, %
Outsourcing services	23.0	28.7	-19.9	91.1	118.7	-23.3
Staffing services	21.3	21.5	-0.8	84.7	84.1	0.6
Dental care	13.3	14.3	-6.9	54.5	52.2	4.3
Other	9.7	9.3	4.2	36.9	35.6	3.7
Total	67.3	73.8	-8.8	267.2	290.7	-8.1

In the Portfolio Businesses, revenue decreased by 8.8% and amounted to EUR 67.3 (73.8) million **in the fourth quarter**. Revenue from outsourcing services decreased by 19.9% due to terminated outsourcing contracts and amounted to EUR 23.0 (28.7) million. Revenue from staffing services decreased by 0.8% and amounted to EUR 21.3 (21.5) million. Revenue from nurse staffing decreased due to a decrease in COVID-related services year-on-year. Revenue from dental care decreased by 6.9% due to weaker demand and amounted to EUR 13.3 (14.3) million. Revenue from other services increased by 4.2% and amounted to EUR 9.7 (9.3) million.

In 2023, revenue decreased by 8.1% and amounted to EUR 267.2 (290.7) million. Revenue from outsourcing services decreased by 23.3% due to terminated outsourcing contracts and amounted to EUR 91.1 (118.7) million. Revenue from staffing services increased by 0.6% and amounted to EUR 84.7 (84.1) million. Higher demand for specialist care services had a positive impact on revenue. Revenue from nurse staffing decreased due to a decrease in COVID-related services year-on-year. Revenue from dental care increased by 4.3% and amounted to EUR 54.5 (52.2) million. Revenue from other services increased by 3.7% and amounted to EUR 36.9 (35.6) million.

Adjusted earnings before interest, taxes, amortization, and impairment losses (EBITA) for the fourth quarter increased to EUR 2.0 (1.8) million, representing 2.9 (-2.5) % of revenue. Termination of low-margin outsourcing contracts, successful pricing actions, cost cutting, as well as increased demand improved profitability year-on-year. Higher costs of specialised care in outsourcing services, as well as inflation impacted negatively.

In 2023, adjusted earnings before interest, taxes, amortization, and impairment losses (EBITA) increased to EUR 8.7 (3.5) million, representing 3.3 (1.2) % of revenue. Termination of low-margin outsourcing contracts, successful pricing actions, cost cutting, as well as increased demand improved profitability year-on-year. Higher costs of specialised care in outsourcing services, as well as inflation impacted negatively.

Sweden

The Sweden segment consists of Feelgood subsidiaries' operations in Sweden, which are focused on occupational health and consultation for organizational management and harmful use. In Sweden, Terveystalo aims for profitable growth in the medium and long term.

- Revenue decreased year-on-year due to the weakening of the Swedish krona and softer demand. The increased economic uncertainty affected the demand for organizational leadership and the harmful use rehabilitation services, which are sensitive to macroeconomic changes.
- In the fourth quarter, adjusted EBITA decreased year-on-year mainly due to the lower revenue and prolonged inflation. A profit improvement program was launched in Sweden targeting a structural change in the profitability in 2025.

Key figures

	10-12/ 2023	10-12/ 2022	Change, %	2023	2022	Change, %
Revenue, MEUR	26.6	27.6	-3.6	92.5	92.8	-0.4
EBITA, MEUR	1.2	2.9	-57.0	2.1	1.9	10.1
EBITA, %	4.6 %	10.4 %	-5.7 %-p.	2.3 %	2.0 %	0.2 %-p.
Adjusted EBITA, MEUR	2.4	3.0	-19.9	3.7	2.6	42.5
Adjusted EBITA, % of revenue	9.0 %	10.9 %	-1.8 %-p.	4.0 %	2.8 %	1.2 %-p.

In the Sweden segment, revenue decreased by 3.6% and amounted to EUR 26.6 (27.6) million **in the fourth quarter**. The weakening of the Swedish krona from the comparison period had a negative impact on revenue. Without the currency effect, the revenue increased by 1.0%. The increased economic uncertainty affected the demand for organizational leadership consultation

and the harmful use rehabilitation services, which are sensitive to macroeconomic changes. Acquisitions increased revenue in Sweden by approximately EUR 0.5 million.

In 2023, revenue decreased by 0.4% and amounted to EUR 92.5 (92.8) million. The weakening of the Swedish krona from the comparison period had a negative impact on revenue. Without the currency effect, the revenue grew by 7.2%.

Demand was at a good level during the first half of the year, particularly in organizational leadership consultation and harmful use rehabilitation services. During the third quarter, the demand for preventive occupational health services started to pick up slower after the holiday period than the previous year. During the second half of the year, the increased economic uncertainty affected the demand for services, which are sensitive to macroeconomic changes. Acquisitions increased revenue in Sweden by approximately EUR 4.6 million.

Adjusted earnings before interest, taxes, amortization, and impairment losses (EBITA) decreased by 19.9% and amounted to EUR 2.4 (3.0) million, representing 9.0 (10.9) % of revenue **in the fourth quarter**. Profitability was weakened due to the lower revenue and cost inflation. A profit improvement program was launched in the business area targeting a structural change in the profitability in 2025.

In 2023, adjusted earnings before interest, taxes, amortization, and impairment losses (EBITA) increased by 42.5% to EUR 3.7 (2.6) million, representing 4.0 (2.8) % of revenue. Profitability was strengthened by increased operational efficiency.

Shares and shareholders

Terveystalo Plc has one share series (TTALO), which is listed on Nasdaq Helsinki Ltd. At the end of 2023, Terveystalo's market value was EUR 983 (794) million and the closing price was EUR 7.74 (6.25). During 2023, the highest price of Terveystalo's share was EUR 8.53 (11.94), the lowest price was EUR 6.43 (6.06), and the average price was EUR 7.70 (9.41). A total of 20.6 (29.5) million shares were traded. At the end of the reporting period, the number of Terveystalo shares registered in the Trade Register was 127,036,531 (127,036,531). The total number of shareholders was 34,025 (30,938) at the end of 2023. Terveystalo and its subsidiaries hold 480,230 (488,536) own shares for reward purposes, corresponding to 0.4% of all outstanding shares.

The largest registered shareholders on 31 December 2023

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	7,155,854	5.63	7,155,854	5.63
Skandinaviska Enskilda Banken AB	5,733,851	4.51	5,733,851	4.51
Ilmarinen Mutual Pension Insurance Company	5,119,495	4.03	5,119,495	4.03
Local Tapiola Mutual Insurance Company	2,600,000	2.05	2,600,000	2.05
Elo Mutual Pension Insurance Company	2,508,000	1.97	2,508,000	1.97
Evli Finnish Small Cap Fund	1,967,033	1.55	1,967,033	1.55
Ten largest in total	87,151,391	68.60	87,151,391	68.60

The list is based on the register of shareholdings maintained by Euroclear, and it does not include nominee-registered shares.

Distribution of ownership 31 December 2023

Number of shares	Number of shareholders	% of shareholders	Number of securities	% of securities	Number of votes	% of votes
1–100	15,740	46.26	701,279	0.55	701,279	0.55
101–500	12,677	37.26	3,188,040	2.51	3,188,040	2.51
501–1,000	2,927	8.60	2,246,249	1.77	2,246,249	1.77

1,001–5,000	2,156	6.34	4,431,586	3.49	4,431,586	3.49
5,001–10,000	241	0.71	1,763,531	1.39	1,763,531	1.39
10,001–50,000	206	0.61	4,627,671	3.64	4,627,671	3.64
50,001–100,000	27	0.08	2,109,499	1.66	2,109,499	1.66
100,001–500,000	29	0.09	6,428,528	5.06	6,428,528	5.06
500,001–	22	0.06	101,540,148	79.93	101,540,148	79.93
Total	34,025	100.00	127,036,531	100.00	127,036,531	100.00
of which nominee-registered	11	0.03	9,214,087	7.25	9,214,087	7.25
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 2023

Shareholders by sector	Number of shares	% of shares
Households	13,337,151	11.32
Public entities	31,236,163	26.51
Financial and insurance institutions	30,372,798	25.78
Companies	17,898,422	15.19
Non-profit institutions	3,747,089	3.18
Foreign owners	21,230,821	18.02
Total	117,822,444	100.00
Nominee-registered	9,214,087	7.25

Management shareholding, 31 December 2023

Name	Position	Number of shares	% of shares	% of votes
Kari Kauniskangas	Chairman of the Board of Directors	21,802	0.02 %	0.02 %
Matts Rosenberg	Member of the Board of Directors	14,498	0.01 %	0.01 %
Carola Lemne	Member of the Board of Directors	5,126	0.00 %	0.00 %
Kristian Pullola	Member of the Board of Directors	8,207	0.01 %	0.01 %
Katri Viippola	Member of the Board of Directors	11,453	0.01 %	0.01 %
Ari Lehtoranta	Member of the Board of Directors	6,504	0.01 %	0.01 %
Sofia Hasselberg	Member of the Board of Directors	2,499	0.00 %	0.00 %
Ville Iho	President and CEO	13,306	0.01 %	0.01 %
Juuso Pajunen	Chief Financial Officer	19,000	0.01 %	0.01 %
Petri Bono	Chief Medical Officer	2,087	0.00 %	0.00 %
Henri Mäenalanen	Interim Executive Vice President, Healthcare Services	2,230	0.00 %	0.00 %
Stefan Kullgren	Executive Vice President of the Swedish Business Area	0	0.00 %	0.00 %
Ilari Richard	Senior Vice President, Digital Services	3,134	0.00 %	0.00 %
Mikko Tainio	Senior Vice President, Portfolio Businesses	5,596	0.00 %	0.00 %
Minttu Sinisalo	Senior Vice President, Human Resources	1,400	0.00 %	0.00 %
Management shareholding in total		116,842	0.09 %	0.00 %
Number of shares total		127,036,531	100.00 %	100.00 %

Notifications of major shareholdings

During 2023, 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 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 12,703,653 own shares in total, which corresponds to approximately 10 percent of all shares in the Company.

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 12,703,653 own shares in total, which corresponds to approximately 10 percent of all shares in the Company. Authorizations were not used during the financial period.

Dividend Policy and distribution of profits for 2023 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 2023, earnings per share were EUR 0.33 (0.19).

The parent company's distributable funds totaled EUR 535.9 (530.8) million, of which EUR 40.5 (23.7) million is result for the financial year. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.30 (0.28) per share totaling EUR 38.0 (35.4) million be paid based on the balance sheet adopted for the financial year ended 31 December 2023. The dividend would be paid in two installments as follows:

The first dividend installment of EUR 0.15 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 28 March 2024. The Board of Directors proposes that the first dividend installment would be paid on 8 April 2024.

The second dividend installment of EUR 0.15 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 9 October 2024. The Board of Directors proposes that the second dividend installment would be paid on 16 October 2024. 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 2023 and the first Board meeting

The Annual General Meeting of Terveystalo Plc was held on 23 March 2023 in Helsinki, Finland. The Annual General Meeting adopted the financial statements for the fiscal year 2022 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.

The Annual General Meeting decided, in accordance with the proposal of the Board of Directors, that a dividend of EUR 0.28 per share (totalling approximately EUR 35.4 million with the current number of shares) be paid based on the balance sheet adopted for the fiscal year ended 31 December 2022.

The dividend was paid in two instalments as follows:

- The first dividend instalment of EUR 0.14 per share was paid to shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Oy on the record date of the first dividend instalment 27 March 2023. The first dividend instalment was paid to shareholders on 3 April 2023.
- The second dividend instalment of EUR 0.14 per share was paid to shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Oy on the record date of the second dividend instalment 2 October 2023. The second dividend instalment was paid on 9 October 2023. The Annual General Meeting authorized the Board of Directors to resolve, if necessary, on a new record date and date of payment for the second dividend instalment

should the rules of Euroclear Finland Oy 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 seven (7). Kari Kauniskangas, Carola Lemne, Kristian Pullola, Matts Rosenberg, and Katri Viippola were re-elected as members of the Board, and Sofia Hasselberg and Ari Lehtoranta were elected as new members of the Board for a term that ends at the end of the Annual General Meeting 2024.

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 12,703,653 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 12,703,653 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 2024.

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 2024, however no longer than for a period of 18 months from the date of the resolution of the Annual General Meeting.

In its organizing meeting, the new Board of Directors Terveystalo's Board of Directors 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, Katri Viippola and Sofia Hasselberg were elected members. Kari Kauniskangas was elected Chairman of the Remuneration Committee and Carola Lemne and Ari Lehtoranta were elected members.

Changes in Terveystalo's Executive Team

As of 1 January 2023, Terveystalo's organisation has consisted of three business areas: Healthcare Services, Portfolio Businesses, and Sweden.

Ilari Richardt was appointed Senior Vice President of Digital Services and a member of the Executive Team as of 29 March 2023 as Kati Sulin left the Company.

Henri Mäenalanen was appointed as the Chief Operating Officer of Terveystalo Healthcare Services as of 12 April 2023 as Siina Saksi left the Company.

Terveystalo announced changes to the Executive Team on 31 October 2023. Sari Heinonen, b.1976, PhD, Marketing, was appointed Executive Vice President of the Healthcare Services Business Area and a member of Terveystalo's Executive Team as of 5 February 2024. Chief Operating Officer Henri Mäenalanen served as interim EVP of the Healthcare Services business area until Sari Heinonen took up her position, after which he took 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, was appointed as a member of Terveystalo's Executive Team as of 1 November 2023.

In addition to the above-mentioned executives, Terveystalo's Executive team includes Petri Bono, Chief Medical Officer, Juuso Pajunen, Chief Financial Officer, and Minttu Sinisalo, Senior Vice President of People and Careers. All the above report to President, and CEO Ville Iho.

Corporate governance

Terveystalo Plc's Corporate Governance Statement, Remuneration Policy, and Remuneration Report for 2023 will be published as part of the Annual Report 22 February 2024.

Events after the end of the reporting period

Terveystalo Plc's Board of Directors has approved a new performance period covering the years 2024-2026 of the long-term share-based incentive plan for key personnel

Terveystalo Plc's Board of Directors has approved a new performance period covering the years 2024-2026 of the long-term share-based incentive plan for key personnel. 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 implementing Terveystalo's strategy by offering them a competitive, share-based incentive program.

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. Terveystalo published the establishment of the program and its main terms in a stock exchange release on 3 December 2020.

Performance Period 2024-2026 of the Performance Share Plan (PSP)

During the performance period 2024-2026, the participants are awarded for successful shareholder value creation. The performance indicators based on which share rewards may be paid to 90% of the participants are absolute and relative (compared to the OMX HKI benchmark CAP GI index) Total Shareholder Return. For 10% of the participants, the value creation is measured by EBITA (adjusted earnings before interest, taxes, and amortization) of the business area or independent business that they lead.

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 2024–2026 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 reward, after which the remaining net amount is paid to the participants in shares.

No more than approximately seventy (75) 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 2024-2026 of the Restricted Share Plan (RSP)

The purpose of the Restricted Share Plan is to function 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. The order in which the risks are presented does not describe the magnitude of the impact of the risks' realization or the probability of their occurrence.

- 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 favourable 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, claims for damages, and endanger reputation.
- 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 labour 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.

Terveystalo's financial reporting and Annual General Meeting in 2024

In 2024, Terveystalo will publish financial information as follows:

Annual Report 2023	Week 8
Interim Report, 1 January – 31 March 2024	26 April 2024
Half-yearly Report, 1 January – 30 September 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.

Result briefing

Terveystalo will arrange a webcast and a conference call in English on its result on Wednesday 14 February 2024 starting at 11:00 EET. You can watch the webcast online at: <https://terveystalo.videosync.fi/q4-2023>

You can access the teleconference by registering at the link below.

<https://palvelu.flik.fi/teleconference/?id=50048569>

After the registration, you will be provided phone numbers and a conference ID to access the conference.

Helsinki, 13 February 2024

Terveystalo Plc

Board of Directors

For further information, please contact:

CFO Juuso Pajunen

Tel. +358 40 584 9722

Kati Kaksonen, Vice President, Investor Relations, Sustainability & Communications

Tel. +358 10 345 2034

kati.kaksonen@terveystalo.com

Distribution:

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Principal media

www.terveystalo.com

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 377 clinics across Finland. In Sweden, we offer occupational health services at 152 clinics. Terveystalo is listed on the Helsinki Stock Exchange.

In 2023, Terveystalo had approximately 1.2 million individual customers in Finland and the number of customer appointments was approximately 7.6 million. Terveystalo employs over 15,500 healthcare and well-being professionals. www.terveystalo.com

Consolidated statement of comprehensive income

EUR mill.	Note	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Revenue	4	342.4	334.8	2.3	1,286.4	1,259.1	2.2
Other operating income		1.1	1.0	17.8	4.2	2.7	56.1
Materials and services	5	-142.5	-140.8	1.2	-536.2	-525.7	2.0
Employee benefit expenses	6	-117.1	-120.4	-2.8	-447.0	-455.0	-1.8
Depreciation, amortisation and impairment losses	10, 11	-111.6	-29.4	>200.0	-193.8	-134.9	43.7
Other operating expenses	7	-31.3	-32.4	-3.4	-128.2	-112.3	14.2
Operating result		-58.9	12.8	>-200.0	-14.7	33.9	-143.3
Financial income		0.4	0.9	-51.0	1.2	7.5	-83.5
Financial expenses		-7.9	-3.8	109.5	-25.4	-10.4	145.4
Net finance income and expenses		-7.5	-2.9	-158.0	-24.2	-2.9	>-200.0
Share of result in associated companies		0.0	0.0	-75.0	0.0	-0.1	-103.4
Result before taxes		-66.4	9.9	>-200.0	-38.9	30.9	>-200.0
Income tax expense	8	2.4	-2.2	>-200.0	-3.3	-6.5	-48.8
Net income		-64.1	7.6	>-200.0	-42.2	24.4	>-200.0
Net income attributable to:							
Owners of the parent company		-64.1	7.6	>-200.0	-42.2	24.4	>-200.0
Non-controlling interests		-	-0.0	>-200.0	-	-0.0	>-200.0
Other comprehensive income							
Items that may be reclassified to profit or loss		2.4	-1.4	>-200.0	0.1	-5.3	-102.1
Items that will not be reclassified to profit or loss		-0.1	-0.1	-28.1	-0.1	0.2	-152.7
Other comprehensive income for the period, net of tax		2.3	-1.5	>-200.0	0.0	-5.1	-100.3
Total comprehensive income		-61.7	6.1	>-200.0	-42.2	19.3	>-200.0
Total comprehensive income attributable to:							
Owners of the parent company		-61.7	6.1	>-200.0	-42.2	19.3	>-200.0
Non-controlling interest		-	-0.0	>-200.0	-	-0.0	>-200.0
Earnings per share for profit attributable to the shareholders of the parent company, in euro							
Basic earnings per share		-0.51	0.06	>-200.0	-0.33	0.19	>-200.0
Diluted earnings per share		-0.50	0.06	>-200.0	-0.33	0.19	>-200.0

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

Consolidated statement of financial position

EUR mill.	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Property, plant and equipment	10	84.2	82.0
Right-of-use assets	12	212.1	173.9
Goodwill	11	823.5	879.5
Intangible assets	11	100.0	145.2
Investment properties		0.3	0.5
Investments in associates		0.0	0.0
Loan receivables		0.0	0.3
Deferred tax assets		6.0	7.7
Other non-current assets		0.8	0.8
Total non-current assets		1,226.8	1,289.8
Current assets			
Inventories		7.1	6.6
Trade and other receivables		143.1	138.4
Current tax receivables		4.8	4.5
Cash and cash equivalents		37.7	40.2
Total current assets		192.6	189.7
TOTAL ASSETS		1,419.5	1,479.4
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		-15.7	-15.8
Retained earnings		38.2	114.9
Equity attributable to equity holders of the Company total		515.4	592.0
Non-controlling interest		-	0.0
TOTAL EQUITY		515.4	592.0
Non-current liabilities			
Non-current financial liabilities	13	394.4	383.1
Non-current lease liabilities	12	172.6	133.2
Deferred tax liabilities		20.2	29.5
Other liabilities		13.7	16.2
Provisions		2.8	8.3
Total non-current liabilities		603.7	570.3
Current liabilities			
Current financial liabilities	13	22.3	44.2
Current lease liabilities	12	46.5	46.5
Current tax liabilities		3.6	0.0
Trade and other payables		224.7	223.2
Provisions		3.3	3.2
Total current liabilities		300.3	317.1
TOTAL LIABILITIES		904.1	887.4
TOTAL EQUITY AND LIABILITIES		1,419.5	1,479.4

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 2023	0.1	492.8	-15.8	114.9	592.0	0.0	592.0
Comprehensive income							
Profit for the period	-	-	-	-42.2	-42.2	-	-42.2
Other comprehensive income*	-	-	-	0.0	0.0	-	0.0
Transactions with owners							
Dividend	-	-	-	-35.4	-35.4	-	-35.4
Share-based payments	-	-	0.1	1.3	1.4	-	1.4
Transactions with non-controlling interest							
Transactions with non-controlling interest	-	-	-	-	-	-0.0	-0.0
Other							
Other Corrections**	-	-	-	-0.4	-0.4	-	-0.4
Equity 31 Dec 2023	0.1	492.8	-15.7	38.2	515.4	-	515.4

* Other comprehensive income include EUR 0,1 million of translation differences.

**Correction to previous financial years figures.

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							
Share-based payments	-	-	2.2	-3.0	-0.8	-	-0.8
Dividend	-	-	-	-35.4	-35.4	-	-35.4
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

Consolidated statement of cash flows

EUR mill.	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Cash flows from operating activities				
Profit before taxes	-66.4	9.9	-38.9	30.9
Adjustments for				
Depreciation, amortisation and impairment losses	111.6	29.4	193.8	134.9
Change in provisions	0.8	0.1	-2.1	0.5
Other transactions	-1.0	-0.5	-6.7	-4.1
Gains and losses on sale of property, plant and equipment	0.0	-0.1	-0.2	-0.3
Net finance expenses	7.5	2.9	24.2	2.9
Changes in working capital				
Trade and other receivables	-4.6	4.2	-8.7	1.6
Inventories	-0.1	1.0	-0.5	-0.2
Trade and other payables	13.3	26.7	2.5	0.4
Interest received	0.4	0.1	1.2	0.3
Income taxes paid	-1.0	2.9	-6.6	-26.0
Net cash from operating activities	60.6	76.5	158.0	140.9
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	-0.0	-5.7	-4.0	-34.9
Acquisition of property, plant and equipment	-6.8	-9.4	-24.6	-30.2
Acquisition of intangible assets	-4.7	-9.0	-16.4	-29.0
Acquisition of business operation, net of cash acquired	-0.3	-	-0.3	-0.7
Sale of business operation, net of cash disposed of	-	-	0.3	-
Proceeds from the disposal of associates	-	-	-	0.1
Proceeds from sale of property, plant and equipment	0.2	0.2	0.8	0.7
Dividends received	0.0	0.0	0.0	0.0
Net cash from investing activities	-11.5	-24.0	-44.2	-93.9
Cash flows from financing activities				
Acquisition of non-controlling interest	-	-	-0.1	-0.0
Proceeds from non-current borrowings	125.0	119.6	224.6	169.5
Repayment of non-current borrowings	-110.0	-25.0	-210.0	-40.0
Proceeds from current borrowings	1.0	-	26.8	41.0
Repayment of current borrowings	-25.1	-100.3	-47.1	-116.7
Payment of lease liabilities	-12.7	-12.7	-50.9	-49.3
Payment of hire purchase liabilities	-0.8	-1.2	-4.3	-5.3
Interests and other financial expenses paid	-6.6	-3.2	-19.9	-8.4
Dividends paid	-17.7	-17.7	-35.4	-35.4
Net cash from financing activities	-46.9	-40.5	-116.2	-44.6
Net change in cash and cash equivalents	2.2	12.0	-2.4	2.3
Cash and cash equivalents at the beginning of the period	35.4	28.3	40.2	38.1
Translation differences	0.1	-0.1	-0.1	-0.3
Cash and cash equivalents at the end of the period	37.7	40.2	37.7	40.2

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 audited financial statements for the year ended 31 December 2023, 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 2022. The accounting principles adopted are consistent with those of the annual financial statements for 2022 except for changes in segment reporting. All presented figures have been rounded. Financial ratios have been calculated using exact figures.

Terveystalo changed reporting segments on 1 January 2023 due to changes in operating model. In the new reporting structure operating and reporting segments are Healthcare Services, Portfolio Businesses and Sweden. Terveystalo published comparative data for the 2022 financial year on 28 March 2023 with separate release. More information on changed reporting segments is in Note 4.

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 2022.

3. Events after the reporting period

Terveystalo Plc's Board of Directors has approved a new performance period covering the years 2024-2026 of the long-term share-based incentive plan for key personnel

Terveystalo Plc's Board of Directors has approved a new performance period covering the years 2024-2026 of the long-term share-based incentive plan for key personnel. 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 implementing Terveystalo's strategy by offering them a competitive, share-based incentive program.

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. Terveystalo published the establishment of the program and its main terms in a stock exchange release on 3 December 2020.

Performance Period 2024-2026 of the Performance Share Plan (PSP)

During the performance period 2024-2026, the participants are awarded for successful shareholder value creation. The performance indicators based on which share rewards may be paid to 90% of the participants are absolute and relative (compared to the OMX HKI benchmark CAP GI index) Total Shareholder Return. For 10% of the participants, the value creation is measured by EBITA (adjusted earnings before interest, taxes, and amortization) of the business area or independent business that they lead.

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 2024–2026 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 reward, after which the remaining net amount is paid to the participants in shares.

No more than approximately seventy (75) 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 2024-2026 of the Restricted Share Plan (RSP)

The purpose of the Restricted Share Plan is to function 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

Terveystalo has changed its operating model, and, as a result, the financial reporting structure to better highlight the performance of Terveystalo's businesses. The new reporting structure reflects Terveystalo's new operating model and is aligned with the way the company's management follows the operational performance of Terveystalo's businesses. Terveystalo Group comprises of three reporting segments: Healthcare Services, Portfolio Businesses, and Sweden. Due to the new operating model, and the change in the reporting segments that came into effect at the beginning of the 2023 financial year, on 28 March 2023 Terveystalo published comparative information for the 2022 financial year in accordance with the new reporting structure to enable comparison. The comparative information is unaudited.

Terveystalo offers services to three customer groups: corporate customers, private customers, and public customers. The Group does not have customers whose revenue exceeds 10 percent of the Group's total revenue.

Healthcare Services offers customers in Finland integrated care paths from preventive occupational health services to primary care services and to different fields of specialized care, diagnostic, and day surgery. In Healthcare Services, Terveystalo aims for industry-leading profitability and the best care outcomes.

The Portfolio Businesses segment consists of business areas that aim for independent value creation utilising Terveystalo's capabilities according to their needs. Portfolio Businesses include public sector outsourcing, staffing services, and dental care, as well as other businesses such as public sector digital services, rehabilitation, child welfare, and massage services, as well as interpretation services.

The Sweden segment consists of Feelgood subsidiaries' operations in Sweden, which are focused on occupational health and consultation for organizational management and harmful use. In Sweden, Terveystalo aims for profitable growth in the medium and long term.

Other section's reported figures mainly consist of parent company expenses, unallocated Group level adjustments and provisions. Other section's revenue includes eliminations between reporting segments.

Disaggregation of revenue

EUR mill.	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Healthcare services	254.7	239.5	6.4	948.6	897.8	5.7
Portfolio business	67.3	73.8	-8.8	267.2	290.7	-8.1
Sweden	26.6	27.6	-3.6	92.5	92.8	-0.4
Other	-6.2	-6.1	2.5	-21.8	-22.2	-1.7
Total	342.4	334.8	2.3	1,286.4	1,259.1	2.2

Healthcare services, revenue						
EUR mill.	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
By customer						
Corporate	156.5	140.7	11.2	564.0	522.9	7.9
Consumer	74.9	73.1	2.4	296.1	278.4	6.4
Public sector	23.3	25.6	-9.0	88.5	96.4	-8.3
Total	254.7	239.5	6.4	948.6	897.8	5.7
By service						
Appointments	169.4	154.9	9.4	618.3	556.3	11.2
Diagnostics	56.7	58.6	-3.3	229.6	250.0	-8.2
Other	28.6	26.0	10.2	100.7	91.5	10.0
Total	254.7	239.5	6.4	948.6	897.8	5.7

Portfolio businesses, revenue						
EUR mill.	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Outsourcing services	23.0	28.7	-19.9	91.1	118.7	-23.3
Staffing services	21.3	21.5	-0.8	84.7	84.1	0.6
Dental care	13.3	14.3	-6.9	54.5	52.2	4.3
Other	9.7	9.3	4.2	36.9	35.6	3.7
Total	67.3	73.8	-8.8	267.2	290.7	-8.1

Timing of satisfying performance obligations

EUR mill.	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
At a point in time	318.8	305.1	4.5	1,192.9	1,134.4	5.2
Over time	23.6	29.7	-20.6	93.5	124.6	-25.0
Total	342.4	334.8	2.3	1,286.4	1,259.1	2.2

Other segment information

Adjusted EBITA						
EUR mill.	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Healthcare services	33.7	26.9	25.3	109.0	99.2	9.9
Portfolio business	2.0	-1.8	>200.0	8.7	3.5	149.4
Sweden	2.4	3.0	-19.9	3.7	2.6	42.5
Other	1.5	1.6	-7.7	4.2	-0.1	>200.0
Total	39.5	29.7	33.2	125.6	105.2	19.4

EBITA						
EUR mill.	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Healthcare services	32.4	25.3	28.1	107.1	93.8	14.2
Portfolio business	1.7	-2.4	168.9	8.3	2.0	>200.0
Sweden	1.2	2.9	-57.0	2.1	1.9	10.1
Other	-1.2	-2.0	36.8	-13.1	-1.8	>-200.0
Total	34.1	23.8	43.2	104.4	95.9	8.9

5. Materials and services

EUR mill.	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Purchase of materials	-12.4	-11.7	5.5	-40.8	-44.1	-7.5
Change in inventories	0.1	-1.0	-106.1	0.5	0.2	105.9
External services	-130.2	-128.1	1.6	-495.9	-481.8	2.9
Total	-142.5	-140.8	1.2	-536.2	-525.7	2.0

6. Employee benefit expenses

EUR mill.	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Wages and salaries	-98.5	-100.7	-2.2	-374.3	-379.5	-1.4
Share-based payments	-0.6	-0.6	9.5	-1.4	-2.0	-30.2
Other personnel expenses	-18.0	-19.1	-6.0	-71.3	-73.5	-3.0
Total	-117.1	-120.4	-2.8	-447.0	-455.0	-1.8

7. Other operating expenses

EUR mill.	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Leases and premises	-5.7	-6.9	-17.6	-23.5	-22.9	2.6
ICT expenses	-10.7	-10.5	1.8	-40.4	-39.7	1.6
Marketing and communication expenses	-1.7	-1.5	13.5	-8.7	-8.5	2.3
Other operating expenses	-13.2	-13.5	-2.1	-55.6	-41.1	35.2
Total	-31.3	-32.4	-3.4	-128.2	-112.3	14.2

8. Income taxes

Income taxes in the statement of income

EUR mill.	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Current tax for the reporting year	-3.5	-3.1	15.4	-10.8	-8.3	30.4
Income taxes for prior periods	-0.1	0.0	>200.0	-0.1	0.0	>200.0
Change in deferred taxes	6.0	0.8	>-200.0	7.6	1.8	>-200.0
Total income taxes	2.4	-2.2	>-200.0	-3.3	-6.5	-48.8

9. Share-based payments

During the second quarter of 2023, Terveystalo granted a new performance period to long-term incentive plan 2021 to the members of executive team and other key persons. Vesting period 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 2023 has been EUR 0.4 million and the expected total cost of the program is EUR 1.6 million. 55 persons are included in the arrangement.

During the second quarter of 2023, Terveystalo granted a new performance period to restricted share plan to individually selected employees. Vesting period is three years and the rewards are conditional on the fulfillment of a service condition. 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 2023 has been EUR 0.0 million and the expected total cost of the program is EUR 0.2 million. 6 persons are included in the arrangement.

During the first quarter of 2023, bridge plan targeted for the CEO ended and in consequence, the shares earned were granted according to realization of the plan's conditional performance measures. 8 306 shares were granted. Rewards were conditional on the fulfilment of a two-year service condition and performance conditions tied to financial targets that were set separately. The plan is fully accounted for as an equity settled share-based payment. The plan's impact to the result for the period has been EUR 0.0 million.

In addition to above mentioned incentive plans, Terveystalo has performance share plan 2021 vesting periods 2021-2023 and 2022-2024 as well as restricted share plan vesting periods 2021-2023 and 2022-2024 ongoing during the review period. Descriptions of these plans are included in financial statements 2022.

10. Property, plant and equipment

2023	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 2023	2.3	165.1	64.4	4.2	236.0
Business combination	-	0.0	-	-	0.0
Additions	-	13.8	1.7	8.8	24.3
Disposals	-	-0.5	-0.1	-	-0.6
Translation differences	0.0	0.0	0.0	0.0	0.0
Transfers between items	-	1.2	10.6	-11.8	-
Acquisition cost 31 Dec 2023	2.3	179.7	76.6	1.1	259.7
Accumulated depreciation and impairment losses 1 Jan 2023	-1.2	-117.1	-35.8	-	-154.0
Depreciation	-0.0	-14.9	-6.4	-	-21.3
Impairment losses	-	-0.0	-0.0	-	-0.0
Translation differences	-0.0	-0.0	-0.0	-	-0.0
Accumulated depreciation and impairment losses 31 Dec 2023	-1.2	-132.1	-42.2	-	-175.5
Carrying amount 1 Jan 2023	1.2	47.9	28.7	4.2	82.0
Carrying amount 31 Dec 2023	1.2	47.5	34.5	1.1	84.2

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

11. Intangible assets

2023	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2023	947.5	167.8	88.7	140.2	1,344.2
Business combination	1.3	0.1	-	-	1.4
Additions	-	-	-	16.3	16.3
Disposals	-0.2	-	-	-0.0	-0.2
Translation differences	0.1	0.0	0.0	0.1	0.2
Acquisition cost 31 Dec 2023	948.8	167.8	88.7	156.6	1,361.9
Accumulated amortisations and impairment losses 1 Jan 2023	-68.0	-117.5	-38.5	-95.6	-319.6
Amortisation	-	-9.4	-4.7	-18.2	-32.2
Impairment losses*	-57.3	-29.3	-	-0.0	-86.6
Translation differences	-	-0.0	-0.0	-0.1	-0.1
Accumulated amortisations and impairment losses 31 Dec 2023	-125.3	-156.2	-43.2	-113.9	-438.6
Carrying amount 1 Jan 2023	879.5	50.3	50.2	44.6	1,024.7
Carrying amount 31 Dec 2023	823.5	11.6	45.6	42.8	923.4

* As a result of the impairment test, EUR 55.3 million write-offs related to goodwill and EUR 29.3 million write-offs to purchase price allocations relating to public outsourcing customer relationships within the Portfolio Businesses segment public payor CGU were made. 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. In addition, during the year an EUR 2.0 million impairment of goodwill made related to reorganisation of Portfolio businesses in connection to sale of business operations.

In addition to previously mentioned write-offs, a write-off from investment properties of EUR 0.2 million was during the financial year.

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.

12. Right of-use-assets and lease liabilities

12.1 Right-of-use assets

2023			
EUR mill.	Premises	Other right-of-use assets	Total
Acquisition cost 1 Jan 2023	331.7	41.5	373.1
Business combination	0.3	-	0.3
Additions	108.2	0.6	108.9
Disposals	-16.5	-1.2	-17.7
Translation differences	0.2	0.0	0.3
Acquisition cost 31 Dec 2023	424.0	40.9	464.9
Accumulated depreciation and impairment losses 1 Jan 2023	-167.5	-31.8	-199.3
Depreciation for the reporting period	-50.2	-3.1	-53.3
Translation differences	-0.2	-0.0	-0.2
Accumulated depreciation and impairment losses 31 Dec 2023	-217.9	-34.9	-252.8
Carrying amount 1 Jan 2023	164.2	9.7	173.9
Carrying amount 31 Dec 2023	206.1	6.0	212.1

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

12.2. Lease liabilities

31 Dec 2023			
EUR mill.	Premises	Other	Total
Non-current lease liabilities	166.8	5.8	172.6
Current lease liabilities	44.0	2.5	46.5
Total lease liabilities	210.8	8.3	219.1

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	179.7

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

EUR mill. 31 Dec 2023	Financial assets and liabilities at fair value	Financial assets and liabilities at amortised cost	Carrying amount	Fair value	Fair value hierarchy
Financial assets					
Non-current					
Loan receivables	0.0	-	0.0	0.0	Level 2
Unquoted equity investments	0.8	-	0.8	0.8	Level 3
Current					
Trade receivables	-	127.6	127.6	127.6	
Cash and cash equivalents	-	37.7	37.7	37.7	
Interest rate derivatives	4.8	-	4.8	4.8	Level 2
Total	5.6	165.3	170.8	170.8	
Financial liabilities					
Non-current					
Loans from financial institutions	-	294.0	294.0	294.0	Level 2
Bonds	-	99.1	99.1	102.7	Level 1
Hire purchase liabilities	-	1.3	1.3	1.3	Level 2
Contingent considerations	3.3	-	3.3	3.3	Level 3
Current					
Loans from financial institutions	-	19.8	19.8	19.8	Level 2
Hire purchase liabilities	-	2.5	2.5	2.5	Level 2
Trade payables	-	49.5	49.5	49.5	
Contingent considerations	2.6	-	2.6	2.6	Level 3
Interest rate derivatives	0.1	-	0.1	0.1	Level 2
Total	6.0	466.2	472.2	475.7	

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 realised. 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 1.6 million (2022: EUR -2.4 million).

Terveystalo issued a senior unsecured sustainability-linked bonds in the aggregate principal amount of EUR 100 million. Bonds will mature on 1 June 2028 and carry initially a fixed annual interest of 5.375 per cent. Nasdaq Helsinki admitted the Bonds to trading on the official list of Nasdaq Helsinki on 5 June 2023. The net proceeds of the issue of the Bonds are used for refinancing of the existing indebtedness of Terveystalo or its subsidiaries and for general corporate purposes of the Terveystalo group.

EUR mill. 31 Dec 2022					
	Financial assets and liabilities at fair value	Financial assets and liabilities at amortised 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	-	119.7	119.7	119.7	
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	Level 2
Hire purchase liabilities	-	3.9	3.9	3.9	Level 2
Contingent considerations	5.6	-	5.6	5.6	Level 3
Current					
Loans from financial institutions	-	40.0	40.0	40.0	Level 2
Hire purchase liabilities	-	4.2	4.2	4.2	Level 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	

14. Business Combinations

During the year 2023, the Group has made one corporate acquisition and one business acquisition.

On 15 August 2023 Feelgood Företagshälsövård AB acquired 100 percent of the Swedish occupational health provider Växjö Hälsoforum AB.

On 2 October 2023 Feelgood Sjukvård AB acquired the occupational health business of Quality Care AB.

The consideration transferred for the corporate acquisition was EUR 1.0 million. As a result of the business combination, a preliminary goodwill amounting to EUR 1.0 million was recognized. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. EUR 0.7 million of the recognized goodwill is deductible in taxation. Cashflow impact of the acquisition made during 2023 was EUR 0.3 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 0.1 million, for which the risk of impairment has been deemed as non-significant.

The Group has incurred acquisition-related expenses of EUR 0.1 million related to consulting, valuation or equivalent services. The expenses have been included in the other operating expenses.

The contributed revenue recognized from the acquisitions during the year 2023 was EUR 0.4 million and loss was EUR 0.0 million.

If the acquisition had occurred on 1 January 2023, management estimates that the Group's consolidated revenue in 2023 would have been EUR 1,286.9 million and the consolidated result for the period would have been EUR -42.2 million.

In 2023, effect to goodwill arising from corporate acquisitions made in year 2022 was EUR 0.3 million. The cash flow effect was EUR -4.0 million due to adjustments to purchase prices and additional purchase price paid.

Business Combinations 2022

During the year 2022, the Group 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 Företagshälsövård 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 Företagshälsövård 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 summarises the acquisition date fair values of the consideration transferred as well as the recognised 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 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 recognised. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. EUR 1.0 million of the recognised 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 recognised 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.

15. Collateral and other contingent liabilities

EUR mill.	31 Dec 2023	31 Dec 2022
Business mortgages	7.5	11.4
Total	7.5	11.4
Securities for own debts		
Deposits	0.2	0.5
Guarantees	0.2	0.4
Total	0.4	0.9

As part of the normal development and maintenance of its branch and hospital network, the Group has entered into a 20-year lease agreement with an estimated annual rent of EUR 3.5 million. The transfer of control of the lease property is planned to take place in 2027.

16. Group's key financial ratios

EUR mill. unless stated otherwise	10-12/2023	10-12/2022	Change, %	1-12/2023	1-12/2022	Change, %
Revenue	342.4	334.8	2.3	1,286.4	1,259.1	2.2
Adjusted EBITDA, * ¹⁾	58.1	48.0	21.0	200.2	178.0	12.5
Adjusted EBITDA, % * ¹⁾	17.0	14.4	-	15.6	14.1	-
EBITDA ^{1) 2)}	52.7	42.2	24.9	179.2	168.8	6.1
EBITDA, % ¹⁾	15.4	12.6	-	13.9	13.4	-
Adjusted EBITA * ¹⁾	39.5	29.7	33.2	125.6	105.2	19.4
Adjusted EBITA, % * ¹⁾	11.5	8.9	-	9.8	8.4	-
EBITA ¹⁾	34.1	23.8	43.2	104.4	95.9	8.9
EBITA, % ¹⁾	9.9	7.1	-	8.1	7.6	-
Adjusted operating profit (EBIT) * ¹⁾	31.2	20.1	55.2	93.1	73.4	26.8
Adjusted operating profit (EBIT), % * ¹⁾	9.1	6.0	-	7.2	5.8	-
Operating profit (EBIT)	-58.9	12.8	>-200.0	-14.7	33.9	-143.3
Operating profit (EBIT), %	-17.2	3.8	-	-1.1	2.7	-
Return on equity (ROE), % ¹⁾	-	-	-	-7.6	4.1	-
Equity ratio, % ¹⁾	-	-	-	36.5	40.2	-
Earnings per share (€)	-0.51	0.06	>-200.0	-0.33	0.19	>-200.0
Weighted average number of shares outstanding, in thousands	126,556	126,548	-	126,555	126,508	-
Net debt ¹⁾	-	-	-	598.1	566.6	5.6
Gearing, % ¹⁾	-	-	-	116.0	95.7	-
Net debt/Adjusted EBITDA (LTM) * ¹⁾	-	-	-	3.0	3.2	-
Total assets	-	-	-	1,419.5	1,479.4	-4.1
Adjusted EBITDA (LTM), excluding IFRS 16 * ¹⁾	-	-	-	142.8	122.2	16.8
Net debt, excluding IFRS 16 ¹⁾	-	-	-	379.0	386.8	-2.0
Net debt/Adjusted EBITDA (LTM), excluding IFRS 16 * ¹⁾	-	-	-	2.7	3.2	-
Average personnel (FTEs)	-	-	-	6,426	6,552	-1.9
Personnel (end of period)	-	-	-	9,824	10,933	-10.1
Private practitioners (end of period)	-	-	-	6,092	5,928	2.8

* 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 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 a 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 the 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 a 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.

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

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

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

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

* 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.	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Profit (loss) for the period	-64.1	7.6	-42.2	24.4
Income tax expense	-2.4	2.2	3.3	6.5
Share of profits in associated companies	0.0	0.0	0.0	0.1
Net finance expenses	7.5	2.9	24.2	2.9
Depreciation, amortisation and impairment losses	111.6	29.4	193.8	134.9
Adjustments*	5.5	5.9	21.1	9.2
Adjusted EBITDA	58.1	48.0	200.2	178.0

Adjusted EBITDA, %	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Adjusted EBITDA	58.1	48.0	200.2	178.0
Revenue	342.4	334.8	1,286.4	1,259.1
Adjusted EBITDA, %	17.0	14.4	15.6	14.1

EBITDA, EUR mill.	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Profit (loss) for the period	-64.1	7.6	-42.2	24.4
Income tax expense	-2.4	2.2	3.3	6.5
Share of profits in associated companies	0.0	0.0	0.0	0.1
Net finance expenses	7.5	2.9	24.2	2.9
Depreciation, amortisation and impairment losses	111.6	29.4	193.8	134.9
EBITDA	52.7	42.2	179.2	168.8

EBITDA, %	10-12/2023	10-12/2022	1-12/2023	1-12/2022
EBITDA	52.7	42.2	179.2	168.8
Revenue	342.4	334.8	1,286.4	1,259.1
EBITDA, %	15.4	12.6	13.9	13.4

Adjusted EBITA, EUR mill.	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Profit (loss) for the period	-64.1	7.6	-42.2	24.4
Income tax expense	-2.4	2.2	3.3	6.5
Share of profits in associated companies	0.0	0.0	0.0	0.1
Net finance expenses	7.5	2.9	24.2	2.9
Amortisation and impairment losses	93.0	11.0	119.1	62.0
Adjustments*	5.5	5.9	21.2	9.2
Adjusted EBITA	39.5	29.7	125.6	105.2

Adjusted EBITA, %	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Adjusted EBITA	39.5	29.7	125.6	105.2
Revenue	342.4	334.8	1,286.4	1,259.1
Adjusted EBITA, %	11.5	8.9	9.8	8.4

EBITA, EUR mill.	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Profit (loss) for the period	-64.1	7.6	-42.2	24.4
Income tax expense	-2.4	2.2	3.3	6.5
Share of profits in associated companies	0.0	0.0	0.0	0.1
Net finance expenses	7.5	2.9	24.2	2.9
Amortisation and impairment losses	93.0	11.0	119.1	62.0
EBITA	34.1	23.8	104.4	95.9

EBITA, %	10-12/2023	10-12/2022	1-12/2023	1-12/2022
EBITA	34.1	23.8	104.4	95.9
Revenue	342.4	334.8	1,286.4	1,259.1
EBITA, %	9.9	7.1	8.1	7.6

Adjusted operating profit (EBIT), EUR mill.	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Profit (loss) for the period	-64.1	7.6	-42.2	24.4
Income tax expense	-2.4	2.2	3.3	6.5
Share of profits in associated companies	0.0	0.0	0.0	0.1
Net finance expenses	7.5	2.9	24.2	2.9
Adjustments*	90.1	7.3	107.8	39.5
Adjusted operating profit (EBIT)	31.2	20.1	93.1	73.4

Adjusted operating profit, (EBIT), %	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Adjusted operating profit (EBIT)	31.2	20.1	93.1	73.4
Revenue	342.4	334.8	1,286.4	1,259.1
Adjusted operating profit (EBIT), %	9.1	6.0	7.2	5.8

Operating profit (EBIT), EUR mill.	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Profit (loss) for the period	-64.1	7.6	-42.2	24.4
Income tax expense	-2.4	2.2	3.3	6.5
Share of profits in associated companies	0.0	0.0	0.0	0.1
Net finance expenses	7.5	2.9	24.2	2.9
EBIT	-58.9	12.8	-14.7	33.9

Operating profit, (EBIT), %	10-12/2023	10-12/2022	1-12/2023	1-12/2022
EBIT	-58.9	12.8	-14.7	33.9
Revenue	342.4	334.8	1,286.4	1,259.1
EBIT, %	-17.2	3.8	-1.1	2.7

Return on equity, %	31 Dec 23	31 Dec 22
Profit/loss for the period (LTM)	-42.2	24.4
Equity (including non-controlling interest) (average)	553.7	600.4
Return on equity, %	-7.6	4.1

Equity ratio, %	31 Dec 23	31 Dec 22
Equity (including non-controlling interest)	515.4	592.0
Total assets	1,419.5	1,479.4
Advances received	6.4	7.1
Equity ratio, %	36.5	40.2

Gearing, %	31 Dec 23	31 Dec 22
Interest-bearing liabilities	635.8	607.0
Interest-bearing receivables and cash and cash equivalents	37.7	40.4
Equity	515.4	592.0
Gearing, %	116.0	95.7

Net debt/Adjusted EBITDA (LTM)	31 Dec 23	31 Dec 22
Interest-bearing liabilities	635.8	607.0
Interest-bearing receivables and cash and cash equivalents	37.7	40.4
Adjusted EBITDA (LTM)	200.2	178.0
Net debt/Adjusted EBITDA (LTM)	3.0	3.2

Adjusted EBITDA (LTM), excluding IFRS 16	31 Dec 23	31 Dec 22
Profit (loss) for the period	-42.2	23.3
Income tax expense	3.3	7.6
Share of profits in associated companies	0.0	0.1
Net finance expenses	24.2	2.9
Depreciation, amortisation and impairment losses	193.8	134.9
Adjustments*	21.1	9.2
IFRS 16 lease expense adjustment	-57.4	-55.8
Adjusted EBITDA (LTM), excluding IFRS 16	142.8	122.2

Net debt/Adjusted EBITDA (LTM), excluding IFRS 16	31 Dec 23	31 Dec 22
Interest-bearing liabilities	416.7	427.2
Interest-bearing receivables and cash and cash equivalents	37.7	40.4
Adjusted EBITDA (LTM)	142.8	122.2
Net debt/Adjusted EBITDA (LTM), excluding IFRS 16	2.7	3.2

Adjustments*, EUR mill.	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Acquisition-related expenses ⁽¹⁾	0.0	0.7	-0.8	2.8
Restructuring-related expenses ⁽²⁾	2.3	0.8	3.2	1.5
Impairment losses	78.8	1.4	80.8	30.3
Strategic projects and other items affecting to comparability	3.1	4.3	18.8	5.0
Adjustments	84.2	7.3	101.9	39.5

Adjustments by segments (EBITA) *, EUR mill.	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Healthcare services	1.3	1.6	1.9	5.4
Portfolio businesses	0.3	0.6	0.4	1.4
Sweden	1.2	0.1	1.6	0.7
Other	2.7	3.6	17.3	1.7
Total	5.5	5.9	21.2	9.2

* 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. Adjustments in Other segment are mainly related to the profit improvement program.

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

²⁾ Including restructuring of network and business operations.