

A photograph of two female healthcare professionals in a clinical setting. They are both wearing blue scrubs and purple hairnets. The woman on the left is laughing heartily, holding a white surgical mask. The woman on the right is also laughing and has her hand on the first woman's head. In the background, there is a microscope and a computer monitor.

Terveystalo Group H1 2023 Results

**VILLE IHO, PRESIDENT & CEO
JUUSO PAJUNEN, CFO**

Welcome

AGENDA TODAY



Ville Iho, President & CEO

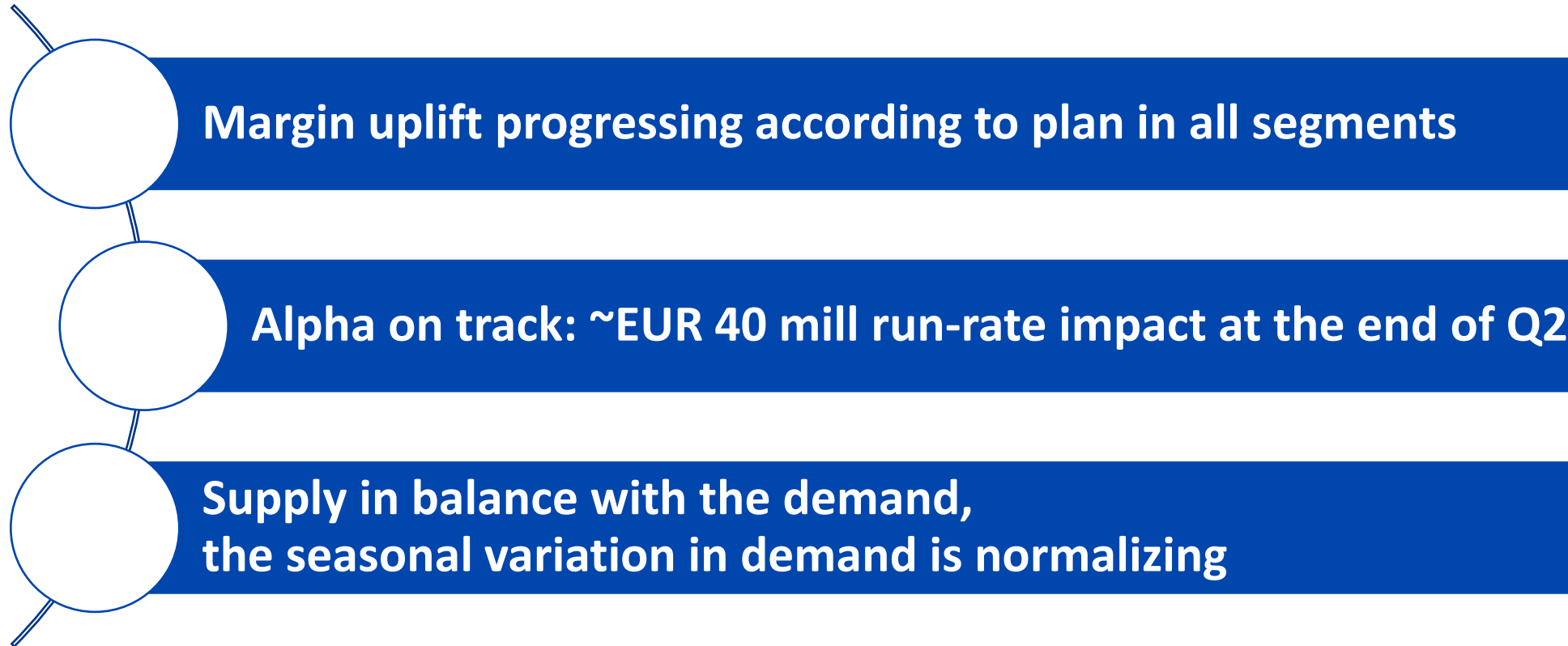
- Financial & operational highlights
- Progress of the Alpha profit improvement program



Juuso Pajunen, CFO

- Financial performance analysis
- Progress against financial targets
- Outlook & guidance

Clearly strengthened profitability across segments



Progress according to plan in Q2

Q2 2023 Revenue (EUR)

322.4 Mill.

+1.3% y-o-y

Q2 2023 Adj. EBITA (EUR)

28.5 Mill.

+18.1% y-o-y

Q2 2023 EPS (EUR)

0.06

-32.3% y-o-y

Record-strong customer satisfaction*

NPS 86

3 month rolling

Engaged employees*

eNPS 23

H1 2023

Physical appointments**

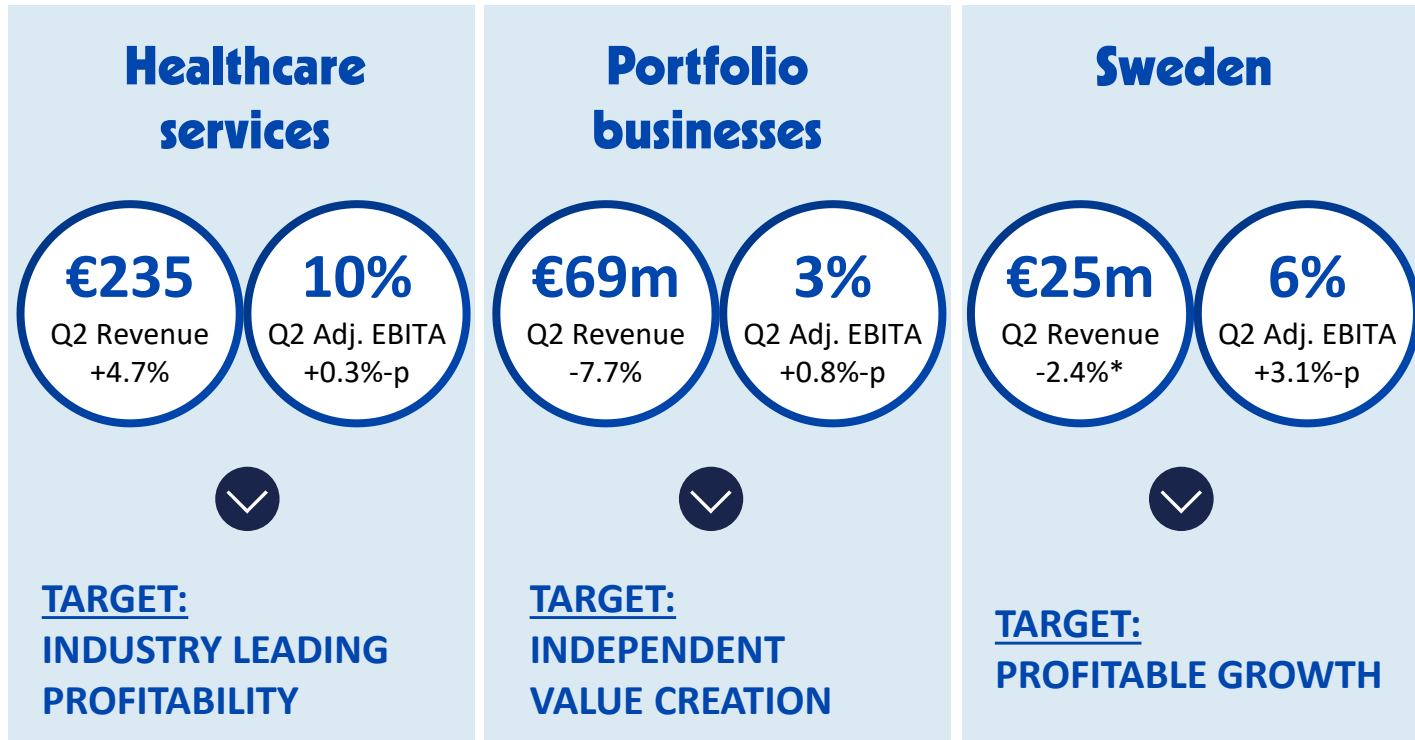
1.1 Mill.

+2.3% y-o-y



Margin uplift progressing as planned in each segment

Set targets for each business segment



**Without the currency effect, the revenue grew by 6.8% y-on-y.*

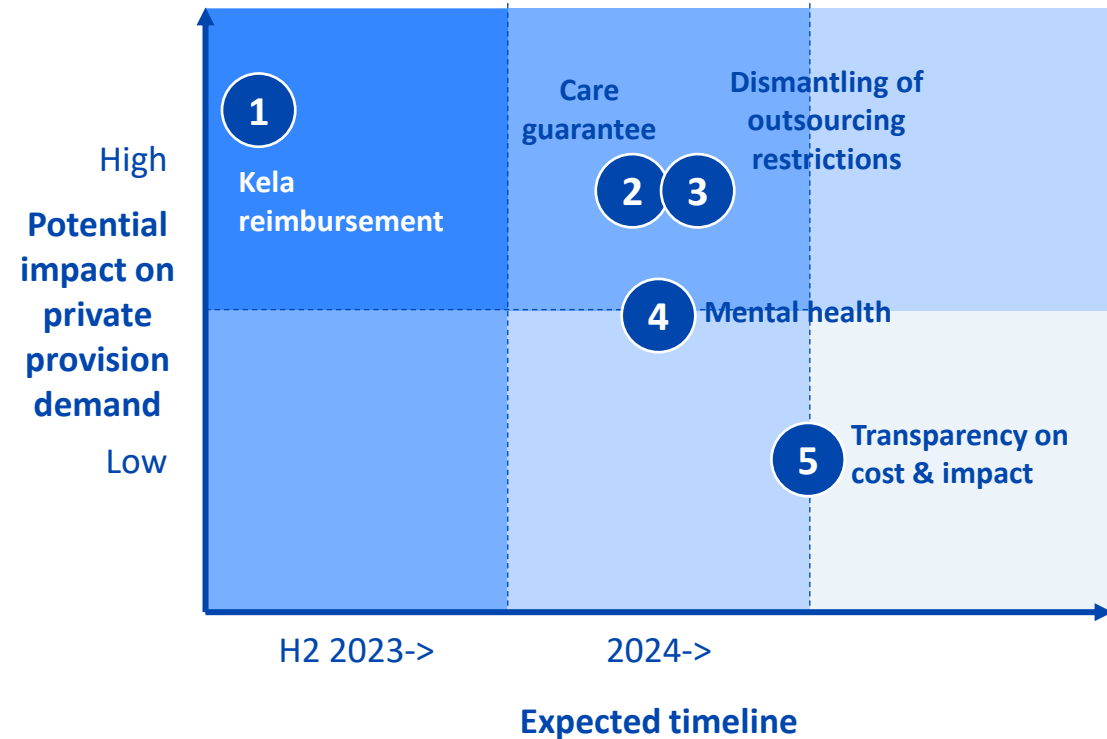
Profit improvement program on track to deliver over EUR 30 Mill. P&L impact in 2023



New Government program offers opportunities for private provision growth

KEY OPPORTUNITIES

- Increase in Kela reimbursement
- Less legal restrictions for private provision
- Broader scope of private provision funding mechanisms (e.g., service vouchers or payment guarantees)
- Broader scope of services (e.g., low threshold mental health services)
- Timeline and details will be further clarified in August in the Government's budget and legislation plan



Our AI-supported self-assessment tool directs the patient to the right service, expert, and channel as the first fully integrated MD software in the market

The image displays four sequential screens of the Oirearvio (Symptom Assessment) tool on a smartphone. Each screen shows the time 11:55 and signal strength indicators.

- Screen 1: Työterveysasiointi**

Ohjaamme sinut ajanvaraukseen, chattiin tai muuhun palveluun, tilanteesi mukaan.

Uusi sairastuminen tai oire?

Valitse oireesi ja vastaa kysymyksiin, niin ohjaamme sinut eteenpäin. Vastauksesi välitetään sinua hoitavalle asiantuntijalle.

Aloita oirearvio →

Muu asiointi >

Esimerkiksi terveystarkastus, tutkimustulosten läpikäynti, soittopyyntö, reseptin uusinta, rokotus...

Mielen chat 24/7

Heti tukea mielen hyvinvointiisi
- Screen 2: Mitä oireita sinulla on?**

Valitse 1-3 merkittävintä oiretta, sairautta tai muuta tarvetta

Hae oiretta

 - Vatsa ei toimi
 - Vatsakipu
 - Vatsa kovalla
 - Vatsa pinkeä
 - Vatsa sekaisin

Jatka →

← Aloita alusta
- Screen 3: 3. Onko sinulla vatsakipua?**

☒ Kyllä ☐ Ei ☐ En tiedä

Kuinka kauan oireet ovat kestäneet? *

4. Onko sinulla ylävatsakipua?

☒ Kyllä ☐ Ei ☐ En tiedä

Oireiden kesto? *

5. Onko sinulla alavatsakipua?

☐ Kyllä ☒ Ei ☐ En tiedä
- Screen 4: Siirry asioimaan**

Välitämme antamasi vastaukset sinua hoitavalle asiantuntijalle.

Oirearvion vastauksesi perusteella sinun olisi aiheellista käydä vastaanotolla toimipaikassa 1-3 päivän sisällä, etävastaanotto ei ole suositeltu hoitomuoto tilanteessasi.

Työterveys- ja yleislääkärin vastaanotto toimipaikassa

Välitämme oirearvion vastaukset lääkärille. Lähivastaanotolla lääkäri voi tutkia ja arvioida tilanteesi kokonaisvaltaisesti, ohjata lisätutkimuksiin ja määrätä tarvittavan lääkeyhdistelmän.

Varaa aika →

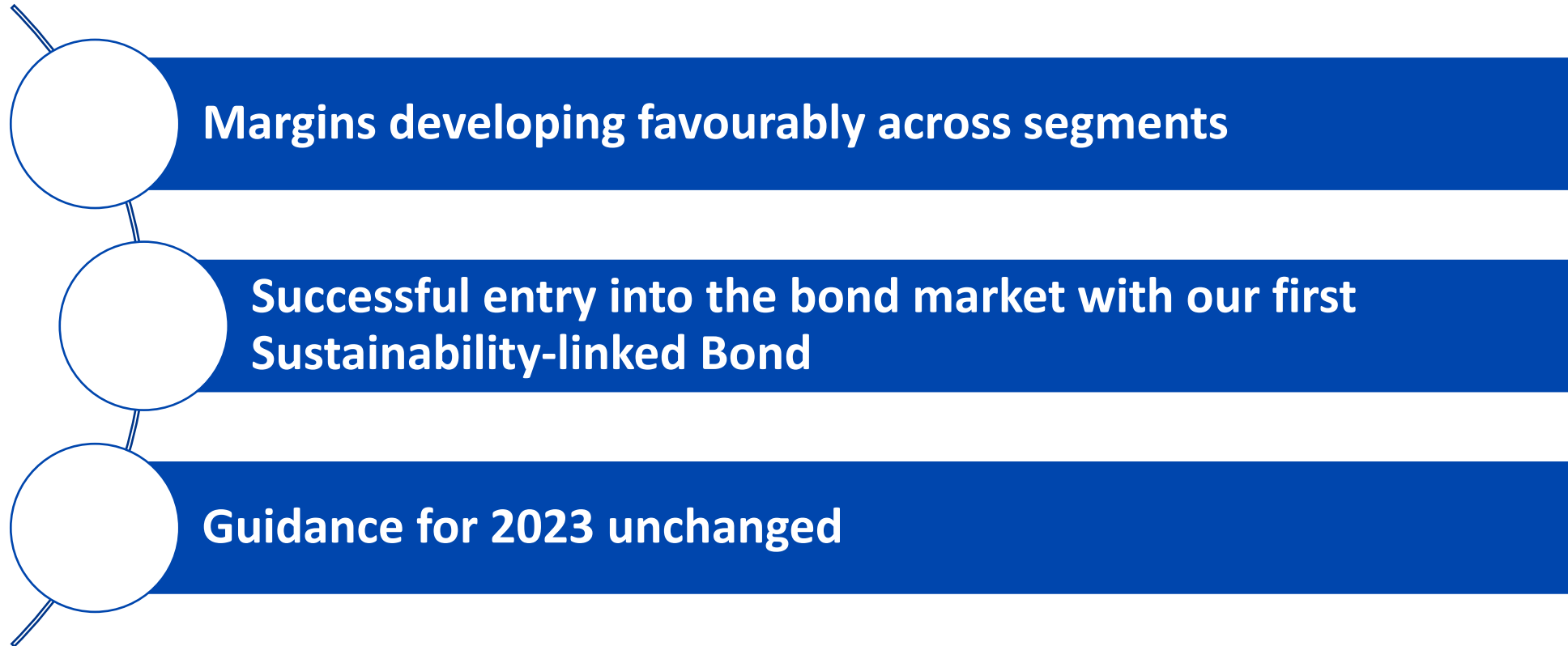
Keskeytä asiointi

Huomioithan, että jos keskeytät asiointin nyt ja palaat myöhemmin, joudut täyttämään

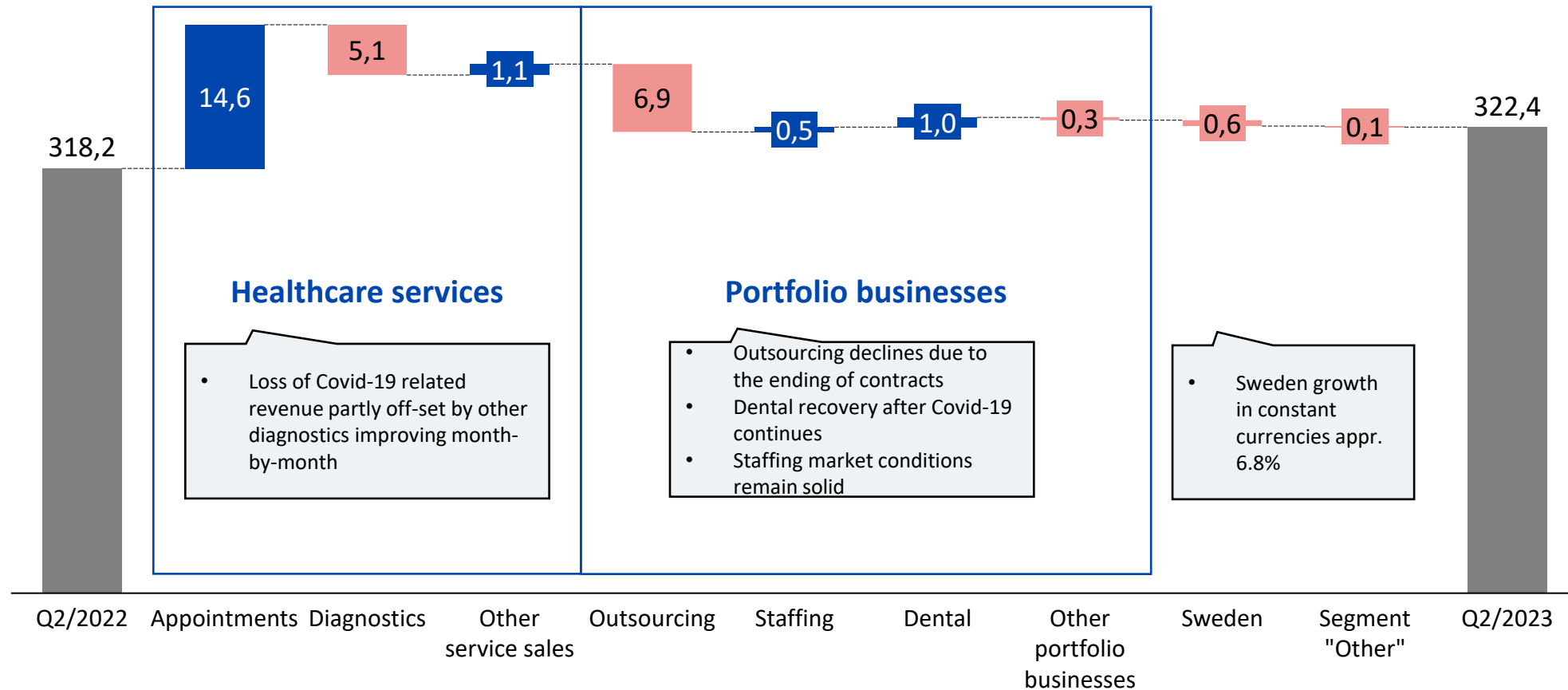
Financial performance

Juuso Pajunen, CFO

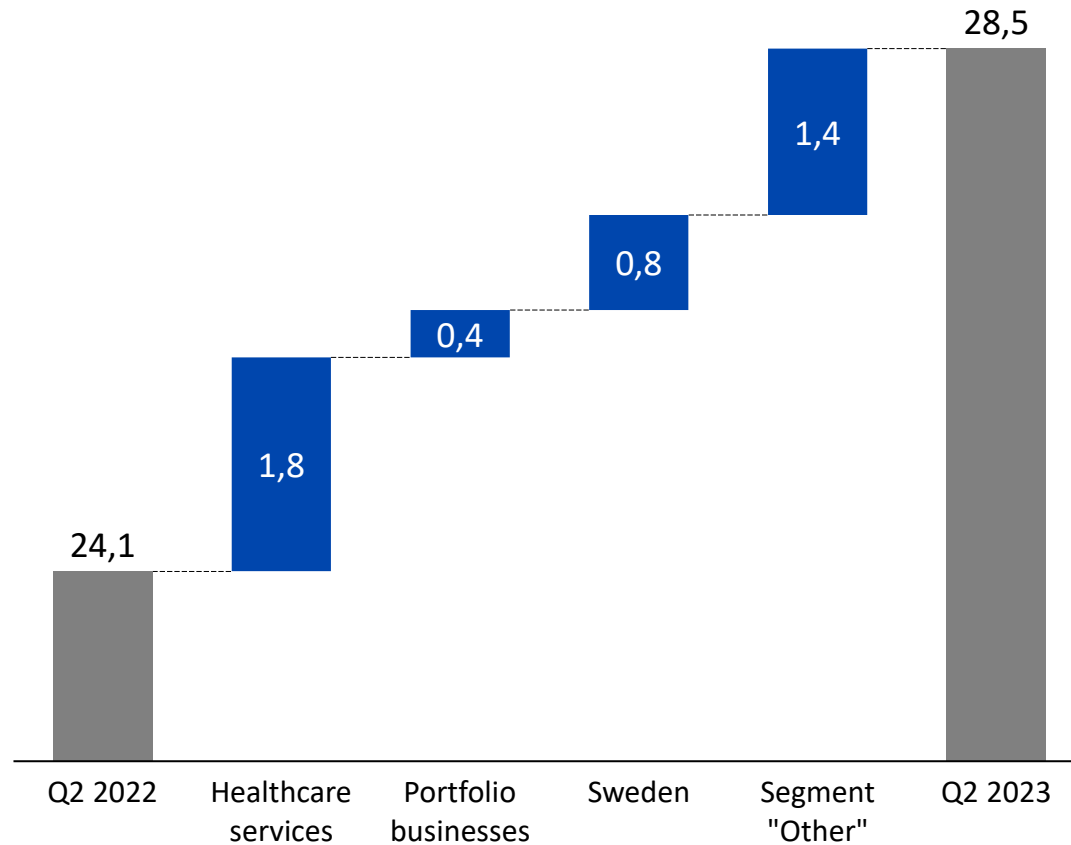
Underlying margin improvement continued in all segments



Revenue growth driven by price increases and strong demand in brick-and-mortar appointments



Adjusted EBITA impacted by a decrease in COVID-19 testing, all segments improving

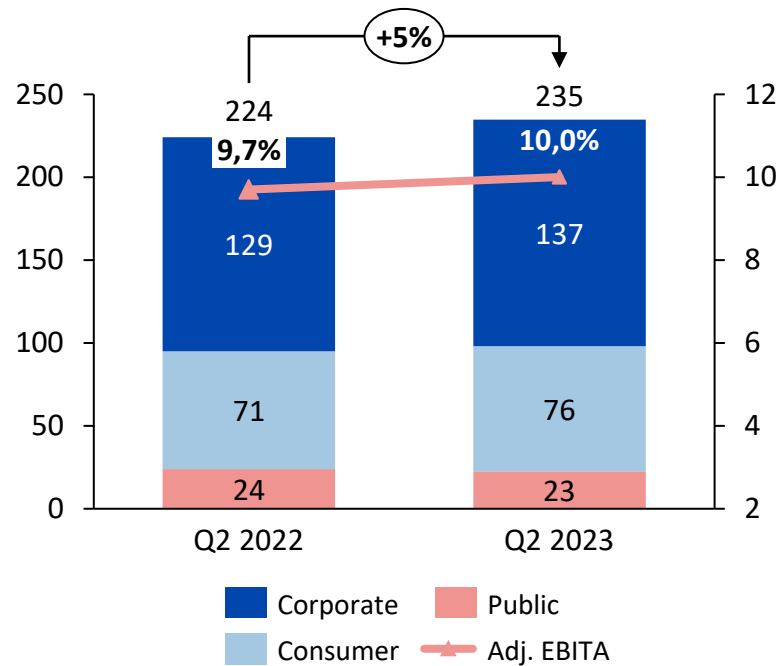


- In **Healthcare services**, EBITA was impacted by:
 - Sales mix developing positively while loss of COVID-test revenues still impacting negatively
 - Price increases compensated for the cost inflation impact
 - Profit improvement program had a positive impact
 - Cost control continued
- **Portfolio businesses** saw continued positive momentum in Staffing and Dental in particular
- Market normalization and solid integration of acquisitions boosting profitability in **Sweden**

Performance continued to improve in all segments

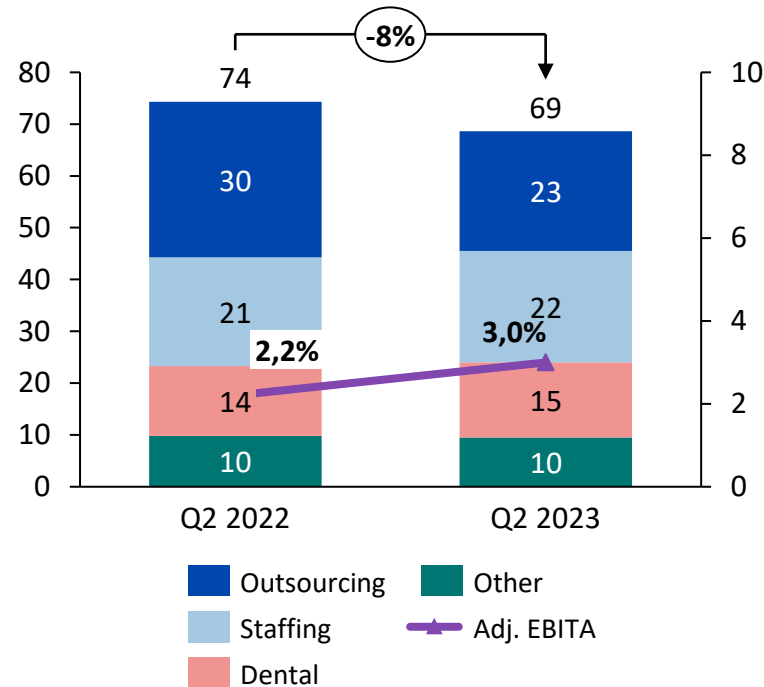
Healthcare services

Revenue (MEUR), Adj. EBITA %



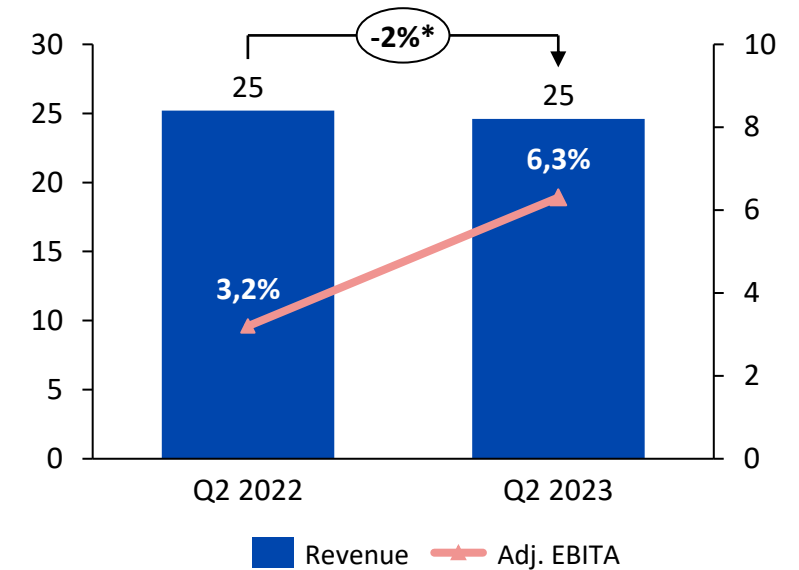
Portfolio businesses

Revenue (MEUR), Adj. EBITA %



Sweden

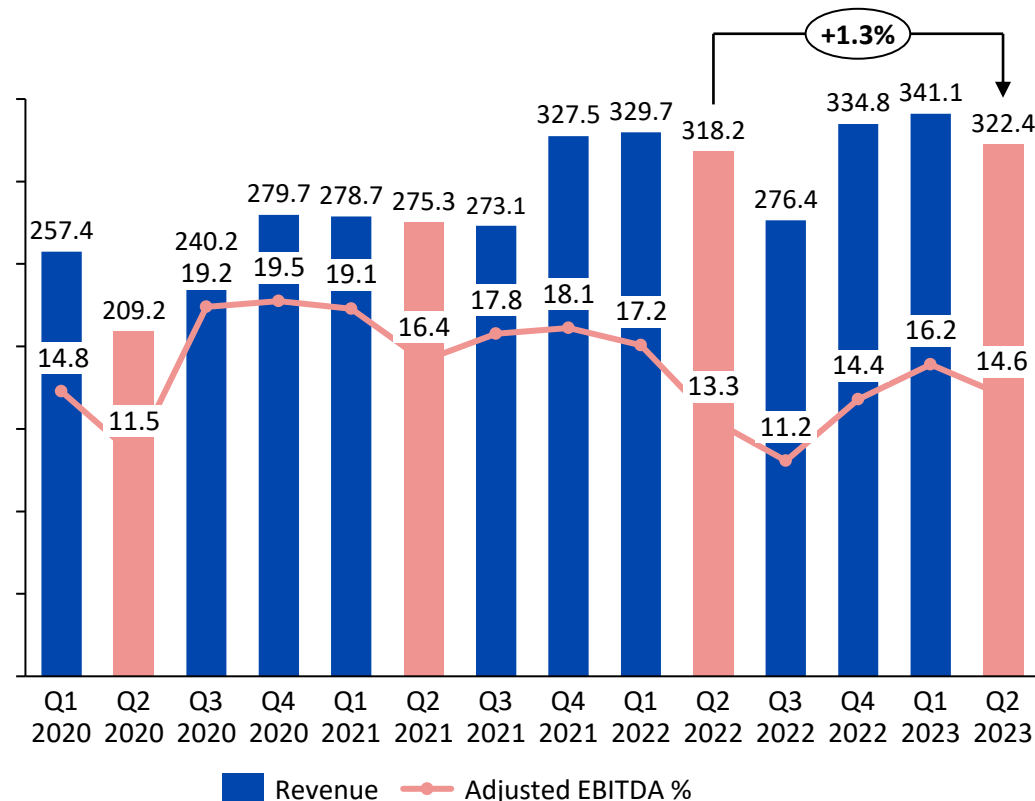
Revenue (MEUR), Adj. EBITA %



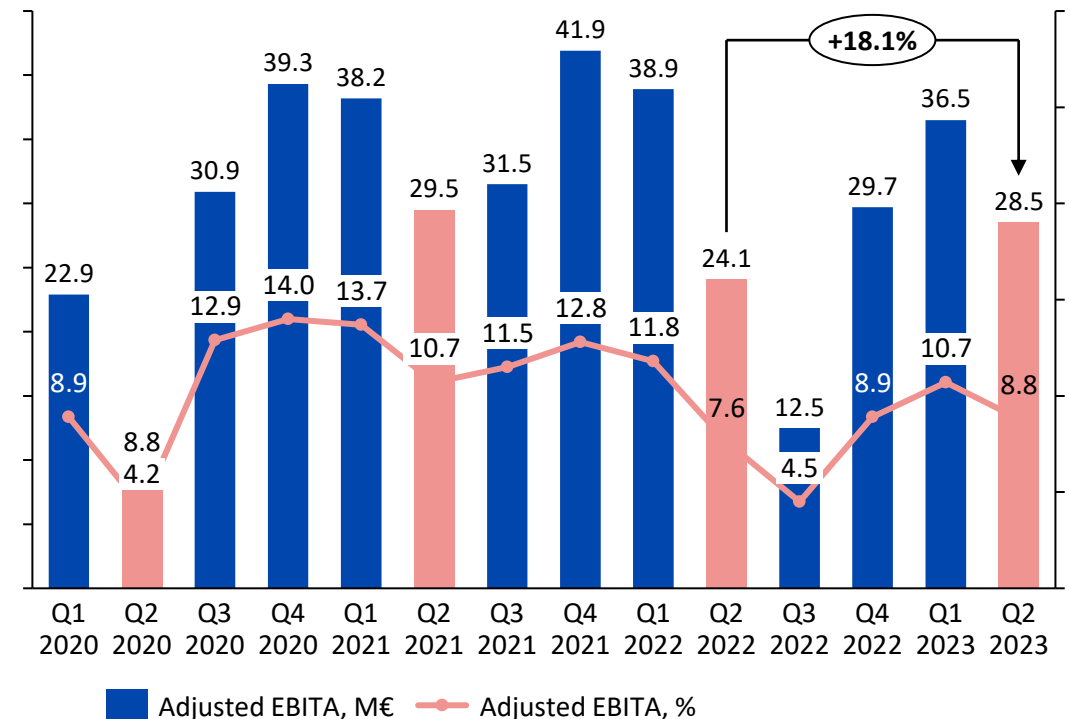
**Without the currency effect, the revenue grew by 6.8% y-on-y.*

The normalisation of the sales mix, price increases, and progress of the profit improvement program improved profitability y-on-y

REVENUE, MEUR AND ADJUSTED EBITDA*-%

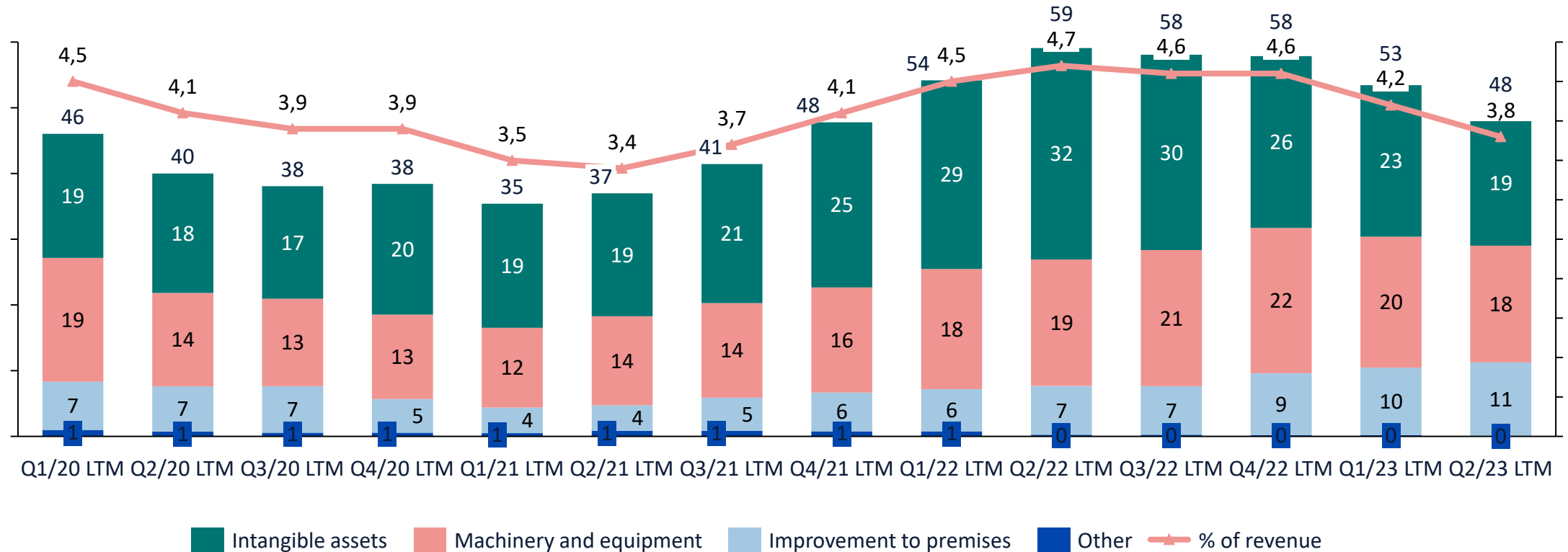


ADJUSTED EBITA*, MEUR AND %



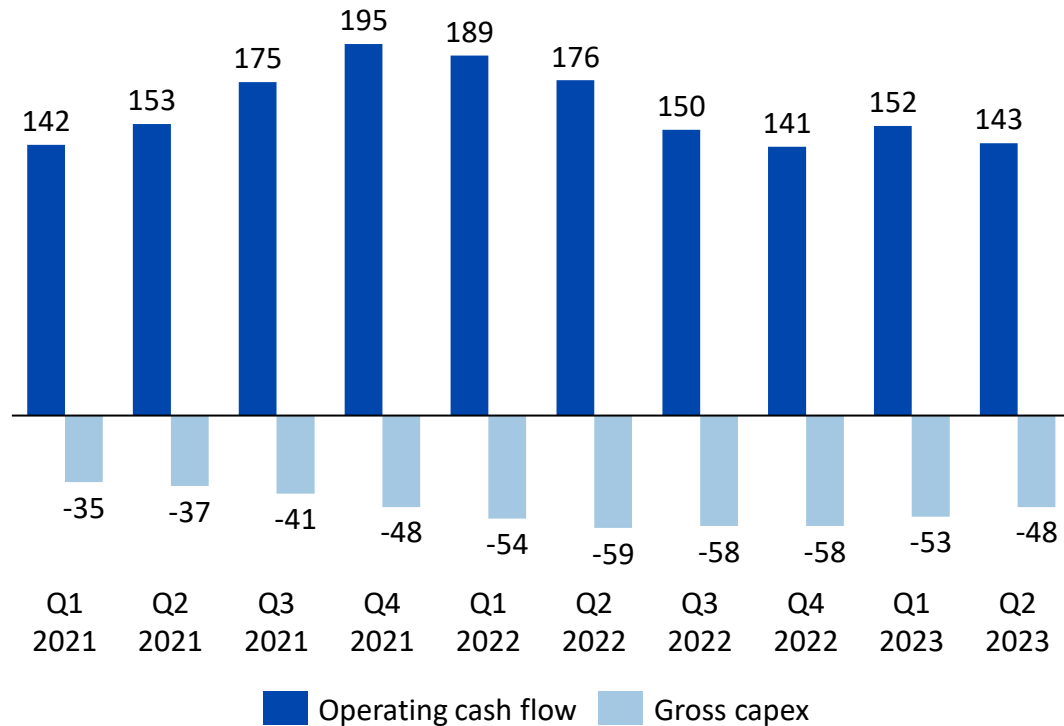
Overall capex decreasing, more investments to premises and equipment

LTM GROSS CAPEX, MEUR AND %- OF REVENUE

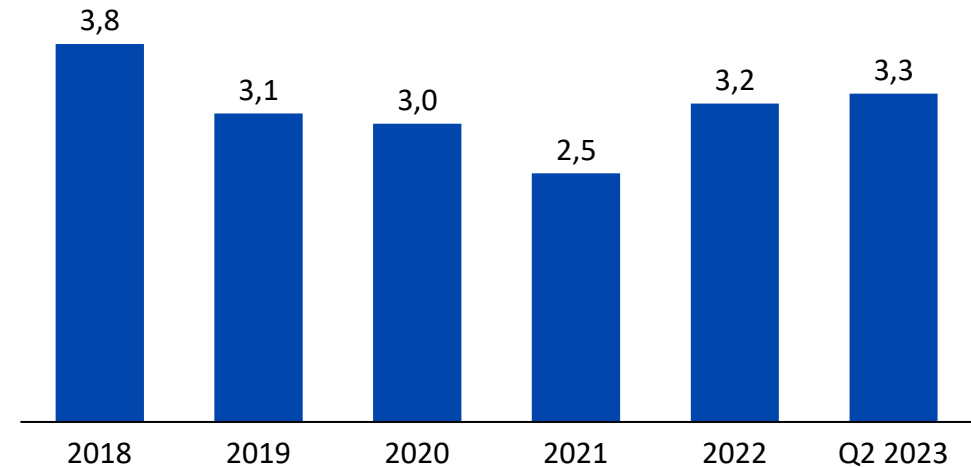


We maintained strong cash flow, solid balance sheet and credit profile

OPERATING CASH FLOW (LTM), MEUR
GROSS CAPEX (LTM), MEUR



NET DEBT/ADJUSTED EBITDA (LTM)



Sustainability-Linked Bond

- Terveystalo has established a Sustainability-Linked Financing Framework under which Terveystalo issued a senior unsecured sustainability-linked bond of 100 MEUR
- Broadened source of funds
- Promoting the quality and effectiveness of care is one of the key goals of Terveystalo's sustainability agenda.
- The treatment of mental health problems and customer satisfaction were chosen as key indicators of the framework
 - KPI 1: Proportion of relevant occupational healthcare patients referred to short-term psychotherapy treatment – targeting ambitious ramp-up of referrals
 - KPI 2: Average Net Promoter Score (NPS) – targeting maintenance of industry-leading 83 NPS

Loan type: Senior unsecured sustainability-linked notes

Principal amount: EUR 100 million
Issue date: 1 June 2023

Maturity date: 1 June 2028

Interest: 5.375%

Listing: Nasdaq Helsinki Ltd

Strong fundamentals, guidance remains intact

FINANCIAL TARGETS



Growth

at least 5% annual growth in revenue



Profitability

An adjusted EBITA margin of at least 12% in 2025



Indebtedness

Interest-bearing Net debt/Adjusted EBITDA
3.5 times or less

GUIDANCE FOR 2023

- Terveystalo estimates its **revenue for the full year 2023 to grow** (2022: EUR 1,259 million) and its **adjusted EBITA margin to be between 9.1% and 10.1%** (8.4% in 2022).
- Estimates are based on consumer demand and the number of employed remaining on current levels both in Finland and Sweden, the profit improvement program delivering over 30-million-euro P&L impact in 2023, and prolonged inflation during 2023.
- Additionally, the estimates assume no material changes in public sector behaviour, excluding the reduction of public outsourcing revenue from 2022 levels.
- Estimates exclude any material acquisitions or divestments.

Terveystalo

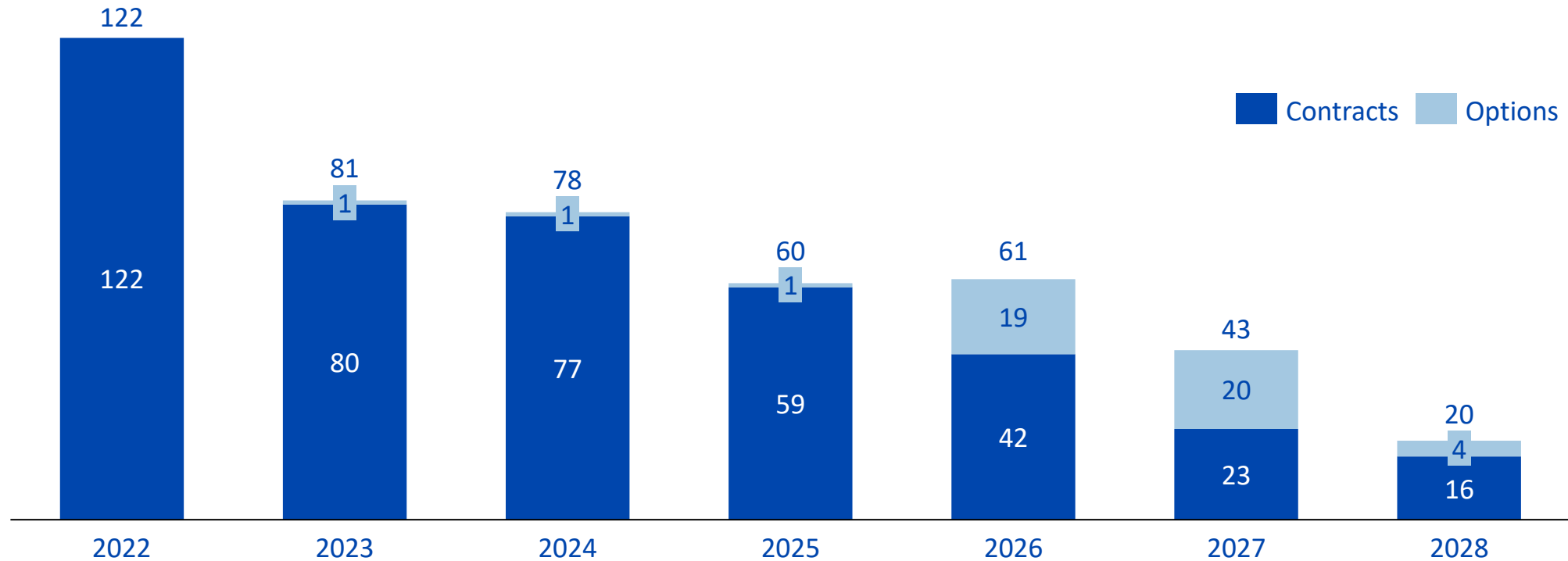
MEANINGFUL MATTERS

terveystalo.com

Appendix

The outsourcing contract portfolio will shrink in the coming years as old contracts expire

CONTRACT VALUE INCLUDING OPTIONS, OLD OUTSOURCING CONTRACTS



Cuts to discretionary spending and profit improvement program combat cost increases

M€	4-6/2023	4-6/2022	Change %	2022
Revenue	322.4	318.2	1.3	1,259.1
Other operating income	1.0	0.7	48.4	2.7
Purchase of materials	-10.7	-10.9	-1.9	-44.1
Change in inventories	0.2	0.7	-73.6	0.2
External services	-124.4	-121.5	2.4	-481.8
Employee benefit expenses	-113.5	-118.5	-4.2	-455.0
Rents, leases and premises	-5.7	-4.8	16.9	-22.9
IT expenses	-10.0	-9.9	0.9	-39.7
Marketing and communication expenses	-2.7	-2.4	14.0	-8.5
Other operating expenses	-12.8	-10.8	19.2	-41.1
EBITDA	43.7	40.7	7.3	168.8
Adjustments*	3.4	1.7		39.5
Adjusted EBITDA	47.1	42.4	11.2	178.0
EBIT	15.0	14.6	2.8	33.9

Variable costs

Semi-fixed costs. scalable on a unit level

Fixed costs. scalable on a group level

Key figures

Terveystalo Group, MEUR	4–6/ 2023	4–6/ 2022	Change, %	1–6/ 2023	1–6/ 2022	Change, %	2022
Revenue	322.4	318.2	1.3	663.4	647.9	2.4	1 259.1
Adjusted EBITA * ¹⁾	28.5	24.1	18.1	64.9	63.1	3.0	105.2
Adjusted EBITA, % * ¹⁾	8.8	7.6	-	9.8	9.7	-	8.4
EBITA ¹⁾	25.0	22.5	11.2	52.0	60.7	-14.4	95.9
EBITA, % ¹⁾	7.7	7.1	-	7.8	9.4	-	7.6
EBIT	15.0	14.6	2.8	34.0	45.8	-25.7	33.9
EBIT, %	4.6	4.6	-	5.1	7.1	-	2.7
Return on equity (ROE), % ¹⁾	-	-	-	1.1	12.6	-	4.1
Equity ratio, % ¹⁾	-	-	-	39.0	40.6	-	40.2
Earnings per share (EUR)	0.06	0.09	-32.3	0.15	0.29	-48.8	0.19
Weighted number of shares outstanding, in thousands	126,556	126,548	-	126,554	126,472	-	126,508
Net debt	-	-	-	601.7	557.3	8.0	566.6
Gearing, % ¹⁾	-	-	-	105.3	92.1	-	95.7
Net debt/adjusted EBITDA (last 12 months) ¹⁾	-	-	-	3.3	2.7	-	3.2
Adjusted EBITDA (last 12 months), excluding IFRS 16* ¹⁾	-	-	-	124.5	155.5	-19.9	122.2
Net debt, excluding IFRS 16	-	-	-	399.9	383.0	4.4	386.8
Adjusted net debt/adjusted EBITDA (last 12 months), excluding IFRS 16* ¹⁾	-	-	-	3.2	2.5	-	3.2
Average personnel (FTEs)	-	-	-	6,563	6,470	1.4	6,552
Private practitioners (end of period)	-	-	-	6,145	5,813	5.7	5,928
Sustainability							
PEI-index ²⁾				x.x	N/A	-	N/A
Net Promoter Score (NPS), appointments				85.7	82.6	-	82.7
Employee Net Promoter Score (eNPS)				23	30	-	29

* ADJUSTMENTS ARE MATERIAL ITEMS OUTSIDE THE ORDINARY COURSE OF BUSINESS, AND THESE RELATE TO ACQUISITION-RELATED EXPENSES, RESTRUCTURING-RELATED EXPENSES, GAINS / LOSSES ON THE 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 WITH 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 SUBSTITUTES TO THE MEASURES UNDER IFRS.

THE CALCULATION FORMULAS AND PRINCIPLES FOR THE KEY FIGURES ARE PRESENTED IN THE FINANCIAL STATEMENTS.

2) THE 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.

Sustainability-linked Financing Framework – KPI 1

Key Performance Indicators and Sustainability Performance Targets

KPI 1: Proportion of relevant occupational healthcare patients referred to short-term psychotherapy treatment¹⁾

Rationale: Mental health-related issues are among the top three diagnosis groups in Terveystalo's patient data and a major cause of human suffering and related sickness absence days as well as early retirements in Finland. Assigning the correct treatment for mental illness is one of Terveystalo's priorities for the coming years.

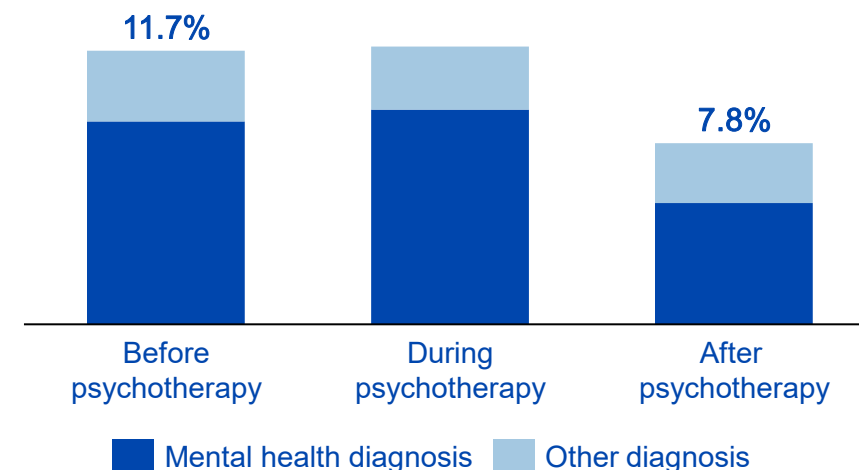
SPT 1: Increase the proportion of occupational healthcare patients diagnosed with anxiety or depression who are referred to short-term psychotherapy treatment to 25% by 2026¹⁾

	2020	2021	2022	2023	2024	2025	2026
Proportion referred to short-term psychotherapy treatment (%)	4.4%	6.2%	8.5%	11%	15%	20%	25%

Strategy: Turn into action a treatment protocol for anxiety and depression, a protocol for short-term psychotherapy as well as additional applicable measurements and indicators
 Train occupational healthcare teams for recognition and treatment of common mild mental health disorders and following the current treatment guidelines
 Follow the performance of the KPI and the effectiveness and usage of psychotherapy
 Promote the inclusion of this service into occupational health plans and enhance recruiting professionals to produce services

- Terveystalo is a forerunner in building low-threshold mental health services for companies - these services have radically reduced sickness absences related to mental health
- Sick leave days decreased by an average of 7.2 days per person as a result of the therapy
- Half-year ROI 240%, annual ROI 480%

Sickness absences related to mental health decreased significantly after brief psychotherapy²⁾



¹⁾ FOR ADDITIONAL INFORMATION REGARDING THE KPIs AND SPTs AS WELL AS FOR SECURITY CHARACTERISTICS, REPORTING AND VERIFICATION SECTIONS OF THE FRAMEWORK PLEASE REFER TO TERVEYSTALO SUSTAINABILITY-LINKED FINANCING FRAMEWORK AVAILABLE ON THE COMPANY'S WEBSITE.

²⁾ THE DATA CONSISTS OF THE BRIEF PSYCHOTHERAPY APPOINTMENTS OF TERVEYSTALO OCCUPATIONAL HEALTHCARE CUSTOMERS IN 2000–2022 AND INCLUDED 9,109 OCCUPATIONAL HEALTH CUSTOMERS AND A TOTAL OF 72,296 BRIEF PSYCHOTHERAPY APPOINTMENTS.

Sustainability-linked Financing Framework – KPI 2

Key Performance Indicators and Sustainability Performance Targets

KPI 2: Average Net Promoter Score (NPS)¹⁾

Rationale: The NPS is Terveystalo's most important measure of the quality of the customer experience. Terveystalo aims to stand out by providing an excellent experience in all customer encounters. The company develops its services by listening to patients and utilizing new technology.

SPT 2: Maintain an average Net Promoter Score (NPS) of 83 or above¹⁾

	2020	2021	2022	The target for SPT 2:
NPS	82.8	83.0	82.7	Maintain an average Net Promoter Score (NPS) of 83 or above

Strategy: Monitor realization of clinic-specific targets, analyze open customer feedback to identify factors that drive NPS output

Foster a culture of continuous improvement in the customer experience and identify areas for improvement, monitor the impact of corrective actions, identify and further strengthen the strong areas and leverage them to increase the NPS

Launch NPS measurement on an individual professional level as a new initiative

Automate nonvalue-adding parts of the care chain, so that the professionals can focus on the most value-adding tasks, most importantly interaction with the patient

