



TERVEYSTALO GROUP HALF-YEAR REPORT

JANUARY 1–JUNE 30, 2020

**COVID-19 IMPACTED THE BUSINESS HEAVILY IN Q2,
NORMALIZATION OF VOLUMES HAS BEGUN**

April–June 2020 in brief

- Revenue decreased by 19.1 percent year-on-year to EUR 209.2 million (258.6).
- Adjusted¹⁾ earnings before interest, taxes, and amortization (EBITA) decreased by 66.0 percent to EUR 8.8 million (25.9), representing 4.2 (10.0) percent of revenue.
- Adjusted items affecting comparability were EUR 0.8 million (2.2).
- Profit for the period was EUR -1.5 million (10.3).
- Earnings per share (EPS) were EUR -0.01 (0.08).
- Cash flow from operating activities was EUR 35.9 million (48.6).

January–June 2020 in brief

- Revenue decreased by 11.4 percent year-on-year to EUR 466.5 million (526.4).
- Adjusted¹⁾ earnings before interest, taxes, and amortization (EBITA) decreased by 45.6 percent to EUR 31.7 million (58.3), representing 6.8 (11.1) percent of revenue.
- Adjusted items affecting comparability were EUR 3.1 million (2.9).
- Profit for the period was EUR 7.3 million (27.6).
- Earnings per share (EPS) were EUR 0.06 (0.22).
- Net debt/adjusted EBITDA¹⁾²⁾ was 3.4 (4.1)
- Cash flow from operating activities was EUR 68.8 million (97.7).

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 sale of assets, strategic projects, and other items affecting comparability.

2) The reference period includes only six months of Attendo Health Services' result.

Ville Iho, CEO: An exceptional quarter challenged the entire industry, Terveystalo passed the test well

As expected, operations in the second quarter were dominated by the management of the emergency situation created by the Covid-19 pandemic. As we indicated in our report on the first quarter, our revenue from corporate and private customer groups declined by 30 percent in April. All operations had to be heavily adjusted throughout the quarter due to the pandemic situation, containment measures, and their impact on demand. When the pandemic subsided, the restrictions were gradually lifted in May–June and demand recovered in line with our expectations. Demand has continued to recover in July, and for private customers we have already reached last year's revenue levels.

In the second quarter, demand decreased due to Covid-19 impact on both non-acute care and acute illness. The decline was particularly strong in doctor visits related to various infections and lifestyle diseases such as cardiovascular disease. In addition, oral health activities had to be severely curtailed. The decline in demand related to long-term illnesses, oral health, and general non-acute care is largely pent up demand that, according to our customer service data, has begun to subside; since July, non-acute care bookings for the fall have begun to grow rapidly.

The crisis has been challenging for the whole industry. However, Terveystalo has been successful in managing the situation medically, customer service wise and financially. Early on in the crisis, we began to take measures to safeguard our profitability and cash flow. We froze our external service purchasing, re-evaluated investment needs, and closed down smaller units based on demand. We also adjusted the number of employees per unit and per service according to reduced demand through temporary lay-offs. Our financing position has remained strong throughout the crisis. To ensure flexibility in all scenarios, we agreed on EUR 40 million in additional financing in June. Although demand is now recovering as expected, the development of the pandemic has been exceptionally difficult to predict. If necessary, we are prepared to continue mitigation measures should demand again decline in the fall.

Operationally, we focused on matching supply as accurately as possible with rapidly changing demand. We established more than 40 Covid-19 testing units, built testing capacity and strengthened our supply in remote service channels. Our digital capability enabled us to swiftly respond to totally new level of demand for our remote services; the number of remote appointments peaked at 11,000 per day during the quarter, and our



customers were able to contact a physician via chat within seconds. More than 30,000 coronavirus tests have been carried out, with the results being available in 1.5 days on average. In May, we also launched the most accurate antibody test in the market in cooperation with Synlab. We will also introduce a quick test to the autumn flu season to better manage the pandemic. We are well prepared to serve our customers in the fall, regardless of what it may bring.

Our operations during the crisis strengthened our customers' confidence and our customer satisfaction rose to new records from one month to the next, with the Net Promoter Score (NPS) at 83 in June (73 in December 2019). Despite being at the heart of the Covid-19 pandemic, Terveystalo professionals remained healthy. We responded quickly to new demand and we created entirely new service solutions related to the COVID-19 strategy, from risk assessment to testing and tracing to enable a quick return to normal for our customers and society as a whole. I am proud and grateful for the commitment, capacity for renewal, and determination that Terveystalo's employees have shown during this time.

In the midst of the crisis, we worked on our strategy for 2021–2025. COVID-19 has not changed the trend of people being increasingly interested in investing in their well-being. We see growth potential particularly in services that support comprehensive well-being and lifelong health. One of our three strategic focus areas will be to develop health partnerships with our customers. We are building a model for supporting our customers and keeping in touch with them, anticipating their needs, and providing comprehensive well-being services. Our other focus area is the development of the most intelligent service model in our industry, one that will enable us to provide our customers with the right service regardless of time, place, and channel, from the beginning of the treatment path to its end. Expansion through acquisitions remains to be our third focus area.

While our strategy is not reliant on the development of the publicly funded market or policy decisions concerning social and health services, the industry-leading competencies that are at the core of our strategy would also serve public buyers and expanding our role within the Finnish healthcare would improve the whole system. We will provide more information on our strategy and its implementation at our Capital Markets Day to be organized in Helsinki on 2 September 2020.

My first half year as Terveystalo's CEO has been eventful to say the least. I knew I was coming to an interesting world and this spring has offered an intensive course on different aspects of the industry. The exceptional circumstances have underscored the importance of healthcare as an industry and the significance of our work for society as a whole. The past six months have also reinforced my view of Terveystalo as a company with great potential and Terveystalo employees as a professional, hard-working and value driven team. While Terveystalo is already a leading player in its industry, there are still many opportunities for us to bring in best practices from other industries and drive the continued development of the healthcare sector. We will keep fighting for a healthier life.

Towards a better tomorrow,
Ville Iho

Outlook

- In the short term, the market environment is still uncertain due to the changes in consumer behavior related to the COVID-19 pandemic, and predicting demand is challenging in the short term. For demand to recover to the normal level in the second half of 2020, it would be necessary that no significant restrictions are imposed and that consumer behavior would return to normal. In July 2020, revenue from corporate customers declined only by approximately 3 percent and revenue from private customers grew already by approximately 9 percent year-on-year.
- In the corporate customer segment, for demand to recover to the normal level depends on no significant restrictions on movement being imposed and the resumption of more normal daily life at workplaces. The recovery of the demand for acute medical care and non acute care is uncertain but demand for preventive and statutory occupational health services will normalize. The demand for remote services will increase considerably. Significant changes in the employment rate may be reflected in the underlying demand.
- In the private customer segment, the pent-up demand accumulated during the crisis is expected to release gradually and the normalization of overall demand is expected, provided that significant restrictions — particularly on movement — are avoided. The recovery of the demand for acute and non-acute medical care is uncertain. The demand for remote services will increase considerably. Significant changes in consumer confidence may be reflected in the underlying demand.
- Normalization of public sector demand is expected in occupational health, service sales and staffing services.

These views are based on the expected development of demand for Terveystalo's services within the next six months, compared with the past six months.

The impacts of COVID-19 and the measures taken by Terveystalo

To minimize the impacts of the pandemic, Terveystalo has adjusted its operations to the exceptional circumstances and safeguarded the cash flow and profitability of the business by, for example, freezing service purchasing, re-evaluating investment needs, postponing the payment of dividends to the third quarter, freezing replacement recruitment and temporarily laying off employees in positions where work has temporarily decreased and/or the company's conditions for providing work have temporarily decreased. The full-time temporary lay-off notices given concerned approximately 576 persons (12 856 calendar days in total) during the review period, and part-time lay-off notices concerned approximately 1 342 persons. At the end of June, 118 employees were temporarily laid off full-time and approximately 829 employees were temporarily laid off part-time. The company has also negotiated new payment terms with suppliers and lessors and made demand-based decisions on the closure of oral health units as well as some smaller clinics and occupational health units. Opening hours have also been reduced to correspond to local needs.

Due to the uncertainty in the economic operating environment, the credit loss risk of trade receivables and the impairment risk of assets were assessed in light of the changed market outlook and latest forecasts in connection with the financial reporting on the second quarter. Terveystalo's analysis did not give any indications of asset impairment that would call for additional impairment testing. The risk of credit losses related to trade receivables was not found to have increased significantly and it was determined that there is no need to change the credit loss recognition principles.

The company's liquidity and financing situation has remained strong even in the exceptional circumstances. During the quarter, Terveystalo also agreed on additional financing of EUR 40 million. Due to the prevailing uncertainty, Terveystalo has increased the notes on financing in its reporting on the second quarter. More information on the company's liquidity, assets, and liabilities as well as the maturity of loans is provided in Note 12.

The company estimates that, in addition to the direct impacts of the crisis, changes in the employment rate and consumer confidence may be reflected in the underlying demand even after the acute stage of the crisis has passed. Nevertheless, the company estimates that its diverse customer base and service selection will mitigate the impacts on its business from any changes in demand for individual services or in individual customer relationships.

Key figures

Terveystalo Group, EUR million	4-6/ 2020	4-6/ 2019	Change, %	1-6/ 2020	1-6/ 2019	Change, %	2019
Revenue	209.2	258.6	-19.1	466.5	526.4	-11.4	1,030.7
Adjusted EBITDA * ¹⁾	24.0	40.9	-41.4	62.2	88.7	-29.9	176.3
Adjusted EBITDA, % * ¹⁾	11.5	15.8	-	13.3	16.9	-	17.1
EBITDA ¹⁾	23.2	38.7	-40.2	59.1	85.8	-31.2	171.2
EBITDA, % ¹⁾	11.1	15.0	-	12.7	16.3	-	16.6
Adjusted earnings before interest, taxes and amortization (EBITA) * ¹⁾	8.8	25.9	-66.0	31.7	58.3	-45.6	115.1
Adjusted EBITA, % * ¹⁾	4.2	10.0	-	6.8	11.1	-	11.2
EBITA ¹⁾	8.0	23.7	-66.2	28.6	55.4	-48.4	110.0
EBITA, % ¹⁾	3.8	9.2	-	6.1	10.5	-	10.7
Adjusted EBIT * ¹⁾	1.3	18.8	-93.2	16.6	44.5	-62.6	86.5
Adjusted EBIT, % * ¹⁾	0.6	7.3	-	3.6	8.4	-	8.4
EBIT	0.5	16.7	-97.1	13.5	41.6	-67.5	81.4
EBIT, %	0.2	6.4	-	2.9	7.9	-	7.9
Return on equity (ROE), % ¹⁾	-	-	-	6.3	10.5	-	10.3
Equity ratio, % ¹⁾	-	-	-	38.8	37.8	-	39.9
Earnings per share (EUR)	-0.01	0.08	-	0.06	0.22	-	0.43
Gearing, % ¹⁾	-	-	-	95.7	111.4	-	101.3
Net debt/adjusted EBITDA (last 12 months) ¹⁾²⁾	-	-	-	3.4	4.1	-	3.1
Total assets	-	-	-	1,373.6	1,361.3	0.9	1,359.3
Average personnel in person-years	-	-	-	5,000	4,791	4.4	4,943
Personnel (end of period)	-	-	-	8,079	7,165	12.8	8,685
Private practitioners (end of period)	-	-	-	5,203	5,000	4.1	5,068
Net Promoter Score (NPS), appointments	-	-	-	82.8	71.8	-	72.5
Employee Net Promoter Score (eNPS)	-	-	-	19	29	-	9
Mixed waste intensity ³⁾	-	-	-	5.06	5.05	0.2	4.85

**) Adjustments are material items outside the ordinary course of business, associated with acquisition-related expenses, restructuring-related expenses, net gains and losses on sale of assets, strategic projects, and other items affecting comparability.*

1) Alternative performance measure. In addition to the IFRS figures, Terveystalo presents additional, alternative performance indicators which 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 separate from the IFRS figures and they should not be considered to replace the IFRS figures.

2) The reference period includes only six months of Attendo Health Services' result.

3) Amount of mixed waste (metric tons) relative to total revenue (100 million)

Operating environment

The COVID-19 pandemic changed the Finnish healthcare market considerably during the first half of 2020. Restrictions on the movement and gathering of people aimed at slowing down the spread of the coronavirus were in effect in full from 13 March to 14 May 2020. The restrictions began to be gradually lifted in May–June. During the period that the restrictions were in effect, public healthcare resources were focused on the management of the pandemic, while access to non-urgent care was cut back and many other functions were shut down. Private sector healthcare services focused more strongly on remote appointment services, especially in April. At the same time, access to certain services — such as oral healthcare — was considerably restricted in accordance with the recommendations issued by the Ministry of Social Affairs and Health.

The duration and extent of the impacts depend largely on the development of the pandemic and its effects on consumer behavior and employment. The contraction of non-urgent care in private and public healthcare while the restrictions were in place resulted in a significant treatment gap in other illnesses. A significant proportion

of the treatments and services in question will need to be provided at a later time. The clearing of the queues for non-urgent care in public healthcare will require more extensive use of private healthcare services in the aftercare of the pandemic.

The Finnish Government issued its proposal on comprehensive social and healthcare reform on 15 June 2020. The proposal is currently being circulated for comment and the Government aims to have it discussed by the Parliament in December 2020.

With the most extensive network of clinics and hospitals as well as the broad range of services, the company believes that it is an attractive partner for different customer groups in the management of the pandemic as well as the post-pandemic clearing of queues and closing of the treatment gap. Terveystalo's diverse customer base and service selection will also mitigate the impacts on its business from any significant changes in demand for individual services. As a leading occupational healthcare service provider, Terveystalo has an important role in supporting the business sector in the return to normal and in the resumption of operations after the pandemic is over.

Group revenue

In the second quarter of 2020, revenue decreased by 19.1 percent year-on-year to EUR 209.2 million (258.6) due to the restrictions imposed in March to reduce the spread of the coronavirus pandemic as well as changes in customer behavior. In particular, appointments with physicians concerning various infections and long-term illnesses — such as cardiovascular diseases — declined significantly year-on-year. Acquisitions did not have a material effect on the development of revenue. In spite of the pandemic, Terveystalo's competitiveness was reflected in the strong development of insurance company sales, the relatively strong demand for well-being services, and multiplied demand for remote appointments. Revenue from well-being services decreased by 9 percent to EUR 20.0 million (22.0) during the review period. The rate of decline for well-being services was significantly less steep than for other services.

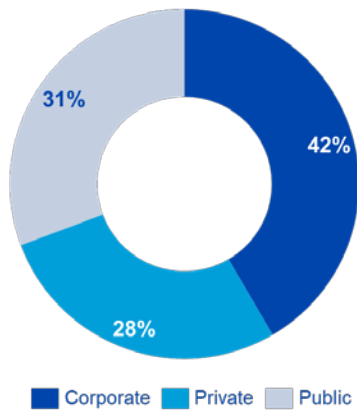
The number of physician's and nurse's appointments available decreased by nearly 30 percent in the second quarter as a result of lower demand. The number of available appointments with other professionals also declined by more than 20 percent year-on-year. With respect to the volume of service provision, it should be noted that, in the exceptional circumstances caused by the COVID-19 pandemic, the volume of service provision reflects changes in demand rather than changes in resources. The number of remote appointments more than tripled, amounting to over 146,000 (39,000) appointments. Nevertheless, the increased number of remote appointments did not compensate for the decrease in face-to-face appointments. Utilization rates declined due to the demand situation in spite of the reduced number of appointments available. There were 60 business days in April–June, equaling the reference period (60).

Revenue for **January–June** decreased by 11.4 percent year-on-year, amounting to EUR 466.5 (526.4) million.

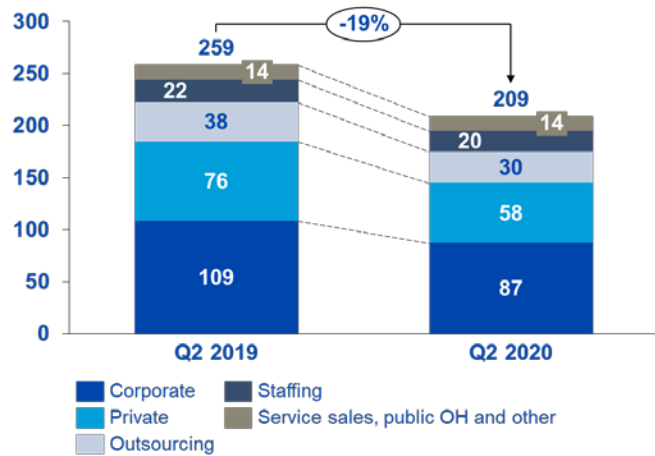
EUR million	4–6/ 2020	4–6/ 2019	Change, %	1–6/ 2020	1–6/ 2019	Change, %	2019
Corporate customers	87.1	108.6	-19.8	198.3	222.4	-10.8	432.5
Private customers	57.7	76.2	-24.3	137.7	155.9	-11.7	303.1
Public sector customers	64.4	73.8	-12.8	130.5	148.0	-11.9	295.1
<i>Outsourcing</i>	30.3	37.9	-19.9	59.2	76.1	-22.2	149.9
<i>Staffing services</i>	19.8	21.7	-8.7	41.3	43.3	-4.8	86.9
<i>Service sales, occupational health and others</i>	14.2	14.2	0.1	30.0	28.6	4.7	58.2
Total	209.2	258.6	-19.1	466.5	526.4	-11.4	1,030.7

Revenue by payor group

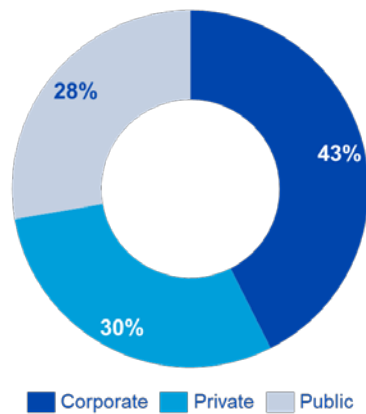
Q2 revenue by payor group, %



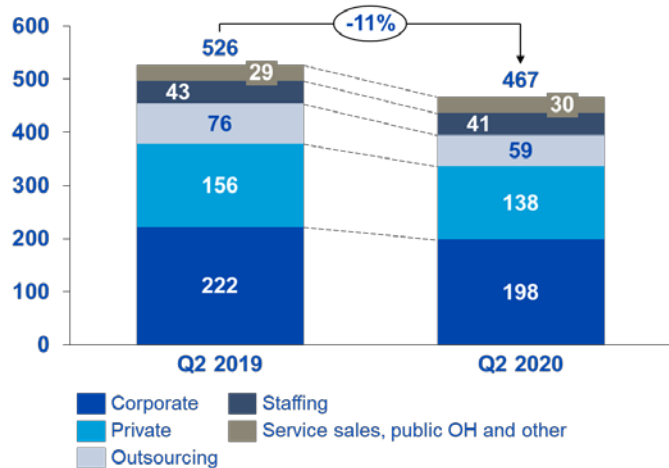
Q2 revenue by payor group, M€



H1 revenue by payor group, %



H1 revenue by payor group, M€



Corporate customers

Corporate customers constitute Terveystalo's largest customer group. Terveystalo's corporate customers consist of the company's occupational healthcare 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. Terveystalo is the largest provider of occupational health services in Finland in terms of revenue and the number of end users. Terveystalo provides occupational health services for over 24,000 companies, and in 2019, the company provided occupational health services for a total of approximately 700,000 customers.

Revenue for the second quarter from corporate customers decreased by 19.8 percent and amounted to EUR 87.1 (108.6) million.

Demand for medical appointment services decreased significantly and focused more on remote appointments. The restrictive measures also had a significant impact on the development of the sales of preventive* occupational health services, as many activities — such as workplace surveys, health examinations, counseling, and guidance — were either suspended or considerably delayed due to the restrictions on movement. The sales of well-being services**, excluding remote appointments, declined by approximately 11 percent year-on-year. The use of digital services, on the other hand, multiplied and amounted to 119,000 visits (33,900). The number of occupational health end customers was on a par with the reference period.

Revenue for January–June from corporate customers decreased by 10.8 percent and amounted to EUR 198.3 (222.4) million.

**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 counseling; 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.*

***Well-being services include, for example, physiotherapy, mental well-being services (psychologists and psychotherapists), nutritional therapy, work ability coaching, and massage services at Relä hierojat (Terveystalo's subsidiary).*

Private customers

Private customers are Terveystalo's second-largest customer group. Private customers include private individuals and families. The company's strong brand, easy access to services without long waiting times, extensive service portfolio for private customers, families, and senior citizens, and personalized digital services give Terveystalo a competitive edge over other private operators and public healthcare services and encourage customers to invest in their own health. Services for private customers are paid for either by the customers themselves or by their insurance companies.

Revenue for the second quarter from private customers decreased by 24.3 percent year-on-year, amounting to EUR 57.7 (76.2) million.

The demand for appointments with general practitioners and specialists, as well as oral health services, declined significantly in April–May in particular. In practice, most oral healthcare services were suspended in April–May due to the recommendations issued by the authorities. Towards the end of the quarter, however, aggregate demand returned close to the level of the comparison period for specialist appointments and oral health services. The share of remote appointments continued to increase, with the number of digital appointments growing more than fourfold to 13,000 visits (3,000) compared to the reference period. The demand for surgical operations was also relatively strong. Sales of diagnostic services developed in line with sales of other services during the quarter, but towards the end of the period, demand for imaging services returned closer to normal with demand for specialist appointments. The share of occupational health customers who used private services — and sales to this segment — were on a par with the comparison period.

Revenue for January–June from private customers decreased by 11.7 percent year-on-year, amounting to EUR 137.7 (155.9) million.

Public sector customers

Terveystalo's public customer group is made up of Finnish public sector organizations, such as municipalities, municipal federations, and hospital districts as well as municipal occupational healthcare customers. Terveystalo's broad nationwide platform, digital offering, good reputation, and established brand, as well as its thorough expertise and experience in healthcare services throughout the chain of care, make Terveystalo an attractive partner for the public sector. Terveystalo's services for public sector customers are mainly financed from budgets of municipalities, municipal federations, and hospital districts. The services offered to public sector customers include full and partial outsourcing, healthcare staffing services, specialized care services, other healthcare services as well as occupational health services for municipalities, municipal federations, and hospital districts.

Revenue for the second quarter from public sector customers decreased by 12.8 percent year-on-year, amounting to EUR 64.4 (73.8) million.

Revenue from the outsourcing business decreased by 19.9 percent to EUR 30.3 (37.9) million as a result of the expiry of outsourcing contracts at the end of 2019. Service production began in April on the Hattula outsourcing agreement. In addition to hospital outsourcings and other partial outsourcings, Terveystalo had 10 full outsourcing agreements in place in the second quarter.

Revenue from staffing services decreased by 8.7 percent and amounted to EUR 19.8 (21.7) million. The restrictions on movement imposed in mid-March were challenging for staffing services with respect to the

availability of staff coming from abroad. The demand for specialized healthcare and oral health services also declined significantly year-on-year due to limitations in public sector service production.

Revenue from service sales, services provided for municipal occupational healthcare customers and other public sector customers, was on a par with the comparison period at EUR 14.2 million. The restrictions on movement had a negative impact on the provision of occupational health services for municipal customers and the production of some service sales contracts was restricted by the customer while movement restrictions were in place. At the same time, digital appointments increased significantly, with the number of visits growing nearly fivefold to 14,400. The sales of well-being services, excluding digital appointments, also grew by 26 percent year-on-year.

Revenue for January–June from public sector customers decreased by 11.9 percent year-on-year, amounting to EUR 130.5 (148.0) million.

Financial performance

Adjusted EBITDA for **the second quarter of 2020** decreased by 41.4 percent year-on-year to EUR 24.0 million (40.9). Profitability was reduced by lower sales volumes and changes in the sales mix. The purchasing of personal protective equipment significantly increased material expenses year-on-year, while spending on external services decreased in line with the fall in revenue. Employee benefit expenses declined by 11.1 percent due to the adjustment measures implemented during the quarter. Other operating expenses decreased by 10.9 percent to EUR 17.5 (19.7) million due to cost cuts and spending freezes.

Adjusted earnings before interest, taxes and amortization (EBITA) decreased by 66 percent to EUR 8.8 million (25.9), representing 4.2 (10.0) percent of revenue.

The adjusted operating profit for the second quarter amounted to EUR 1.3 (18.8) million, and profit before tax was EUR -1.9 (12.9) million.

As a result of the refinancing arrangement carried out in the latter part of 2019, net financial expenses decreased by 38.8 percent year-on-year to EUR 2.3 million (3.7). Income tax also decreased by 115.2 percent as a result of lower taxable profit. Profit for the second quarter was EUR -1.5 (10.3) million, and earnings per share were EUR -0.01 (0.08).

Second-quarter operating cash flow decreased as a result of the contraction of business operations, amounting to EUR 35.9 (48.6) million. Trade receivables decreased due to lower sales and enhanced collection measures, reducing tied-up net working capital in the second quarter.

Second-quarter cash flow from investing activities was EUR -7.2 (-12.5) million. The change from the comparison period was mainly attributable to the smaller number of acquisitions as well as reduced investments in property, plant and equipment.

Cash flow from financing activities amounted to EUR 10.0 million (-50.3) in the second quarter. The change in the cash flow from financing activities was mainly attributable to a short-term loan from a financial institution withdrawn during the reporting period as well as equity repayments made in the comparison period.

Adjusted EBITDA for **January–June 2020** decreased by 29.9 percent year-on-year to EUR 62.2 million (88.7). Profitability was reduced by lower sales volumes and changes in the sales mix. The purchasing of personal protective equipment significantly increased material expenses year-on-year, while spending on external services decreased in line with the fall in revenue. Employee benefit expenses declined by 4.1 percent due to the temporary layoffs carried out during the quarter. Other operating expenses increased by 1.6 percent to EUR 37.3 (36.7) million, mainly as a result of a 26.7 percent increase in IT costs.

Adjusted earnings before interest, taxes and amortization (EBITA) decreased by 45.6 percent to EUR 31.7 million (58.3), representing 6.8 (11.1) percent of revenue.

Adjusted operating profit was EUR 16.6 (44.5) million, and profit before tax was EUR 8.7 (34.2) million.

As a result of the refinancing arrangement carried out in the latter part of 2019, net financial expenses decreased by 35.1 percent year-on-year to EUR 4.7 million (7.2). Income tax decreased by 78.9 percent as a

result of lower taxable profit. Profit for the period was EUR 7.3 (27.6) million, and earnings per share were EUR 0.06 (0.22).

Operating cash flow decreased as a result of the contraction of business operations, amounting to EUR 68.8 (97.7) million. Trade receivables decreased due to lower sales and enhanced collection measures, reducing tied-up net working capital during the review period.

Cash flow from investing activities was EUR -17.2 (-20.1) million. The change from the comparison period was mainly attributable to reduced investments in acquisitions.

Cash flow from financing activities amounted to EUR -2.1 (-71.8) million. The change in the cash flow from financing activities was mainly due to a short-term loan from a financial institution withdrawn during the reporting period. The change was also attributable to the larger repayments of short-term loans and equity repayments paid in the comparison period.

The Group's financial position

Terveystalo's liquidity position is good. Cash and cash equivalents at the end of the period amounted to EUR 90.2 million (EUR 42.6 million in June 2019). The company agreed on additional financing of EUR 40 million in June. The Group's total assets amounted to EUR 1,373.6 million (EUR 1,361.3 million in June 2019).

Equity attributable to owners of the parent company totaled EUR 532.5 (514.3) million. The growth was due to the increase in retained earnings. The dividend decided by the Annual General Meeting was recognized as a dividend liability in the reporting period and was distributed after the end of the review period in July. Gearing at the end of the review period was 95.7 (111.4) percent, and net interest-bearing debt amounted to EUR 509.5 (572.9) million.

In the final quarter of 2019, Terveystalo signed a financing agreement of EUR 410 million. During the review period, the company fulfilled the covenant requirement included in the financing agreement that depicts relative indebtedness. Of the credit included in the financing agreement, EUR 40 million remained unused at the end of the review period.

Return on equity for the review period was 6.3 (10.5) percent. Equity ratio was 38.8 (37.8) percent.

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 July and August. The number of business days has an effect on the revenue and earnings development, particularly when comparing quarterly performance. Revenue from public sector customers is distributed evenly with the exception of staffing services. Due to the seasonal nature of business, the required net working capital varies during the year. Variation is due to the timing of pension and VAT payments, vacation pay obligations and service fees related to occupational healthcare, etc.

Investments and acquisitions

Net investments* during the review period, including M&A, amounted to EUR 18.9 (29.5) million. The Group's net cash capital expenditure, excluding M&A, was EUR 16.5 (13.9) million and the corresponding non-cash capital expenditure EUR 1.9 (9.4) million. These investments consisted mainly of investments in IT system projects (including ERP and CRM), digital application and service development, medical equipment, and the network. The relative share of intangible investments in gross investments increased, whereas the share of tangible investments fell respectively.

In the first quarter of 2020, Terveystalo carried out one acquisition to supplement its business, acquiring the business of Varkauden Fysiokeskus Oy. No acquisitions were made in the second quarter.

* Net investments do not include the increases of right-of-use assets related to leases for business premises recognized on the balance sheet as a result of the adoption of IFRS 16.

Personnel

The number of Terveystalo's employed staff on June 30, 2020 was 8,079 (7,165). In person-years, the average number of staff was 5,000 (4,791). The number of private practitioners increased to 5,203 (5,000) at the end of the review period. The full-time temporary lay-off notices given concerned approximately 576 persons (12 856 calendar days in total) during the review period, and part-time lay-off notices concerned approximately 1 342 persons.

Employer/employee negotiations concerning the entire Group were completed on June 26, 2020. The negotiations concerned temporary lay offs only. As a result of the negotiations, employees may be temporarily laid off for a maximum of 90 days in those positions where work has temporarily decreased and/or the company's conditions for providing work have temporarily decreased. However, personnel costs will be adjusted as far as possible by other means, such as the freezing of replacement recruitments. Any temporary layoff notifications will be made by December 31, 2020.

Decisions of the Annual General Meeting 2020 and the first Board meeting

The Annual General Meeting of Terveystalo Plc was held on 28 May 2020 in Helsinki, Finland. The Annual General Meeting adopted the financial statements for the financial year 2019 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting approved the proposals of the Shareholders' Nomination Board and the Board of Directors without any changes.

The Annual General Meeting decided, in accordance with the proposal of the Board of Directors, that a dividend of EUR 0.13 per share (corresponding to approximately EUR 16.6 million calculated with the current number of shares) be distributed based on the balance sheet adopted for the financial year 2019. The Annual General Meeting also resolved to authorize the Board of Directors to decide in its discretion the dividend record and payment dates so that the dividend would be paid on 15 July 2020 at the latest.

On 30 June 2020, Terveystalo's Board of Directors decided that as per the decision made by the Annual General Meeting, a dividend of EUR 0.13 per share is distributed to a shareholder, who on the record date of 2 July 2020 is registered in the Company's shareholders' register maintained by Euroclear Finland Oy. The dividend was paid on 9 July 2020.

The number of members of the Board of Directors was confirmed to be seven (7). Dag Andersson, Lasse Heinonen, Kari Kauniskangas, Åse Aulie Michelet, Katri Viippola, and Tomas von Rettig were re-elected as members of the Board and Niko Morkkila was elected as a new member of the Board.

KPMG Oy Ab was re-elected as the Company's auditor and Henrik Holmbom, APA, will act as the principal auditor.

The Annual General Meeting authorized the Board of Directors to resolve on the repurchase or acceptance as pledge of the company's own shares using the unrestricted equity of the company.

The authorization covers a maximum of 12,803,653 own shares in total, which corresponds to approximately 10 percent of the company's currently registered shares.

The Annual General Meeting also authorized the Board of Directors to resolve on 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 of a maximum of 12,803,653 shares in total, which corresponds to approximately 10 percent of the company's currently registered shares. The authorization can be used for the financing or execution of acquisitions or other business arrangements, to strengthen the balance sheet and financial position of the company, for implementing share-based incentive plans or the payment of the annual remuneration payable to the members of the Board of Directors, or for other purposes as determined by the Board of Directors.

The Annual General Meeting authorized the Board of Directors to decide on donations of a total maximum of EUR 150,000 for charitable or corresponding purposes.

All of the authorizations will remain effective until the end of the Annual General Meeting 2021 and in any event no longer than June 30, 2021.

The new Board of Directors elected Kari Kauniskangas as its Chairman and Tomas von Rettig as its Vice-Chairman. The Board of Directors also elected members to the Board committees. Lasse Heinonen was elected Chairman of the Audit Committee and Tomas von Rettig and Niko Mokka were elected members. Kari Kauniskangas was elected Chairman of the Remuneration Committee and Dag Andersson, Åse Michelet and Katri Viippola were elected members of the Committee.

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 future outlook within the next 12 months. The list is not intended to be exhaustive.

- The global pandemic and the related restrictive measures may have a significant impact on consumer behavior, demand for healthcare services, and the company's expected financial development. The Emergency Powers Act and other regulations pertaining to emergency circumstances give the public sector the power to intervene in service production and even take private sector resources into public use if necessary.
- The restrictions complicate supply chain operations globally, which reduces the availability of the personal protective equipment necessary in service provision, among other things.
- 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.
- The development and implementation of information system projects and services, service products, and operating models involves risks. The company is gradually replacing its operating systems and support systems as well as creating new digital customer solutions, which increases the overall risk related to information systems. Risk management is an essential aspect of the systems integration and deployment processes.
- 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.
- The company may not be able to find suitable acquisition targets or expansion opportunities under favorable terms, and the integration of acquisition targets is not necessarily realized as planned.
- 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 decline in customer satisfaction.
- Endangered data security or privacy can lead to losses and claims for damages and endanger reputation.
- Corporate responsibility aspects are increasingly important for customers, such as ensuring the responsibility of the product supply chain, fair and equal treatment of employees, avoidance of corruption, and protection of the environment. Possible failures associated with corporate responsibility would mean negative publicity for Terveystalo and could cause operational and financial damage. Challenges related to Terveystalo's corporate responsibility work include communicating the corporate responsibility principles to the key stakeholders and ensuring the responsibility of the product and service supply chain.
- 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 at <https://www.terveystalo.com/en/investors/Corporate-governance/Risk-management-and-risks/> and in the company's Annual Review.

Briefing

Terveystalo will arrange a webcast in English on its result on August 6, 2020 starting at 11:00 EET.

You can watch the webcast online at: <https://terveystalo.videosync.fi/2020-q2-results>

To ask questions, please join the telephone conference 5–10 minutes prior to the start time using your local number (Finland: +358 981 710 310, Sweden: +46 856 642 651, UK: +44 33 3300 0804, US: +1 631 913 1422. If you are calling from another location, please use any of the numbers above. The Participant Passcode is 69590726#.

Helsinki, August 6, 2020

Terveystalo Plc

Board of Directors

For further information, please contact:

Ilkka Laurila, CFO

Tel. +358 30 633 1757

Kati Kaksonen, Director of Investor Relations and Corporate Responsibility

Tel. +358 10 345 2034

Kati.kaksonen@terveystalo.com

Distribution:

Nasdaq Helsinki Oy

Main media

www.terveystalo.com

Terveystalo in brief

Terveystalo is a listed company on the Helsinki Stock Exchange. Terveystalo is the largest healthcare service company in Finland with net sales and network. The company offers versatile primary and secondary healthcare services for corporate and private customers as well as the public sector. The nationwide network covers approximately 300 clinics across Finland, The clinic network is complemented by 24/7 digital services.

In 2019, Terveystalo had approximately 1.2 million individual customers and approximately 3.7 million visits to a physician. Of the 13,000 healthcare professionals working at Terveystalo, less than half are independent practitioners. Terveystalo's services carry the Key Flag symbol and the company is a member of the Association for Finnish Work. www.terveystalo.com

Condensed consolidated statement of income

EUR mill.	Note	4-6/2020	4-6/2019	Change, %	1-6/2020	1-6/2019	Change, %	2019
Revenue	4	209.2	258.6	-19.1	466.5	526.4	-11.4	1,030.7
Other operating income		0.5	0.4	36.3	1.4	0.7	91.5	2.1
Materials and services	5	-96.6	-119.2	-18.9	-216.6	-242.9	-10.8	-472.9
Employee benefit expenses	6	-72.3	-81.4	-11.1	-155.1	-161.7	-4.1	-314.3
Depreciation, amortisation and impairment losses		-22.7	-22.1	2.8	-45.5	-44.2	2.9	-89.8
Other operating expenses	7	-17.5	-19.7	-10.9	-37.3	-36.7	1.6	-74.4
Operating profit/loss		0.5	16.7	-97.1	13.5	41.6	-67.5	81.4
Financial income		0.1	0.0	78.4	0.1	0.1	49.5	0.3
Financial expenses		-2.3	-3.8	-37.6	-4.8	-7.3	-34.1	-14.7
Net finance income and expenses		-2.3	-3.7	-38.8	-4.7	-7.2	-35.1	-14.4
Share of result in associated companies		-0.1	-0.1	156.7	-0.2	-0.1	37.7	-0.2
Profit/loss before taxes		-1.9	12.9	-115.0	8.7	34.2	-74.7	66.8
Income tax expense	8	0.4	-2.5	-115.2	-1.4	-6.6	-78.9	-12.7
Profit/loss for the period		-1.5	10.3	-115.0	7.3	27.6	-73.7	54.1
Profit attributable to:								
Owners of the parent company		-1.5	10.4	-114.9	7.3	27.6	-73.7	54.2
Non-controlling interests		-0.0	-0.0	-94.3	-0.0	-0.0	-84.8	-0.1

Consolidated statement of comprehensive income

EUR mill.	Note	4-6/2020	4-6/2019	Change, %	1-6/2020	1-6/2019	Change, %	2019
Profit/loss for the period		-1.5	10.3	-115.0	7.3	27.6	-73.7	54.1
Total comprehensive income		-1.5	10.3	-115.0	7.3	27.6	-73.7	54.1
Total comprehensive income attributable to:								
Owners of the parent company		-1.5	10.4	-114.9	7.3	27.6	-73.7	54.2
Non-controlling interest		-0.0	-0.0	-94.3	-0.0	-0.0	-84.8	-0.1
Earnings per share for profit attributable to the shareholders of the parent company, in euro								
Basic earnings per share		-0.01	0.08		0.06	0.22		0.43
Diluted earnings per share		-0.01	0.08		0.06	0.22		0.43

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

Condensed consolidated statement of financial position

EUR mill.	Note	30 Jun 2020	30 Jun 2019	31 Dec 2019
ASSETS				
Non-current assets				
Property, plant and equipment	9	69.3	68.8	69.5
Right-of-use assets *	9, 11	180.1	198.4	193.2
Goodwill	10	779.7	775.0	779.2
Other intangible assets	10	155.4	162.1	161.9
Investment properties		0.5	0.6	0.5
Investments in associates		2.1	2.7	2.3
Loan receivables		0.5	0.0	0.3
Deferred tax assets		4.3	3.8	3.7
Total non-current assets		1,191.9	1,211.4	1,210.7
Current assets				
Inventories		7.9	5.7	5.6
Trade and other receivables		82.9	100.6	101.6
Cash and cash equivalents		90.2	42.6	40.6
Total current assets		181.0	149.0	147.8
Non-current assets held for sale		0.8	1.0	0.8
TOTAL ASSETS		1,373.6	1,361.3	1,359.3
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital		0.1	0.1	0.1
Invested non-restricted equity reserve		492.8	492.8	492.8
Treasury shares		-6.7	-6.7	-6.7
Retained earnings		46.3	28.1	55.1
Non-controlling interest		0.0	0.1	0.0
TOTAL EQUITY		532.5	514.4	541.2
Non-current liabilities				
Non-current financial liabilities		327.2	367.0	344.1
Non-current lease liabilities *	11	146.7	165.0	159.9
Deferred tax liabilities		27.8	31.7	30.3
Provisions		8.4	8.0	7.5
Other liabilities		9.4	8.8	9.7
Total non-current liabilities		519.4	580.5	551.5
Current liabilities				
Provisions		2.3	1.4	1.6
Trade and other payables		176.9	175.9	165.4
Dividend liabilities		16.5	-	-
Current tax liabilities		0.1	5.6	14.8
Current financial liabilities		86.8	46.1	46.7
Current lease liabilities *	11	39.0	37.4	38.1
Total current liabilities		321.7	266.5	266.6
TOTAL LIABILITIES		841.1	846.9	818.0
TOTAL EQUITY AND LIABILITIES		1,373.6	1,361.3	1,359.3

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

*) The presentation of statement of financial position has been changed and the comparison period has been restated respectively.

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 interests	Total equity
Equity 1 Jan 2020	0.1	492.8	-6.7	55.1	541.2	0.1	541.2
Comprehensive income							
Profit for the period	-	-	-	7.3	7.3	0.0	7.3
Transactions with owners							
Share-based payments	-	-	-	0.6	0.6	-	0.6
Dividend	-	-	-	-16.5	-16.5	-	-16.5
Equity 30 Jun 2020	0.1	492.8	-6.7	46.3	532.5	0.1	532.5

Equity attributable to owners of the parent company							
EUR mill.	Share capital	Invested non-restricted equity reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Equity 1 Jan 2019	0.1	518.2	-6.7	0.1	511.7	0.1	511.8
Comprehensive income							
Profit for the period	-	-	-	27.6	27.6	0.0	27.6
Transactions with owners							
Share-based payments	-	-	-	0.2	0.2	-	0.2
Equity repayment	-	-25.5	-	-	-25.5	-	-25.5
Other adjustments	-	-	-	0.2	0.2	-	0.2
Equity 30 Jun 2019	0.1	492.8	-6.7	28.1	514.3	0.1	514.4

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

Condensed consolidated statement of cash flows

EUR mill.	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Cash flows from operating activities					
Profit before income taxes	-1.9	12.9	8.7	34.2	66.8
Adjustments for					
Non-cash transactions					
Depreciation, amortisation and impairment losses	22.7	22.1	45.5	44.2	89.8
Change in provisions	-0.2	-0.6	1.6	-0.9	-1.2
Other non-cash transactions	-0.1	-0.7	-0.6	-1.3	-2.4
Gains and Losses on sale of property, plant, equipment and other changes	0.0	-0.2	-0.0	-0.2	0.0
Net finance expenses	2.3	3.7	4.7	7.2	14.4
Changes in working capital					
Trade and other receivables	16.4	10.0	15.9	-10.2	-7.9
Inventories	-1.9	0.2	-2.4	0.1	0.3
Trade and other payables	-1.0	2.3	11.7	26.6	17.7
Interest received	0.1	0.0	0.1	0.1	0.3
Income taxes paid	-0.4	-1.0	-16.4	-2.2	-4.1
Net cash from operating activities	35.9	48.6	68.8	97.7	173.6
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	-0.1	-4.6	-0.2	-5.7	-12.3
Acquisition of property, plant and equipment	-2.8	-3.9	-8.1	-6.9	-15.9
Acquisition of intangible assets	-4.5	-4.3	-8.6	-7.4	-17.7
Investments to associated companies	0.0	-	0.0	-0.5	-0.3
Proceeds from sale of available-for-sale financial assets	0.0	0.3	0.0	0.3	0.3
Acquisition of business operation, net of cash acquired	0.0	-	-0.2	-	-1.0
Loan receivables	-	-	-0.2	-	-0.3
Repayment of long term loans	-	-	-	-	0.2
Proceeds from sale of property, plant and equipment	0.2	-	0.2	-	0.1
Dividends received	0.0	0.0	-	0.0	0.1
Net cash from investing activities	-7.2	-12.5	-17.2	-20.1	-46.7
Cash flows from financing activities					
Proceeds from non-current borrowings	-	-	-	-	370.0
Repayment of non-current borrowings	-15.7	-10.7	-15.7	-10.7	-401.4
Proceeds from current borrowings	40.0	-	40.0	-	-
Repayment of current borrowings	-	-	-	-10.0	-10.0
Payment of lease liabilities	-9.4	-9.3	-18.8	-18.4	-37.1
Payment of hire purchase liabilities	-1.3	-0.9	-2.8	-2.1	-4.9
Interests and other financial expenses paid	-3.6	-3.9	-4.8	-5.2	-14.2
Equity repayment	-	-25.5	-	-25.5	-25.5
Net cash from financing activities	10.0	-50.3	-2.1	-71.8	-123.1
Net change in cash and cash equivalents	38.7	-14.2	49.5	5.8	3.8
Cash and cash equivalents at the beginning of the period	51.5	56.9	40.6	36.9	36.9
Cash and cash equivalents at the end of the period	90.2	42.6	90.2	42.6	40.6

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

Notes to the condensed consolidated interim financial statements

1. Basis of accounting principles

These interim financial statements are unaudited 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 2019. The accounting policies adopted are consistent with those of the annual financial statements for 2019. All presented figures have been rounded. Financial ratios have been calculated using exact figures.

2. Use of judgments and estimates and information about the COVID-19 outbreak on financial reporting

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 mainly the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2019.

To minimize the impacts of the epidemic, Terveystalo has sought to adjust its operations to the exceptional circumstances and safeguard the cash flow and profitability of the business by, for example, freezing service purchasing, re-evaluating investment needs, postponing the payment of dividends to the third quarter, agreed on additional financing of EUR 40 million, freezing replacement recruitment and temporarily laying off employees in positions where work has temporarily decreased and/or the company's conditions for providing work have temporarily decreased.

Due to the uncertainty caused by COVID-19 outbreak, Terveystalo has valued the associated knock-on effects to its financial reporting and estimates as described below. In this current situation, these estimates rely significantly to the judgments made by management.

Due to the uncertainty in the economic operating environment, the credit loss risk of trade receivables and the impairment risk of assets were assessed in light of the changed market outlook and latest forecasts in connection with the financial reporting on the second quarter. Terveystalo's analysis did not give any indications of asset impairment that would call for additional impairment testing. The risk of credit losses related to trade receivables was not found to have increased significantly and it was determined that there is no need to change the credit loss recognition principles.

The company's liquidity and financing situation has remained strong even in the exceptional circumstances. During the review period, the company fulfilled the covenant requirement included in the financing agreement that depicts relative indebtedness. Due to the prevailing uncertainty, Terveystalo has increased the notes on financing in its reporting on the second quarter. More information on the company's liquidity, assets, and liabilities as well as the maturity of loans is provided in Note 12.1-12.3.

3. Events after the reporting period

There are no reportable events after the reporting period.

4. Revenue

The Group's distribution of revenue is based on the customer types. The Group does not have customers whose revenue exceeds 10 percent of the Group's total revenue. Terveystalo offers its primary and outpatient secondary health care services to three distinct customer groups: corporate customers, private customers and public customers.

Corporate customers constitute Terveystalo's largest customer group. Terveystalo's corporate customers consist of the company's occupational health care customers, excluding municipal occupational health care customers. The company provides statutory occupational health services and other occupational health and well-being services for corporate customers of all sizes. Terveystalo is the largest provider of occupational healthcare services in Finland in terms of revenue and the number of end-users. Terveystalo provides occupational healthcare services for over 24,000 companies.

Private customers are Terveystalo's second-largest customer group. Private customers include private individuals and families. The company's strong brand, easy access to services without long waiting times, leading service portfolio for private customers, families, and senior citizens, and personalized digital services give Terveystalo a competitive edge over public health care services and encourage customers to invest in their own health. Services for private customers are paid for either by the customers themselves or by their insurance companies.

Terveystalo's public customer group is made up of Finnish public sector organizations, such as municipalities, municipal federations, and hospital districts, as well as municipal occupational health care customers. Terveystalo's broad nationwide platform, digital offering, good reputation, and established brand, as well as its thorough expertise and experience in health care services throughout the chain of care, make Terveystalo an attractive partner for the public sector. Terveystalo's services for public sector customers are mainly financed from budgets of municipalities, municipal federations, and hospital districts. The services offered to public sector customers include full and partial outsourcings, health care staffing services, specialized care services, other health care services, as well as occupational health care services for municipalities, municipal federations, and hospital districts.

Disaggregation of revenue

EUR mill.	4-6/2020	4-6/2019	Change, %	1-6/2020	1-6/2019	Change, %	2019
Corporate	87.1	108.6	-19.8	198.3	222.4	-10.8	432.5
Private	57.7	76.2	-24.3	137.7	155.9	-11.7	303.1
Public	64.4	73.8	-12.8	130.5	148.0	-11.9	295.1
<i>Outsourcing</i>	30.3	37.9	-19.9	59.2	76.1	-22.2	149.9
<i>Staffing services</i>	19.8	21.7	-8.7	41.3	43.3	-4.8	86.9
<i>Service sales, occupational health and others</i>	14.2	14.2	0.1	30.0	28.6	4.7	58.2
Total	209.2	258.6	-19.1	466.5	526.4	-11.4	1,030.7

5. Materials and services

EUR mill.	4-6/2020	4-6/2019	Change, %	1-6/2020	1-6/2019	Change, %	2019
Purchase of materials	-9.3	-7.7	20.0	-18.5	-16.2	14.1	-32.0
Change in inventories	2.1	-0.2	>-200.0	2.5	-0.1	>-200.0	-0.3
External services	-89.4	-111.3	-19.6	-200.5	-226.6	-11.5	-440.6
Total	-96.6	-119.2	-18.9	-216.6	-242.9	-10.8	-472.9

6. Employee benefit expenses

EUR mill.	4-6/2020	4-6/2019	Change, %	1-6/2020	1-6/2019	Change, %	2019
Salaries and fees	-61.6	-67.5	-8.8	-130.0	-134.4	-3.3	-261.2
Share-based payments	-0.3	-0.2	47.0	-0.6	-0.2	153.9	-0.7
Other personnel expenses	-10.5	-13.7	-23.3	-24.5	-27.1	-9.5	-52.5
Total	-72.3	-81.4	-11.1	-155.1	-161.7	-4.1	-314.3

7. Other operating expenses

EUR mill.	4-6/2020	4-6/2019	Change, %	1-6/2020	1-6/2019	Change, %	2019
Rents, leases and premises	-4.7	-4.0	16.9	-8.7	-7.8	12.4	-16.0
IT expenses	-6.0	-5.2	16.4	-12.3	-9.7	26.7	-21.1
Other operating expenses	-6.8	-10.4	-35.3	-16.2	-19.2	-15.5	-37.3
Total	-17.5	-19.7	-10.9	-37.3	-36.7	1.6	-74.4

8. Income taxes

Income taxes in the statement of income

EUR mill.	4-6/2020	4-6/2019	Change, %	1-6/2020	1-6/2019	Change, %	2019
Current tax for the reporting year	-0.8	-3.7	-77.5	-4.4	-7.0	-36.7	-15.6
Income taxes for prior periods	0.0	-0,0	>200.0	0.0	-0,0	>200.0	0.0
Deferred taxes	1.2	1.1	4.9	3.0	0.4	>200.0	2.8
Total income taxes	0.4	-2.5	-115.2	-1.4	-6.6	-78.9	-12.7

Deferred taxes have been calculated using the enacted tax rate of 20 %.

9. Property, plant and equipment and right-of-use assets

1-6/2020	Land and water, buildings and constructions	Right-of-use assets	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.						
Acquisition cost 1 Jan 2020	2.1	252.8	115.6	44.1	1.7	416.4
Additions	-	10.8	6.2	2.5	0.9	20.4
Disposals	-	-2.9	-0.3	-	-	-3.2
Acquisition cost 30 Jun 2020	2.1	260.7	121.5	46.6	2.7	433.6
Accumulated depreciation and impairment losses 1 Jan 2020	-1.1	-59.4	-74.3	-19.0	-	-153.8
Depreciation for the reporting period	-0.0	-21.0	-7.0	-2.5	-	-30.4
Accumulated depreciation and impairment losses 30 Jun 2020	-1.1	-80.4	-81.3	-21.5	-	-184.4
Carrying amount 1 Jan 2020	1.0	193.2	41.3	25.1	1.7	262.7
Carrying amount 30 Jun 2020	1.0	180.1	40.3	25.2	2.7	249.4

1-6/2019	Land and water, buildings and constructions	Right-of-use assets	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.						
Acquisition cost 1 Jan 2019	2.1	36.9	98.1	38.0	0.7	175.8
IFRS 16 implementation	-	199.8	-	-	-	199.8
Business combination	-	-	0.1	-	-	0.1
Additions	-	0.8	10.8	2.7	1.0	15.3
IFRS 16 transactions	-	-0.8	-	-	-	-0.8
Disposals	-	-	-0.3	-	-	-0.3
Acquisition cost 30 Jun 2019	2.1	236.7	108.7	40.7	1.7	390.0
Accumulated depreciation and impairment losses 1 Jan 2019	-0.8	-17.2	-60.2	-13.9	-	-92.1
Depreciation for the reporting period	-0.2	-1.8	-6.9	-2.5	-	-11.5
IFRS 16 depreciation	-	-19.1	-	-	-	-19.1
Impairment losses	-	-	-	-0.0	-0.0	-0.1
Accumulated depreciation and impairment losses 30 Jun 2019	-1.0	-38.1	-67.1	-16.4	-	-122.8
Carrying amount 1 Jan 2019	1.3	19.7	37.9	24.1	0.7	83.6
Carrying amount 30 Jun 2019	1.1	198.4	41.5	24.3	1.7	267.2

2019	Land and water, buildings and constructions	Right-of-use assets	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.						
Acquisition cost 1 Jan 2019	2.1	36.9	98.1	38.0	0.7	175.8
IFRS 16 implementation	-	199.8	-	-	-	199.8
Business combination	-	-	0.3	-	-	0.3
Additions	-	1.4	18.4	6.1	1.0	27.1
IFRS 16 transactions	-	14.9	-	-	-	14.9
Disposals	-	-	-1.3	-	-	-1.3
Acquisition cost 31 Dec 2019	2.1	252.8	115.6	44.1	1.7	416.2
Accumulated depreciation and impairment losses 1 Jan 2019	-0.8	-17.2	-60.2	-13.9	-	-92.1
Depreciation for the reporting period	-0.2	-3.9	-14.1	-4.8	-	-23.0
IFRS 16 depreciation	-	-38.3	-	-	-	-38.3
Impairment losses	-	-	-	-0.3	-	-0.3
Accumulated depreciation and impairment losses 31 Dec 2019	-1.1	-59.4	-74.3	-19.0	-	-153.8
Carrying amount 1 Jan 2019	1.3	19.7	37.9	24.1	0.7	83.6
Carrying amount 31 Dec 2019	1.1	193.2	41.3	25.1	1.7	262.7

10. Intangible assets

1-6/2020	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2020	847.2	153.7	82.9	61.0	1,144.9
Business combination	0.5	-	-	-	0.5
Additions	-	-	-	8.5	8.5
Disposals	-	-	-	-0.0	-0.0
Acquisition cost 30 Jun 2020	847.7	153.7	82.9	69.5	1,153.9
Accumulated amortisations and impairment losses 1 Jan 2020	-68.0	-79.5	-25.1	-31.1	-203.7
Amortisation for the reporting period	-	-8.9	-2.1	-4.1	-15.0
Accumulated amortisations and impairment losses 30 Jun 2020	-68.0	-88.4	-27.2	-35.2	-218.7
Carrying amount 1 Jan 2020	779.2	74.2	57.8	29.9	941.2
Carrying amount 30 Jun 2020	779.7	65.4	55.7	34.4	935.1

1-6/2019	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2019	836.7	149.5	82.9	42.7	1,111.7
Business combination	6.3	-	-	-	6.3
Additions	-	-	-	8.0	8.0
Acquisition cost 30 Jun 2019	843.0	149.5	82.9	50.7	1,126.0
Accumulated amortisations and impairment losses 1 Jan 2019	-68.0	-62.1	-21.0	-24.4	-175.4
Amortisation for the reporting period	-	-8.5	-2.1	-2.9	-13.5
Impairment losses	-	-	-	-0.1	-0.1
Accumulated amortisations and impairment losses 30 Jun 2019	-68.0	-70.6	-23.1	-27.3	-189.0
Carrying amount 1 Jan 2019	768.7	87.4	61.9	18.4	936.4
Carrying amount 30 Jun 2019	775.0	78.9	59.8	23.4	937.1

2019	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2019	836.7	149.5	82.9	42.7	1,111.7
Business combination	10.6	4.2	-	0.6	15.4
Additions	-	-	-	17.7	17.7
Acquisition cost 31 Dec 2019	847.2	153.7	82.9	61.0	1,144.8
Accumulated amortisations and impairment losses 1 Jan 2019	-68.0	-62.1	-21.0	-24.4	-175.4
Amortisation for the reporting period	-	-17.4	-4.1	-6.5	-28.0
Impairment losses	-	-	-	-0.3	-0.3
Accumulated amortisations and impairment losses 31 Dec 2019	-68.0	-79.5	-25.1	-31.1	-203.7
Carrying amount 1 Jan 2019	768.7	87.4	61.9	18.4	936.4
Carrying amount 31 Dec 2019	779.2	74.2	57.8	29.9	941.2

11. Right of-use-assets and leasing liabilities

1-6/2020 EUR mill.	Right -of-use assets	Lease liabilities
Carrying amount 1 Jan 2020	193.2	198.1
Transactions	7.9	7.9
Depreciation	-21.0	-
Payment of lease liabilities	-	-20.3
Carrying amount 30 Jun 2020	180.1	185.7

In 30 June 2020 lease liabilities EUR 167.3 million is due to the implementation of IFRS 16 and EUR 18.4 million is lease liability of previous standards.

1-6/2019 EUR mill.	Right -of-use assets	Lease liabilities
Opening balance 1 Jan 2019	219.5	222.5
Transactions	0.0	0.0
Depreciation	-21.1	-
Payment of lease liabilities	-	-20.1
Carrying amount 30 Jun 2019	198.4	202.4

In 30 June 2019 lease liabilities EUR 181.4 million is due to the implementation of IFRS 16 and EUR 21.0 million is lease liability of previous standards.

2019 EUR mill.	Right -of-use assets	Lease liabilities
Opening balance 1 Jan 2019	219.5	222.5
Transactions	16.0	16.1
Depreciation	-42.3	-
Payment of lease liabilities	-	-40.5
Carrying amount 31 Dec 2019	193.2	198.1

In 31 December 2019 lease liabilities EUR 178.7 million is due to the implementation of IFRS 16 and EUR 19.4 million is lease liability of previous standards.

12. Financing

12.1 Liquidity

EUR mill.	30 Jun 2020	31 Dec 2019
Cash and cash equivalents	90.2	40.6
Committed undrawn revolving facilities	48.0	48.0
Repayment of the interest-bearing liabilities in the following 12 months *	90.8	50.6
Liquidity	47.4	38.0

* Includes only the future repayments and interests of the loans from financial institutions and hire purchase liabilities.

Dividend liability of EUR 16.5 million recognized in short term liabilities was paid in July 2020.

12.2 Financial assets and liabilities – carrying amount and fair value and fair value hierarchy

EUR mill. 30 June 2020	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	0.5	-	0.5	0.5	Level 2
Current					
Trade receivables	-	71.1	71.1	71.1	Level 2
Cash and cash equivalents	-	90.2	90.2	90.2	Level 2
Total	0.5	161.2	161.7	161.7	
Financial liabilities					
Non-current					
Loans from financial institutions	-	316.0	316.0	316.0	Level 2
Hire purchase liabilities	-	11.1	11.1	11.1	Level 2
Lease liabilities	-	146.7	146.7	146.7	Level 2
Accrued additional purchase price liabilities	0.9	-	0.9	0.9	Level 3
Current					
Loans from financial institutions	-	81.4	81.4	81.4	Level 2
Hire purchase liabilities	-	5.3	5.3	5.3	Level 2
Lease liabilities	-	39.0	39.0	39.0	Level 2
Trade payables	-	40.5	40.5	40.5	Level 2
Accrued additional purchase price liabilities	0.9	-	0.9	0.9	Level 3
Interest rate derivatives	1.3	-	1.3	1.3	Level 2
Total	3.1	640.1	643.2	643.2	

EUR mill. 31 Dec 2019	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	0.0	0.3	0.3	Level 2
Current					
Trade receivables	-	90.1	90.1	90.1	Level 2
Cash and cash equivalents	-	40.6	40.6	40.6	Level 2
Total	0.3	130.7	131.0	131.0	
Financial liabilities					
Non-current					
Loans from financial institutions	-	331.6	331.6	331.6	Level 2
Hire purchase liabilities	-	12.5	12.5	12.5	Level 2
Lease liabilities	-	159.9	159.9	159.9	Level 2
Accrued additional purchase price liabilities	1.2	-	1.2	1.2	Level 3
Current					
Loans from financial institutions	-	41.5	41.5	41.5	Level 2
Hire purchase liabilities	-	5.2	5.2	5.2	Level 2
Lease liabilities	-	38.1	38.1	38.1	Level 2
Trade payables	-	38.5	38.5	38.5	Level 2
Accrued additional purchase price liabilities	1.2	-	1.2	1.2	Level 3
Interest rate derivatives	1.4	-	1.4	1.4	Level 2
Total	3.8	627.3	631.2	631.2	

12.3 Maturity analysis of liquidity risk

30 Jun 2020

EUR mill.	Carrying amount	Contractual cash flows	1 year	1–2 years	2–5 years	Over 5 years
Loans from financial institutions	397.5	411.2	85.3	44.5	281.4	-
Lease liabilities	185.7	197.5	42.0	36.9	77.3	41.3
Hire purchase liabilities	16.5	17.0	5.5	4.8	6.7	-
Trade payables	40.5	40.5	40.5	-	-	-
Interest rate derivatives	1.3	1.4	0.5	0.5	0.4	-
Total	641.4	667.6	173.8	86.7	365.8	41.3

31 Dec 2019

EUR mill.	Carrying amount	Contractual cash flows	1 year	1–2 years	2–5 years	Over 5 years
Loans from financial institutions	373.1	388.4	45.1	44.7	298.6	-
Lease liabilities	198.1	215.0	42.3	37.9	82.0	52.8
Hire purchase liabilities	17.7	18.0	5.5	4.8	7.8	-
Trade payables	38.5	38.5	38.5	-	-	-
Interest rate derivatives	1.4	1.7	0.5	0.5	0.6	-
Total	628.8	661.7	131.9	88.0	389.0	52.8

13. Business combinations

During the six months ended 30 June 2020, the Group has made one business acquisition.

On 31 March 2020 Suomen Terveystalo Oy acquired the business from Varkauden fysiokeskus as an asset deal. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 0.1 million. The contingent consideration is tied to the sales during the next 36 months period, starting from the acquisition date.

Net debt related purchase price of Etelä-Karjalan Työkunto Oy, acquired in financial year 2019, realized during the first quarter of 2020.

The following table summarizes the acquisition date fair values of the considerations transferred. The following table is partially preliminary.

Consideration transferred

EUR mill.	
Cash	0.3
Contingent consideration	0.1
Total consideration transferred	0.4

Goodwill	0.4
-----------------	------------

As a result of these business combinations, a preliminary goodwill amounting to EUR 0.4 million was recognized. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is tax deductible as far as it is related to asset deals

The Group has incurred acquisition-related expenses of EUR 11 thousand related to transfer tax caused by the transaction, and related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

The contributed recognized revenue from this acquisition during the first half of 2020 was EUR 52 thousand.

If the acquisition had occurred on 1 January 2020, management estimates that the Group's consolidated revenue in first half year 2020 would have been EUR 466.7 million and the consolidated result would have been EUR 7.3 million.

Year 2019

During the six months ended 30 June 2019, the Group made three business acquisitions.

On 31 January 2019 Terveystalo Healthcare Oy acquired 100 percent of the shares of Länsi-Vantaan Hammaslääkärit Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 0.5 million. The contingent consideration is tied to the sales during the next 36 months period, starting from the acquisition date.

On 29 March 2019 Terveystalo Healthcare Oy acquired 100 percent of the shares of Kajaanin OMT-Fysioterapia Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards.

The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 0.1 million. The contingent consideration is tied to the sales during the next 36 months period, starting from the acquisition date.

On 28 June 2019 Terveystalo Healthcare Oy acquired 100 percent of the shares of Etelä-Karjalan Työkunto Oy. A goodwill amounting EUR 4.1 million has been recognized.

The following table summarizes the acquisition date fair values of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition. The statement of financial position of acquired companies has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect. The information has been consolidated, because the acquisitions are not material individually.

Consideration transferred

EUR mill.	
Cash	5.8
Contingent consideration	0.6
Total consideration transferred	6.4

Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	0.4
Intangible assets	0.0
Property, plant and equipment	0.1
Inventories	0.1
Trade and other receivables	0.1
Trade and other payables	-0.2
Total identifiable net assets acquired	0.5

Goodwill	5.9
-----------------	------------

As a result of these business combinations, a goodwill amounting to EUR 5.9 million was recognized. The goodwill is attributable to skills of the workforce and synergies expected to be achieved.

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 non-significant.

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

The contributed recognized revenue from these acquisitions during the first quarter of 2019 was EUR 0.9 million and the result was EUR 0.0 million.

If the acquisition had occurred on 1 January 2019, management estimates that the Group's consolidated revenue in the first half year of 2019 would have been EUR 529.2 million and the consolidated result would have been EUR 27.6 million.

14. Group's key financial ratios

Terveystalo Group, EUR mill.	4-6/2020	4-6/2019	Change, %	1-6/2020	1-6/2019	Change, %	2019
Revenue	209.2	258.6	-19.1	466.5	526.4	-11.4	1,030.7
Adjusted EBITDA, * ¹⁾	24.0	40.9	-41.4	62.2	88.7	-29.9	176.3
Adjusted EBITDA, % * ¹⁾	11.5	15.8	-	13.3	16.9	-	17.1
EBITDA ^{1) 2)}	23.2	38.7	-40.2	59.1	85.8	-31.2	171.2
EBITDA, % ¹⁾	11.1	15.0	-	12.7	16.3	-	16.6
Adjusted EBITA * ¹⁾	8.8	25.9	-66.0	31.7	58.3	-45.6	115.1
Adjusted EBITA, % * ¹⁾	4.2	10.0	-	6.8	11.1	-	11.2
EBITA ¹⁾	8.0	23.7	-66.2	28.6	55.4	-48.4	110.0
EBITA, % ¹⁾	3.8	9.2	-	6.1	10.5	-	10.7
Adjusted operating profit (EBIT) * ¹⁾	1.3	18.8	-93.2	16.6	44.5	-62.6	86.5
Adjusted operating profit (EBIT), % * ¹⁾	0.6	7.3	-	3.6	8.4	-	8.4
Operating profit (EBIT)	0.5	16.7	-97.1	13.5	41.6	-67.5	81.4
Operating profit (EBIT), %	0.2	6.4	-	2.9	7.9	-	7.9
Return on equity (ROE), % ¹⁾	-	-	-	6.3	10.5	-	10.3
Equity ratio, % ¹⁾	-	-	-	38.8	37.8	-	39.9
Earnings per share (€)	-0.01	0.08	-	0.06	0.22	-	0.43
Gearing, % ¹⁾	-	-	-	95.7	111.4	-	101.3
Net debt/Adjusted EBITDA (LTM) ^{1) 2)}	-	-	-	3.4	4.1	-	3.1
Total assets	-	-	-	1,373.6	1,361.3	0.9	1,359.3
Average personnel FTE	-	-	-	5,000	4,791	4.4	4,943
Personnel (end of period)	-	-	-	8,079	7,165	12.8	8,685
Private practitioners (end of period)	-	-	-	5,203	5,000	4.1	5,068

* Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses, restructuring related expenses, gain / losses on sale of assets (net), 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 substitute to the measures under IFRS.

²⁾ The reference period includes only six months of Attendo Healthcare Services' result.

15. 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 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 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.

$$\text{Return on equity, \%} = \frac{\text{Profit/loss for the period (LTM)}}{\text{Equity (including non-controlling interest) (average)}} \times 100\%$$

$$\text{Equity ratio, \%} = \frac{\text{Equity (including non-controlling interest)}}{\text{Total assets - advances received}} \times 100\%$$

$$\text{Gearing, \%} = \frac{\text{Interest-bearing liabilities - interest-bearing receivables and cash and cash equivalents}}{\text{Equity}} \times 100\%$$

$$\text{Net debt/Adjusted EBITDA (LTM) *} = \frac{\text{Interest-bearing liabilities - interest-bearing receivables and cash and cash equivalents}}{\text{Adjusted EBITDA (LTM)}}$$

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.

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

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

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

$$\text{Adjusted EBITA, \%}^* = \frac{\text{Earnings Before Interest, Taxes, Amortisation, impairment losses and adjustments}}{\text{Revenue}} \times 100\%$$

$$\text{Adjusted operating profit (EBIT)}^* = \text{Earnings Before Interest, Taxes and Share of profits in associated companies, and adjustments}$$

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%

* Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses, restructuring related expenses, gain/losses on sale of assets (net), strategic projects and other items affecting comparability.

16. Reconciliation of alternative performance measures

Return on equity, %	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Profit/loss for the period (LTM)	-	-	33.8	53.7	54.1
Equity (including non-controlling interest) (average)	-	-	536.9	513.5	526.5
Return on equity, %	-	-	6.3	10.5	10.3

Equity ratio, %	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Equity (including non-controlling interest)	-	-	532.5	514.4	541.2
Total assets	-	-	1,373.6	1,361.3	1,359.3
Advances received	-	-	1.5	1.5	1.5
Equity ratio, %	-	-	38.8	37.8	39.9

Gearing, %	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Interest-bearing liabilities	-	-	599.7	615.5	588.8
Interest-bearing receivables and cash and cash equivalents	-	-	90.2	42.6	40.6
Equity	-	-	532.5	514.4	541.2
Gearing, %	-	-	95.7	111.4	101.3

Net debt/Adjusted EBITDA (LTM)	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Interest-bearing liabilities	-	-	599.7	615.5	588.8
Interest-bearing receivables and cash and cash equivalents	-	-	90.2	42.6	40.6
Adjusted EBITDA (LTM)	-	-	149.8	141.3	176.3
Net debt/Adjusted EBITDA (LTM)	-	-	3.4	4.1	3.1

Adjusted EBITDA, EUR mill.	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Profit (loss) for the period	-1.5	10.3	7.3	27.6	54.1
Income tax expense	-0.4	2.5	1.4	6.6	12.7
Share of profits in associated companies	0.1	0.1	0.2	0.1	0.2
Net finance expenses	2.3	3.7	4.7	7.2	14.4
Depreciation, amortisation and impairment losses	22.7	22.1	45.5	44.2	89.8
Adjustments*	0.8	2.2	3.1	2.9	5.1
Adjusted EBITDA	24.0	40.9	62.2	88.7	176.3

Adjusted EBITDA, %	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Adjusted EBITDA	24.0	40.9	62.2	88.7	176.3
Revenue	209.2	258.6	466.5	526.4	1,030.7
Adjusted EBITDA, %	11.5	15.8	13.3	16.9	17.1

Adjusted EBITA, EUR mill.	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Profit (loss) for the period	-1.5	10.3	7.3	27.6	54.1
Income tax expense	-0.4	2.5	1.4	6.6	12.7
Share of profits in associated companies	0.1	0.1	0.2	0.1	0.2
Net finance expenses	2.3	3.7	4.7	7.2	14.4
Amortisation and impairment losses	7.5	7.1	15.1	13.9	28.6
Adjustments*	0.8	2.2	3.1	2.9	5.1
Adjusted EBITA	8.8	25.9	31.7	58.3	115.1

Adjusted EBITA, %	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Adjusted EBITA	8.8	25.9	31.7	58.3	115.1
Revenue	209.2	258.6	466.5	526.4	1,030.7
Adjusted EBITA, %	4.2	10.0	6.8	11.1	11.2

Adjusted operating profit (EBIT), EUR mill.	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Profit (loss) for the period	-1.5	10.3	7.3	27.6	54.1
Income tax expense	-0.4	2.5	1.4	6.6	12.7
Share of profits in associated companies	0.1	0.1	0.2	0.1	0.2
Net finance expenses	2.3	3.7	4.7	7.2	14.4
Adjustments*	0.8	2.2	3.1	2.9	5.1
Adjusted operating profit (EBIT)	1.3	18.8	16.6	44.5	86.5

Adjusted operating profit, (EBIT), %	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Adjusted operating profit (EBIT)	1.3	18.8	16.6	44.5	86.5
Revenue	209.2	258.6	466.5	526.4	1,030.7
Adjusted operating profit (EBIT), %	0.6	7.3	3.6	8.4	8.4

EBITDA, EUR mill.	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Profit (loss) for the period	-1.5	10.3	7.3	27.6	54.1
Income tax expense	-0.4	2.5	1.4	6.6	12.7
Share of profits in associated companies	0.1	0.1	0.2	0.1	0.2
Net finance expenses	2.3	3.7	4.7	7.2	14.4
Depreciation, amortisation and impairment losses	22.7	22.1	45.5	44.2	89.8
EBITDA	23.2	38.7	59.1	85.8	171.2

EBITDA, %	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
EBITDA	23.2	38.7	59.1	85.8	171.2
Revenue	209.2	258.6	466.5	526.4	1,030.7
EBITDA, %	11.1	15.0	12.7	16.3	16.6

EBITA, EUR mill.	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Profit (loss) for the period	-1.5	10.3	7.3	27.6	54.1
Income tax expense	-0.4	2.5	1.4	6.6	12.7
Share of profits in associated companies	0.1	0.1	0.2	0.1	0.2
Net finance expenses	2.3	3.7	4.7	7.2	14.4
Amortisation and impairment losses	7.5	7.1	15.1	13.9	28.6
EBITA	8.0	23.7	28.6	55.4	110.0

EBITA, %	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
EBITA	8.0	23.7	28.6	55.4	110.0
Revenue	209.2	258.6	466.5	526.4	1,030.7
EBITA, %	3.8	9.2	6.1	10.5	10.7

Operating profit (EBIT), EUR mill.	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Profit (loss) for the period	-1.5	10.3	7.3	27.6	54.1
Income tax expense	-0.4	2.5	1.4	6.6	12.7
Share of profits in associated companies	0.1	0.1	0.2	0.1	0.2
Net finance expenses	2.3	3.7	4.7	7.2	14.4
EBIT	0.5	16.7	13.5	41.6	81.4

Operating profit, (EBIT), %	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
EBIT	0.5	16.7	13.5	41.6	81.4
Revenue	209.2	258.6	466.5	526.4	1,030.7
EBIT, %	0.2	6.4	2.9	7.9	7.9

Adjustments*, EUR mill.	4-6/2020	4-6/2019	1-6/2020	1-6/2019	2019
Acquisition related expenses ¹⁾	0.1	1.7	0.2	2.1	3.3
Restructuring related expenses ²⁾	0.6	0.1	1.0	0.3	0.7
Gain / losses on sale of asset, net	-0.1	0.3	-0.1	0.3	0.3
Strategic projects and other items affecting to comparability	0.1	0.1	2.0	0.2	0.8
Adjustments	0.8	2.2	3.1	2.9	5.1

* Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses, restructuring related expenses, gain /losses on sale of assets (net), strategic projects and other items affecting comparability.

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

²⁾ Including restructuring of network and business operations.

17. Collateral and other contingent liabilities

EUR mill.	30 Jun 2020	30 Jun 2019	31 Dec 2019
Business mortgages	-	0.5	0.6
Total	-	0.5	0.6
Securities for own debts			
Deposits	0.2	0.2	0.2
Guarantees	0.7	1.1	0.9
Total	0.9	1.3	1.0