



TERVEYSTALO GROUP HALF-YEAR REPORT

JANUARY 1 – JUNE 30, 2021

STRONG GROWTH IN REVENUE AND PROFIT COMPARED TO LOCKDOWN-INFLUENCED REFERENCE PERIOD

April–June 2021 in brief

- Revenue increased by 31.6 percent year-on-year¹⁾ to EUR 275.3 (209.2) million.
- Adjusted²⁾ earnings before interest, taxes, and amortization (EBITA) increased to EUR 29.5 (8.8) million, representing 10.7 (4.2) percent of revenue.
- Adjusted items affecting comparability were EUR 0.8 (0.8) million.
- Profit for the period was EUR 16.2 million (-1.5).
- Earnings per share (EPS) were EUR 0.13 (-0.01).
- Cash flow from operating activities was EUR 47.3 (35.9) million.
- Acquisition of Feelgood Svenska AB (publ) proceeded according to expectations³⁾

January–June 2021 in brief

- Revenue increased by 18.7 percent year-on-year to EUR 554.0 (466.5) million.
- Adjusted²⁾ earnings before interest, taxes, and amortization (EBITA) increased to EUR 67.7 (31.7) million, representing 12.2 (6.8) percent of revenue.
- Adjusted items affecting comparability were EUR 1.0 (3.1) million.
- Profit for the period was EUR 40.1 (7.3) million.
- Earnings per share (EPS) were EUR 0.32 (0.06).
- Net debt/adjusted EBITDA was 2.7 (3.4).
- Cash flow from operating activities was EUR 78.4 (68.8) million.

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

1) The figures for the comparison period were significantly affected by the first wave of the COVID-19 pandemic and the related restrictions introduced in late March 2020. Compared to the second quarter of 2019, revenue increased by 6.5% (4–6/2019: EUR 258.6 million) and adjusted EBITA increased by 13.9% (4–6/2019: EUR 25.9 million)

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

3) Feelgood has been consolidated in the balance sheet and personnel numbers for the reporting period and in the consolidated financial statements from the end of June 2021. There was no P&L impact for the reporting period, H1/21.

CEO Ville Iho

The demand for healthcare services continued to recover in the second quarter and the demand for appointments showed growth from the pre-pandemic period. In particular, visits from private customers increased. Booking rates for appointments have risen month by month. Terveystalo's revenue for the second quarter grew by 32% compared to the weak reference period, to EUR 275.3 (209.2) million, and our business developed favorably in all customer groups. Services related to COVID-19 continued to increase revenue as COVID-19 testing volumes remained at a higher-than-anticipated level and vaccination volumes grew. Our profitability improved significantly from the previous year; adjusted EBITA increased to EUR 29.5 (8.8) million. The comparison period in 2020 was very challenging due to the first wave of COVID-19, which explains the exceptionally high growth rates for the past quarter. Revenue and EBITA both also increased compared to the comparison period in 2019; revenue by 6.5% and adjusted EBITA by 13.9%.

Trends driven by the corona pandemic were clearly reflected in the second-quarter sales mix. The number of appointments conducted via digital channels increased by 68% year-on-year to approximately 246,000 appointments. Revenue from well-being services increased by 41%, especially due to strong demand for mental well-being, nutrition therapy and physiotherapy services. The share of laboratory services in the sales mix remained strong, while the low number of acute infections meant that the volume of general practitioners' appointments remained substantially below normal.

Terveystalo is the clear market leader in occupational health services in the Nordics, and we have made long-term investments in occupational health processes, services and digital tools. The acquisition of Feelgood, which is one of the leading occupational healthcare companies in Sweden, represents a perfect first step for us in scaling our occupational healthcare capabilities beyond Finland's borders. We completed the Feelgood acquisition process in early August and will now start working together on integration and drawing up a detailed business plan in Sweden. With an almost doubled customer base and our complementary occupational healthcare capabilities, we can create added value for our customers and professionals while also improving operational efficiency. Our goal is to develop the Swedish occupational healthcare market and grow both organically and through additional acquisitions. We also see potential for expanding the range of services in the Swedish market towards more integrated chains of care.

In the consumer business, we aim to accelerate our growth and further strengthen our leadership position. To accomplish these goals, we are developing a personalized and engaging customer experience and convenient use of services. Furthermore, we invest in the broad availability of leading expertise in our chosen specialties, and developing new service products that suit the various life stages of our customers. In May, we launched a strongly digital Children's Terveystalo to serve families with children better, more comprehensively, and in an increasingly child-friendly manner. Remote appointments are a key element of the Children's Terveystalo service package. The concept has been received very well by both families with children and pediatricians. Revenue of our services for children increased significantly during the second quarter. We will expand the Children's Terveystalo concept to 13 new units in the autumn in addition to the 6 units launched earlier. On the consumer side, we have also invested heavily in the development and marketing of a personalized, digital service experience. The results of these efforts are reflected, among other things, in the growth of number of visits to terveystalo.com, the higher self-service rates in the booking phase, and in the improved conversion rate of services.

The Government's proposal on the reform of social and healthcare services was approved by the Parliament at the end of June. Under the proposal, the responsibility for the organization of social and healthcare services will be transferred to the 21 well-being services counties to be established and the City of Helsinki. As a result of these reforms, some of Terveystalo's outsourcing agreements for public services will need to be renegotiated so that the new contractual terms will enter into force at the beginning of 2026 at the latest. Furthermore, there will be restrictions on the subcontracting practices for public services produced as outsourced services, but these will not have a significant impact on Terveystalo. It is clear that there is demand in the publicly funded markets under the new SOTE model, services will adapt to the new legislation and high-quality supply will continue to find demand.

Indeed, we see a number of promising growth opportunities in public customer relationships that will enable us to leverage our expertise, customer insight, and extensive network. Terveystalo's overall service sales have seen strong growth throughout the pandemic and cooperation with the public sector has become increasingly effective. The number of open tenders for outsourcing agreements is also currently at a good level. We have been successful in several tenders, the latest of which is the launch of a partnership in the service production of Kannelmäki health center in Helsinki. This is the City of Helsinki's first service purchase decision concerning a health center. Operations in Kannelmäki will start this fall. This represents a very important partnership for Terveystalo, which also enables us to pursue the development of our Health Center of the Future concept.

Our most important task is still to provide measured quality care at a reasonable cost - whether it is promoting well-being, preventing diseases or treating them. We can invest in new solutions and quickly upgrade our operations to meet changing customer needs. One important enabler for this is the ISO 13485 certificate we recently received for our software development as the first Finnish health service company. With our investments, we improve the productivity of operations and the value of our services to the customer. Our actions encourage the renewal of all healthcare to improve people's quality of life and well-being. As a forerunner in the industry, we are also the best possible partner for the public sector.

We at Terveystalo work towards a future where more and more people have fast and unhindered access to healthcare and well-being services.

Toward a better tomorrow,
Ville Iho

Outlook

- The market environment is normalizing, but predicting demand continues to be challenging in the short term.
- Demand for COVID-19 related services is expected to remain active during the second half of the year, and the demand for healthcare services in general is expected to grow clearly year-on-year.
- Demand from corporate customers for preventive and statutory occupational health services is expected to develop favorably. The recovery of demand for acute and non-urgent medical care is uncertain due to the reduction in general morbidity and the restrictions introduced in response to the pandemic. Significant changes in the employment rate may be reflected in the underlying demand.
- In the private customer segment, overall demand is expected to develop favorably and grow substantially year-on-year. However, there may be considerable differences between specialties and regions in the short term due to variation in general morbidity and regional restrictions related to the pandemic. Demand for remote services is expected to increase further. Significant changes in consumer confidence may be reflected in the underlying demand.
- Demand from the public sector is expected to remain strong in occupational health, service sales, and staffing services. Revenue from the outsourcing business is expected to remain stable.

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

During the second quarter of 2021, Terveystalo's service production was again characterized by various COVID-19-related services as well as well-being and digital services, which saw significant year-on-year growth in demand.

The company's liquidity and financing situation has remained strong. During the review period, the company fulfilled the covenant requirement included in the financing agreement that reflects relative indebtedness. Due to the prevailing uncertainty, Terveystalo continues the increased reporting of explanatory financial information on the company's liquidity, assets, and liabilities as well as the maturity of loans in Note 13.

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 phase 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.

Terveystalo Group, MEUR	4-6/ 2021	4-6/ 2020	Change, %	1-6/ 2021	1-6/ 2020	Change, %	2020
Revenue	275.3	209.2	31.6	554.0	466.5	18.7	986.4
Adjusted EBITDA, * ¹⁾	45.0	24.0	87.8	98.3	62.2	58.2	162.8
Adjusted EBITDA, % * ¹⁾	16.4	11.5	-	17.8	13.3	-	16.5
EBITDA ¹⁾	44.2	23.2	90.6	97.4	59.1	64.9	158.3
EBITDA, % ¹⁾	16.0	11.1	-	17.6	12.7	-	16.1
Adjusted EBITA * ¹⁾	29.5	8.8	>200.0	67.7	31.7	113.3	101.9
Adjusted EBITA, % * ¹⁾	10.7	4.2	-	12.2	6.8	-	10.3
EBITA ¹⁾	28.7	8.0	>200.0	66.7	28.6	133.1	97.4
EBITA, % ¹⁾	10.4	3.8	-	12.0	6.1	-	9.9
Adjusted EBIT * ¹⁾	23.6	1.3	>200.0	56.0	16.6	>200.0	71.6
Adjusted EBIT, % * ¹⁾	8.6	0.6	-	10.1	3.6	-	7.3
EBIT	22.8	0.5	>200.0	55.0	13.5	>200.0	67.2
EBIT, %	8.3	0.2	-	9.9	2.9	-	6.8
Return on equity (ROE), % ¹⁾	-	-	-	13.3	6.3	-	8.2
Equity ratio, % ¹⁾	-	-	-	42.9	38.8	-	42.1
Earnings per share (EUR)	0.13	-0.01	>200.0	0.32	0.06	>200.0	0.36
Net debt	-	-	-	529.4	509.5	3.9	490.9
Gearing, % ¹⁾	-	-	-	87.0	95.7	-	85.9
Net debt/adjusted EBITDA (last 12 months) ¹⁾	-	-	-	2.7	3.4	-	3.0
Total assets	-	-	-	1,419.0	1,373.6	3.3	1,361.0
Adjusted EBITDA (last 12 months), excluding IFRS 16* ¹⁾	-	-	-	153.8	104.9	46.6	118.0
Net debt, excluding IFRS 16	-	-	-	347.2	323.8	7.2	312.4
Adjusted net debt/adjusted EBITDA (last 12 months), excluding IFRS 16* ¹⁾	-	-	-	2.3	3.1	-	2.6
Average personnel in person-years	-	-	-	5,365	5,000	7.3	4,900
Personnel (end of period)	-	-	-	9,306	8,079	15.2	8,253
Private practitioners (end of period)	-	-	-	5,159	5,203	-0.8	5,057
Responsibility							
Quality index ²⁾				94.8	94.5	0.3	94.2
Net Promoter Score (NPS), appointments				83.4	82.8	0.7	82.8
Employee Net Promoter Score (eNPS)				18	19	-5.3	18
Mixed waste intensity ³⁾				6.21	5.06	22.6	6.00

*) Adjustments are material items outside the ordinary course of business, associated with acquisition-related expenses, restructuring-related expenses, gain 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 quality index consists of seven effectiveness indicators that describe the clinical and experienced quality, access to care, and the proportion of preventive care.

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

Operating environment

The COVID-19 pandemic continued to influence the Finnish healthcare market in the review period. While the demand for healthcare picked up, visits related to acute infections remained at a level that was substantially lower than normal. Privately produced healthcare services were more focused than before on remote appointments, while the demand for COVID-19 testing remained fairly high. The distribution of COVID-19 vaccines began in late 2020 and the mass vaccinations of the

working-age population started in May 2021. To date, approximately 65% of Finns have received their first COVID-19 vaccination and 35% of the population has received two doses.

The duration and extent of the impacts of COVID-19 on the demand for private healthcare services depend largely on the development of the pandemic and its impacts on consumer behavior and employment. The contraction of non-urgent care in the private and public healthcare sectors during the period when restrictions have been in place has resulted in a significant treatment gap in other illnesses. The clearing of the queues for non-urgent care in the public sector will require more extensive use of private healthcare services in the aftercare of the pandemic. According to the Finnish Institute for Health and Welfare (THL), 134,465 patients were waiting for treatment by the hospitals operated by the hospital districts at the end of April 2021. Of those waiting for treatment, 6,127 (4.6%) had been waiting for non-urgent specialized care for more than six months. This represents a decrease of nearly 1,500 patients compared to the end of December. While the situation has improved compared to the end of 2020, it is still considerably worse than before the COVID-19 pandemic.

The Government's proposal on the reform of social and healthcare services was approved by the Parliament at the end of June. Under the proposal, the responsibility for the organization of social and healthcare services will be transferred to the 21 well-being services counties to be established and the City of Helsinki. As a result of these reforms, some of Terveystalo's outsourcing agreements for public services will need to be renegotiated so that the new contractual terms will enter into force at the beginning of 2026 at the latest. Furthermore, there will be restrictions on the subcontracting practices for public services produced as outsourced services, but these will not have a significant impact on Terveystalo.

With the most extensive network of clinics and hospitals as well as its 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 crisis has passed.

Revenue

Revenue for the second quarter increased by 31.6% year-on-year to EUR 275.3 (209.2) million. The figures for the comparison period, i.e. the second quarter of 2020, were significantly affected by the first wave of the COVID-19 pandemic and the related restrictions that began in March 2020.

Revenue increased in all customer groups compared to the weak reference period. Revenue from corporate customers increased by 34.9% due to the increased demand for preventive occupational health services and sales of COVID-19 testing services to corporate customers. Revenue from private customers increased by 44.0%. This was mainly driven by COVID-19-related services, the growth of well-being services and services relating to some specialties. Revenue from public sector customers increased by 15.9%. Occupational health services provided to public sector customers grew substantially, as did revenue from service sales. Revenue from the outsourcing business decreased slightly due to the expiry of outsourcing contracts at the end of 2020. Revenue from insurance companies developed favorably. The number of appointments associated with various infections were still at a lower level than usual, but they nevertheless grew slightly year-on-year. The demand for appointments with specialists continued to recover. Revenue from surgical operations and imaging services developed favorably, although the number of visits was still slightly lower than before the pandemic. The demand for well-being services remained strong, with revenue increasing by 41% to EUR 28.3 (20.1) million. The number of digital remote appointments grew by 68% to approximately 246,000 (146,000) appointments. A total of approximately 112,000 COVID-19 tests* were performed during the second quarter. Acquisitions did not have a material effect on the development of revenue. There were 61 (60) business days in April–June, which is one day more than in the reference period.

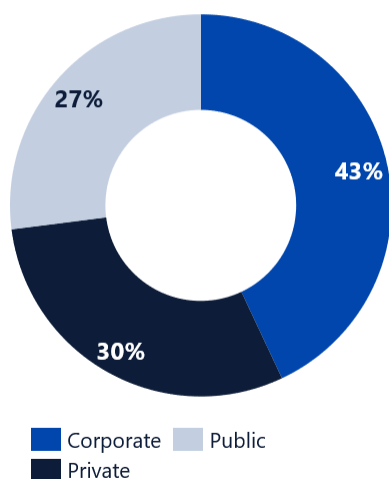
Revenue in January–June increased by 18.7% year-on-year and amounted to EUR 554.0 (466.5) million.

**Excludes sample taking services*

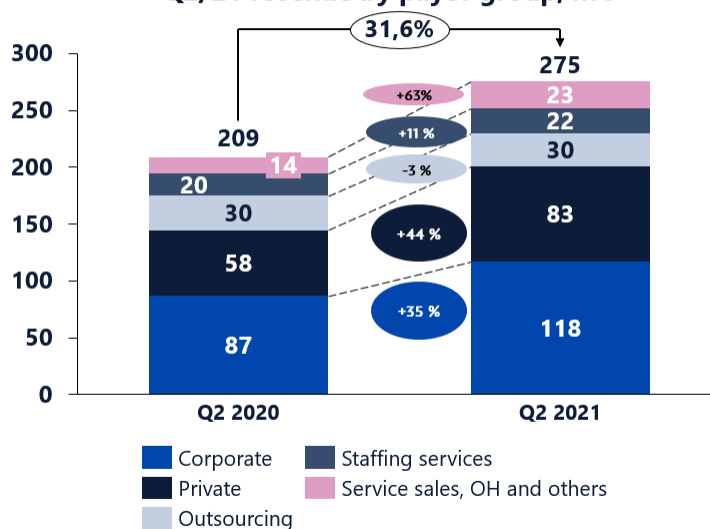
MEUR	4-6/ 2021	4-6/ 2020	Change, %	1-6/ 2021	1-6/ 2020	Change, %	2020
Corporate customers	117,5	87,1	34,9 %	240,9	198,3	21,5	418,8
Private customers	83,1	57,7	44,0 %	165,0	137,7	19,8	295,4
Public sector customers	74,7	64,4	15,9 %	148,0	130,5	13,4	272,2
<i>Outsourcing</i>	29,5	30,3	-2,9 %	58,7	59,2	-0,9	121,4
<i>Staffing services</i>	22,1	19,8	11,2 %	43,1	41,3	4,5	83,1
<i>Service sales, occupational health and others</i>	23,1	14,2	62,7 %	46,2	30,0	54,0	67,7
Total	275,3	209,2	31,6	554,0	466,5	18,7	986,4

Revenue by payer group

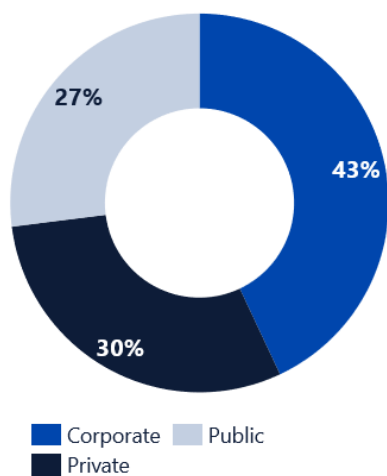
Q2/21 revenue by payor group, %



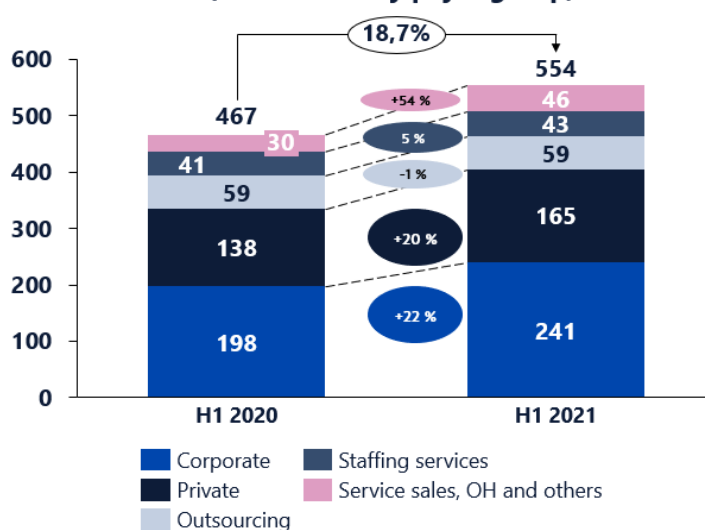
Q2/21 revenue by payor group, M€



H1/21 revenue by payer group, %



H1/21 revenue by payer group, M€



Corporate customers

Corporate customers constitute Terveystalo's largest customer group. Terveystalo's corporate customers consist of the company's occupational health customers, excluding municipal occupational healthcare customers, which are included in the public sector customer group. The company provides statutory occupational health services and other occupational health and well-being services for corporate customers of all sizes. 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 to over 24,000 companies. In 2020, the company provided occupational health services to a total of approximately 630,000 people through its corporate customers.

Revenue from corporate customers in the second quarter increased by 34.9% year-on-year*, amounting to EUR 117.5 (87.1) million.

Revenue from preventive occupational health services¹⁾ increased year-on-year, as basic occupational health services, such as guidance and counseling, health examinations, and disability risk assessments, continued to normalize. Revenue was also increased by COVID-19 testing services offered to companies, with nearly 79,000 COVID-19 tests performed. However, the demand for medical appointments not associated with COVID-19 was still clearly below the reference period. This was mainly due to the low number of infections. The demand for well-being services²⁾ continued to grow, with revenue increasing by approximately 39% year-on-year. The strongest growth was again seen in mental well-being services. A growing share of occupational healthcare appointments were conducted remotely, and the use of digital services increased by 52% to over 181,000 (119,000) appointments.

Revenue from corporate customers in January–June increased by 21.5% and amounted to EUR 240.9 (198.3) million.

* The figures for the comparison period were significantly affected by the first wave of the COVID-19 pandemic and the related restrictions introduced in late March 2020.

¹⁾ The statutory task of occupational healthcare is to prevent work-related adverse health effects. Preventive services include, for example, workplace surveys to examine the conditions and exposures at the workplace; health examinations; suggested measures to improve work conditions and to promote the employees' ability to work; guidance and 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.

²⁾ Well-being services include, for example, physiotherapy, mental well-being services (psychologists and psychotherapists), nutritional therapy, work ability coaching, and massage services at Rela 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 from private customers in the second quarter increased by 44.0% year-on-year*, amounting to EUR 83.1 (57.7) million.

Demand for appointments with general practitioners was still clearly below the normal level due to the low number of infections. However, the demand for specialist medical services in fields such as orthopedics, gynecology, ophthalmology, and dermatology continued to recover. The demand for well-being services, such as mental well-being and physical therapy services, remained strong with revenue growing by 51% year-on-year. Nearly 23,500 COVID-19 tests were performed for private customers during the quarter, which increased revenue from laboratory services in particular. Revenue from surgical operations and imaging services grew substantially year-on-year. Visits to oral health services recovered and revenue grew substantially year-on-year. Revenue from insurance companies developed favorably. The proportion of remote appointments continued to grow, with digital appointments increasing by 168% year-on-year and amounting to approximately 34,000 (13,000). The number of occupational healthcare customers using private services and revenue from that segment grew substantially year-on-year.

Revenue from public sector customers in January–June increased by 19.8% year-on-year and amounted to EUR 165.0 (137.7) million.

** The figures for the comparison period were significantly affected by the first wave of the COVID-19 pandemic and the related restrictions introduced in late March 2020.*

Public sector customers

Terveystalo's public sector customer group consists of Finnish public sector organizations, such as municipalities, municipal federations, and hospital districts as well as municipal occupational health 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. Occupational health services covered approximately 80,000 persons.

Revenue from public sector customers in the second quarter increased by 15.9% year-on-year and amounted to EUR 74.7 (64.4) million.

Revenue from the outsourcing business decreased by 2.9% to EUR 29.5 (30.3) million. Revenue was decreased by the expiry of several minor partial outsourcing agreements at the turn of the year. Revenue was increased mainly by the invoicing of additional services related to COVID-19.

Revenue from staffing services increased by 11.2% to EUR 22.1 (19.8) million. The demand for staffing services remained high, with the growth of revenue being restricted mainly by the limited supply of physicians. The demand for nurse staffing services was also strong, mainly in services related to COVID-19.

Revenue from service sales as well as services provided for municipal occupational health customers and other public sector customers increased by 62.7% to EUR 23.1 (14.2) million. This resulted mainly from the strong sales of coronavirus-related services as well as our occupational health business that increased through acquisitions and new agreements. Digital appointments more than doubled to over 30,000 (14,400) consultations. Revenue from well-being services grew by 39% year-on-year. Approximately 10,000 COVID-19¹⁾ tests were performed for public sector customers during the quarter. In addition to testing, we served as a partner to public healthcare services in sample collection, and activity in this area remained high.

Revenue from public sector customers in January–June increased by 13.4% year-on-year and amounted to EUR 148.0 (130.5) million.

** The figures for the comparison period were significantly affected by the first wave of the COVID-19 pandemic and the related restrictions introduced in late March 2020.*

1) Excludes sample taking services

Financial performance

Adjusted earnings for the second quarter of 2021 before interest, taxes, and amortization (EBITA) increased to EUR 29.5 (8.8) million, representing 10.7% (4.2%) of revenue. Profitability was improved by increased revenue from all three main customer groups. Material expenses and service purchasing increased by 25% year-on-year and amounted to EUR 120.6 (96.6) million. Employee benefit expenses increased by 24% year-on-year and amounted to EUR 89.5 (72.3) million. Costs were increased by higher personnel expenses associated with COVID-19-related services and digitalization. Personnel expenses in the comparison period were also lower partly due to cost saving measures taken at the time. Other operating expenses increased by 23% to EUR 21.5 (17.5) million mainly due to higher IT, marketing and administrative costs. Cost cuts and freezes were made in the comparison period, which temporarily reduced costs.

Adjusted EBITDA increased by 87.8% year-on-year to EUR 45.0 (24.0) million. Adjusted EBIT amounted to EUR 23.6 (1.3) million. Operating profit (EBIT) came to EUR 22.8 (0.5) million, and profit before tax was EUR 20.4 (-1.9) million.

Net financial expenses remained largely unchanged at EUR 2.3 (2.3) million. Taxes on income increased to EUR 4.2 (-0.4) million. Profit for the second quarter amounted to EUR 16.2 (-1.5) million, and earnings per share were EUR 0.13 (-0.01).

Cash flow from operating activities in the second quarter increased to EUR 47.3 (35.9) million due to higher revenue and profit.

Cash flow from investing activities in the second quarter was EUR -57.1 (-7.2) million. The difference compared to the reference period was mainly due to higher cash flows related to acquisitions and higher capital expenditures.

Cash flow from financing activities in the second quarter was EUR -42.7 (10.0) million. The difference to the comparison period was mainly attributable to the repayment of short-term loans and the payment of dividends.

In January–June 2021, adjusted operating profit before interest, taxes, and amortization (EBITA) increased by 113.3% to EUR 67.7 (31.7) million, representing 12.2% (6.8%) of revenue. Profitability was improved by increased revenue from all three main customer groups. Material expenses and service purchasing increased by 11% year-on-year and amounted to EUR 240.7 (216.6) million. Employee benefit expenses increased by 14% year-on-year and amounted to EUR 176.2 (155.1) million. The cost level was increased by higher personnel costs associated with COVID-19-related services and digitalization. Other operating expenses increased by 9% to EUR 40.7 (37.3) million mainly due to higher IT, marketing and administrative costs.

Adjusted EBITDA increased by 58.2% year-on-year to EUR 98.3 (62.2) million. The adjusted operating profit amounted to EUR 56.0 (16.6) million. Operating profit (EBIT) came to EUR 55.0 (13.5) million, and profit before tax was EUR 50.2 (8.7) million.

Net financial expenses remained largely unchanged at EUR 4.6 (4.7) million. Taxes on income increased to EUR 10.1 (1.4) million. Profit for the period was EUR 40.1 (7.3) million, and earnings per share were EUR 0.32 (0.06).

Cash flow from operating activities increased to EUR 78.4 (68.8) million. Cash flow from operating activities was favorably affected by higher revenue and the improved result, while higher trade receivables and the resulting higher amount of committed net working capital had a negative effect.

Cash flow from investing activities was EUR -66.5 (-17.2) million. The change from the comparison period was mainly attributable to increased investments in acquisitions.

Cash flow from financing activities amounted to EUR -54.8 (-2.1) million.

Financial position

Terveystalo's liquidity position is good. Cash and cash equivalents at the end of the reporting period amounted to EUR 34.2 (90.2) million. The Group's total assets amounted to EUR 1,419.0 (1,373.6) million.

Equity attributable to owners of the parent company totaled EUR 595.8 (532.5) million. The increase was due to the growth of retained earnings. Non-controlling interests accounted for EUR 12.8 million and was formed in connection with the Feelgood acquisition. The dividend of EUR 0.13 per share decided on by the Annual General Meeting, totaling EUR 16.5 million, was paid on April 7, 2021.

Gearing (including lease liabilities), was 87.0% (95.7%) and net debt amounted to EUR 529.4 (509.5) million.

During the review period, the company fulfilled the covenant requirement included in its financing agreement that reflects relative indebtedness. During the review period, the company entered into a new short-term financing agreement of EUR 70 million, under which EUR 45 million was drawn down during the review period.

At the end of the review period, the unused part of credit based on financing agreements and bank accounts with a credit facility amounted to EUR 81.5 million.

Return on equity in the review period was 13.3% (6.3%). The equity ratio was 42.9% (38.8%).

Investments and acquisitions

During the review period, January 1–June 30, 2021, net investments* including acquisitions amounted to EUR 68.1 (18.9) million. The Group's net cash capital expenditure, excluding acquisitions, amounted to EUR 15.7 (16.5) million and the corresponding non-cash capital expenditure came to EUR 1.6 (1.9) million. The investments consisted mainly of investments in IT system projects (including ERP and EMR), digital application and service development, medical equipment and the network. With respect to gross investments, the proportions of investments related to intangible and tangible assets remained unchanged from the reference period.

During the first half of the year, Terveystalo made five acquisitions to complement its business. It acquired the dental clinic Espoon Keskuskes Hammaslääkärit Oy, the therapy service provider Attentio Oy, the advanced child welfare service provider Keltaisen Kartanon Kuntoutus Oy (auxiliary business name Nuorten Sutela), and the demanding surgical treatment provider Helsinki Hospital Oy, and signed an agreement on the acquisition of the business operations of the physical therapy service provider Fysiopiste Mervi Nivukoski.

On June 14, 2021, Terveystalo acquired 72.1% of the share capital of Feelgood Svenska AB (publ), which is the parent company of the Swedish Feelgood Group. At the same time, Terveystalo announced a recommended mandatory cash tender offer to Feelgood's remaining shareholders so that the remaining shareholders would sell all their Feelgood shares in a tender offer to Terveystalo for SEK 5.70 (approximately EUR 0.57) per share.

After the reporting period, at the end of the offer period on July 26, 2021, Terveystalo owned a total of 97.4% of Feelgood's shares and votes. Terveystalo has initiated a mandatory redemption procedure for the remaining shares in Feelgood and Feelgood's shares were delisted from Nasdaq Stockholm on August 6.

At the end of June, Terveystalo's ownership in Feelgood amounted to 78.6% and Feelgood is consolidated since the end of June 2021.

** Net investments do not include increase in right-of-use assets related to leased premises.*

Personnel

The number of Terveystalo's employed staff on June 30, 2021 was 9,306 (8,079). Feelgood acquisition amounted to 556 of the increase. In addition, recruitments associated with COVID-19-related services and digitalization increased the number of employed staff. In person-years, the average number of staff was 5,365 (5,000). The number of private practitioners was 5,159 (5,203).

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. Because of the seasonal nature of business, the required net working capital varies during the year. Variation is caused by the timing of pension and VAT payments, vacation pay obligations and service fees related to occupational healthcare, etc.

Events after the reporting period

On 13 July 2021, Terveystalo announced that, at the end of the acceptance period on 12 July 2021, Terveystalo owned aggregate 96.2% of the shares and votes in Feelgood, including shares tendered in the offer, shares acquired outside the offer, and the shares acquired from certain large shareholders of Feelgood in connection with the announcement of the offer. Terveystalo further announced that Terveystalo completes the offer and had initiated compulsory redemption of the remaining shares in Feelgood and had proposed that Feelgood's board of directors applies for delisting of Feelgood's shares from Nasdaq Stockholm. Terveystalo also announced that the acceptance period of the offer was extended until 26 July 2021 in order to provide the remaining shareholders in Feelgood the opportunity to accept the offer, and that the acceptance period would thereafter not be further extended.

On 27 July 2021, Terveystalo announced that, at the end of the acceptance period on 26 July 2021, Terveystalo owned in aggregate 97.4% of the shares and votes in Feelgood, including shares tendered in the offer, shares acquired outside the offer, and the shares acquired from certain large shareholders of Feelgood in connection with the announcement of the offer. Terveystalo further announced that the acceptance period of the offer will not be further extended and, accordingly, that the offer was closed.

Feelgood's shares were delisted from Nasdaq Stockholm on 6 August.

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 information 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.

Financial reporting 2021

Terveystalo Plc will publish its Interim report for January–September 2021 on Thursday, October 28, 2021 at approximately 9:00 a.m. EET. Financial reports are published in Finnish and English.

Briefing

Terveystalo will arrange a webcast in English on its result on August 12, 2021 at 10:30 EEST. You can watch the webcast online at: <https://terveystalo.videosync.fi/2021-08-12-terveystalo-q2>

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: 32751256#

Helsinki, August 11, 2021

Terveystalo Plc

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About Terveystalo

Terveystalo is Finland's largest health service company in terms of revenue and network, with the aim of empowering lifelong health and well-being and building a healthier society. The company provides comprehensive well-being, primary care and specialist care services to corporate and private customers, as well as the public sector. Terveystalo's digital appointment services are available 24/7, regardless of time and place. In addition, the company offers health and well-being services in more than 300 locations throughout Finland. In 2020, Terveystalo had 1.2 million individual customers. Some 6.9 million customer visits were made, of which more than a quarter took place in remote channels. Terveystalo employs more than 13,000 health and well-being professionals. www.terveystalo.com

Consolidated statement of income

EUR mill.	Note	4-6/2021	4-6/2020	Change, %	1-6/2021	1-6/2020	Change, %	2020
Revenue	4	275.3	209.2	31.6	554.0	466.5	18.7	986.4
Other operating income		0.6	0.5	18.5	1.1	1.4	-22.4	2.7
Materials and services	5	-120.6	-96.6	24.8	-240.7	-216.6	11.2	-447.6
Employee benefit expenses	6	-89.5	-72.3	23.8	-176.2	-155.1	13.7	-310.2
Depreciation, amortization and impairment losses		-21.4	-22.7	-5.7	-42.3	-45.5	-7.0	-91.2
Other operating expenses	7, 9	-21.5	-17.5	23.0	-40.7	-37.3	9.1	-73.0
Operating profit		22.8	0.5	>200.0	55.0	13.5	>200.0	67.2
Financial income		0.1	0.1	-5.2	0.1	0.1	2.7	0.2
Financial expenses		-2.4	-2.3	1.4	-4.7	-4.8	-2.6	-10.3
Net finance income and expenses		-2.3	-2.3	1.6	-4.6	-4.7	-2.7	-10.0
Share of result in associated companies		-0.1	-0.1	-24.0	-0.2	-0.2	41.3	-0.6
Profit before taxes		20.4	-1.9	>200.0	50.2	8.7	>200.0	56.6
Income tax expense	8	-4.2	0.4	>200.0	-10.1	-1.4	>200.0	-10.8
Profit for the period		16.2	-1.5	>200.0	40.1	7.3	>200.0	45.8
Profit attributable to:								
Owners of the parent company		16.2	-1.5	>200.0	40.1	7.3	>200.0	45.8
Non-controlling interests		-	-0.0	-100.0	-	-0.0	-100.0	-0.0

Consolidated statement of comprehensive income

EUR mill.	Note	4-6/2021	4-6/2020	Change, %	1-6/2021	1-6/2020	Change, %	2020
Profit for the period		16.2	-1.5	>200.0	40.1	7.3	>200.0	45.8
Other comprehensive adjustments, net of taxes		-	-	-	-	-	-	-
Total comprehensive income		16.2	-1.5	>200.0	40.1	7.3	>200.0	45.8
Total comprehensive income attributable to:								
Owners of the parent company		16.2	-1.5	>200.0	40.1	7.3	>200.0	45.8
Non-controlling interest		-	-0.0	-100.0	-	-0.0	-100.0	-0.0
Earnings per share for profit attributable to the shareholders of the parent company, in euro								
Basic earnings per share		0.13	-0.01	>200.0	0.32	0.06	>200.0	0.36
Diluted earnings per share		0.13	-0.01	>200.0	0.31	0.06	>200.0	0.36

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

Consolidated statement of financial position

EUR mill.	Note	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS				
Non-current assets				
Property, plant and equipment	10	69.5	69.3	67.6
Right-of-use assets	12	176.5	180.1	172.4
Goodwill	11	833.1	779.7	781.8
Other intangible assets	11	168.4	155.4	152.2
Investment properties		0.5	0.5	0.5
Investments in associates		1.9	2.1	2.2
Loan receivables		0.3	0.5	0.3
Deferred tax assets		4.8	4.3	4.4
Other non-current assets		0.8	-	-
Total non-current assets		1,255.9	1,191.9	1,181.3
Current assets				
Inventories		6.7	7.9	6.8
Trade and other receivables		122.3	82.9	95.1
Cash and cash equivalents	13	34.2	90.2	77.1
Total current assets		163.2	181.0	179.0
Non-current assets held for sale		-	0.8	0.8
TOTAL ASSETS		1,419.0	1,373.6	1,361.0
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		109.7	46.3	85.3
Equity attributable to equity holders of the Company total		595.8	532.5	571.4
Non-controlling interest		12.8	-	-
TOTAL EQUITY		608.6	532.5	571.4
Non-current liabilities				
Non-current financial liabilities	13	286.4	327.2	302.3
Non-current lease liabilities	12, 13	136.6	146.7	141.1
Deferred tax liabilities		28.8	27.8	26.0
Provisions		7.1	8.4	7.7
Other liabilities		14.5	9.4	9.4
Total non-current liabilities		473.4	519.4	486.6
Current liabilities				
Current financial liabilities	13	95.3	86.8	87.2
Current lease liabilities	12, 13	45.6	39.0	37.3
Current tax liabilities		6.0	0.1	13.5
Provisions		2.3	2.3	2.4
Trade and other payables		187.8	176.9	162.7
Dividend liabilities		-	16.5	-
Total current liabilities		337.0	321.7	303.1
TOTAL LIABILITIES		810.4	841.1	789.6
TOTAL EQUITY AND LIABILITIES		1,419.0	1,373.6	1,361.0

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

Consolidated statement of changes in equity

Equity attributable to owners of the parent company							
EUR mill.	Share capital	Invested non-restricted equity reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
Equity 1 Jan 2021	0.1	492.8	-6.7	85.3	571.4	-	571.4
Comprehensive income							
Profit for the period	-	-	-	40.1	40.1	-	40.1
Transactions with owners							
Share-based payments	-	-	-	0.9	0.9	-	0.9
Dividend	-	-	-	-16.5	-16.5	-	-16.5
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	12.8	12.8
Equity 30 Jun 2021	0.1	492.8	-6.7	109.7	595.8	12.8	608.6

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	0.0	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
Equity repayment	-	-	-	-16.5	-16.5	-	-16.5
Equity 30 Jun 2020	0.1	492.8	-6.7	46.3	532.5	-	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 2020	0.1	492.8	-6.7	55.1	541.2	0.0	541.2
Comprehensive income							
Profit for the period	-	-	-	45.8	45.8	0.0	45.8
Transactions with owners							
Share-based payments	-	-	-	0.9	0.9	-	0.9
Dividend	-	-	-	-16.5	-16.5	-	-16.5
Equity 31 Dec 2020	0.1	492.8	-6.7	85.3	571.4	-	571.4

Consolidated statement of cash flows

EUR mill.	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
Cash flows from operating activities					
Profit before taxes	20.4	-1.9	50.2	8.7	56.6
Adjustments for					
Non-cash transactions					
Depreciation, amortization and impairment losses	21.4	22.7	42.3	45.5	91.2
Change in provisions	-0.3	-0.2	-0.7	1.6	1.0
Other non-cash transactions	0.0	-0.1	-0.1	-0.6	-0.8
Gains and losses on sale of property, plant, equipment and other changes	0.0	0.0	0.0	-0.0	0.0
Net finance expenses	2.3	2.3	4.6	4.7	10.0
Changes in working capital					
Trade and other receivables	3.3	16.4	-12.5	15.9	5.3
Inventories	0.3	-1.9	0.3	-2.4	-1.2
Trade and other payables	2.4	-1.0	10.0	11.7	-1.4
Interest received	0.1	0.1	0.1	0.1	0.2
Income taxes paid	-2.5	-0.4	-15.8	-16.4	-17.2
Net cash from operating activities	47.3	35.9	78.4	68.8	143.7
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	-47.2	-0.1	-50.8	-0.2	-2.0
Acquisition of property, plant and equipment	-4.7	-2.8	-7.6	-8.1	-13.0
Acquisition of intangible assets	-5.2	-4.5	-8.2	-8.6	-20.1
Investments to associates	-	0.0	-	0.0	-0.5
Proceeds from sale of available-for-sale financial assets	-	0.0	-	0.0	0.0
Acquisition of business operation, net of cash acquired	-	0.0	-	-0.2	-0.6
Long-term loans granted	-	-	-	-0.2	-0.2
Proceeds from sale of property, plant and equipment	0.0	0.2	0.1	0.2	0.4
Dividends received	0.0	0.0	0.0	0.0	0.0
Net cash from investing activities	-57.1	-7.2	-66.5	-17.2	-36.0
Cash flows from financing activities					
Repayment of non-current borrowings	-15.7	-15.7	-15.7	-15.7	-41.5
Proceeds from current borrowings	45.0	40.0	45.0	40.0	40.0
Repayment of current borrowings	-40.4	-	-40.4	-	-
Payment of lease liabilities	-9.9	-9.4	-19.4	-18.8	-37.7
Payment of hire purchase liabilities	-1.5	-1.3	-3.0	-2.8	-5.5
Interests and other financial expenses paid	-3.7	-3.6	-4.7	-4.8	-10.0
Dividends paid	-16.5	-	-16.5	-	-16.5
Net cash from financing activities	-42.7	10.0	-54.8	-2.1	-71.2
Net change in cash and cash equivalents	-52.5	38.7	-42.9	49.5	36.5
Cash and cash equivalents at the beginning of the period	86.7	51.5	77.1	40.6	40.6
Cash and cash equivalents at the end of the period	34.2	90.2	34.2	90.2	77.1

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 2020. The accounting principles adopted are consistent with those of the annual financial statements for 2020 with the exception for translating foreign functional currency into presentation currency. The functional currency of the acquired Feelgood Svenska AB group differs from Terveystalo group's functional currency and the assets and liabilities of its statement of financial position have been translated into presentation currency using the closing rate at the reporting date.

IFRS interpretation committee (IFRIC) finalized in April 2021 its agenda decision Configuration or Customization Costs in a Cloud Computing Arrangement. In this agenda decision the interpretation committee considered, whether, applying IAS 38, the customer recognizes an intangible asset in relation to configuration or customization of the application software, and if an intangible asset is not recognized, how the customer accounts for the configuration or customization costs. IFRIC agenda decisions have no effective date, so they are expected to be applied as soon as possible. As Terveystalo group has cloud computing arrangements in place, it has started to analyze, if this agenda decision has an impact to the accounting principles applied to implementation costs in cloud computing arrangements. The Group will undertake this analysis during the fall 2021, and the possible impacts will be implemented retrospectively in the financial statements 2021 at the latest.

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 the Group's accounting policies and the key sources of estimation uncertainty were mainly the same as those that applied to the consolidated financial statements for 2020.

Due to the uncertainty caused by the epidemic, Terveystalo has assessed the impacts of the coronavirus on the reported figures and forecasts as described below. In the current situation, these forecasts strongly rely on assessments made by the Group management.

Because of 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 latest forecasts in connection with the financial reporting on the second quarter. The risk of credit losses for trade receivables was not found to have increased significantly and no indications were noted of heightened impairment risk of assets.

The Group's liquidity and financing situation have remained strong. During the review period, the Group fulfilled the covenant requirement included in the financing agreement that depicts relative indebtedness. Because of the prevailing uncertainty, Terveystalo continues the increased reporting of explanatory financial information on the Group's liquidity, assets, and liabilities as well as the maturity of loans in Note 13.

3. Events after the reporting period

On 13 July 2021, Terveystalo announced that, at the end of the acceptance period on 12 July 2021, Terveystalo owned aggregate 96.2% of the shares and votes in Feelgood, including shares tendered in the offer, shares acquired outside the offer, and the shares acquired from certain large shareholders of Feelgood in connection with the announcement of the offer. Terveystalo further announced that Terveystalo completes the offer and had initiated compulsory redemption of the remaining shares in Feelgood and had proposed that Feelgood's board of directors applies for delisting of Feelgood's shares from Nasdaq Stockholm. Terveystalo also announced that the acceptance period of the offer was extended until 26 July 2021 in order to provide the remaining shareholders in Feelgood the opportunity to accept the offer, and that the acceptance period would thereafter not be further extended.

On 27 July 2021, Terveystalo announced that, at the end of the acceptance period on 26 July 2021, Terveystalo owned in aggregate 97.4% of the shares and votes in Feelgood, including shares tendered in the offer, shares acquired outside the offer, and the shares acquired from certain large shareholders of Feelgood in connection with the announcement of the offer. Terveystalo further announced that the acceptance period of the offer will not be further extended and, accordingly, that the offer was closed.

Feelgood's shares were delisted from Nasdaq Stockholm on 6 August.

4. Revenue and geographical information

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.	4-6/2021	4-6/2020	Change, %	1-6/2021	1-6/2020	Change, %	2020
Corporate	117.5	87.1	34.9	240.9	198.3	21.5	418.8
Private	83.1	57.7	44.0	165.0	137.7	19.8	295.4
Public	74.7	64.4	15.9	148.0	130.5	13.4	272.2
<i>Outsourcing</i>	29.5	30.3	-2.9	58.7	59.2	-0.9	121.4
<i>Staffing services</i>	22.1	19.8	11.2	43.1	41.3	4.5	83.1
<i>Service sales, such as occupational health and others</i>	23.1	14.2	62.7	46.2	30.0	54.0	67.7
Total	275.3	209.2	31.6	554.0	466.5	18.7	986.4

Timing of satisfying performance obligations

EUR mill.	4-6/2021	4-6/2020	Change, %	1-6/2021	1-6/2020	Change, %	2020
At a point in time	245.0	178.1	37.6	493.6	405.8	21.6	861.8
Over time	30.3	31.1	-2.6	60.4	60.8	-0.7	124.5
Total	275.3	209.2	31.6	554.0	466.5	18.7	986.4

Balances in the statement of financial position

EUR mill.	30 Jun 2021	30 Jun 2020	Change, %	31 Dec 2020
Contract assets	38.6	21.4	80.1	5.6
Contract liabilities	3.3	1.5	118.9	2.2

Geographical information

30 Jun 2021 EUR mill.	Non-current assets*
Finland	1,177.7
Sweden	72.2
Total	1,249.9

*Non-current assets include property, plant and equipment, right-of-use assets, goodwill, other intangible assets, investment properties and investments in associates.

5. Materials and services

EUR mill.	4-6/2021	4-6/2020	Change, %	1-6/2021	1-6/2020	Change, %	2020
Purchase of materials	-8.4	-9.3	-10.0	-17.1	-18.5	-7.4	-35.5
Change in inventories	-0.3	2.1	-113.5	-0.3	2.5	-110.2	1.3
External services	-112.0	-89.4	25.3	-223.3	-200.5	11.4	-413.4
Total	-120.6	-96.6	24.8	-240.7	-216.6	11.2	-447.6

6. Employee benefit expenses

EUR mill.	4-6/2021	4-6/2020	Change, %	1-6/2021	1-6/2020	Change, %	2020
Salaries and fees	-74.0	-61.6	20.2	-145.8	-130.0	12.2	-261.6
Share-based payments	-0.5	-0.3	71.7	-0.9	-0.6	53.7	-0.9
Other personnel expenses	-15.0	-10.5	43.4	-29.6	-24.5	20.7	-47.6
Total	-89.5	-72.3	23.8	-176.2	-155.1	13.7	-310.2

7. Other operating expenses

EUR mill.	4-6/2021	4-6/2020	Change, %	1-6/2021	1-6/2020	Change, %	2020
Rents, leases and premises	-4.3	-4.7	-9.9	-8.0	-8.7	-8.7	-16.3
IT expenses	-7.2	-6.0	19.9	-14.2	-12.3	14.8	-25.2
Other operating expenses	-10.0	-6.8	48.8	-18.6	-16.2	14.4	-31.5
Total	-21.5	-17.5	23.0	-40.7	-37.3	9.1	-73.0

8. Income taxes

Income taxes in the statement of income

EUR mill.	4-6/2021	4-6/2020	Change, %	1-6/2021	1-6/2020	Change, %	2020
Current tax for the reporting year	-4.9	-0.8	>200.0	-11.6	-4.4	161.2	-15.8
Income taxes for prior periods	-0.0	0.0	-100.3	0.0	0.0	-133.6	-0.0
Change in deferred taxes	0.7	1.2	-36.7	1.5	3.0	-50.7	5.1
Total income taxes	-4.2	0.4	>-200.0	-10.1	-1.4	>200.0	-10.8

9. Share-based payments

During the review period, Terveystalo granted a new long-term incentive plan to the members of executive team and other key persons. The plan consists of a Performance Share Plan for Terveystalo's management and other key personnel, a Bridge plan for the President and CEO, and of a Restricted Share Plan. Vesting period for the Performance Share Plan is three years and the rewards are conditional on the fulfillment of a three-year service condition and performance conditions tied to financial targets set separately. The reward is granted and settled in Terveystalo shares on top of which Terveystalo pays taxes and tax-related expenses. The program's impact to the result for the six months ended 30 June 2021 has been EUR 0.3 million and the expected total cost of the program is EUR 4.4 million. 62 persons are included in the arrangement.

10. Property, plant and equipment

1-6/2021	Land and water, buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2021	2.1	127.4	49.5	1.8	180.8
Business combination	-	2.3	0.3	0.0	2.6
Additions	-	5.3	0.5	3.0	8.8
Disposals	-	-0.2	-	-	-0.2
Transfers between items	-	0.8	2.1	-2.9	-
Acquisition cost 30 Jun 2021	2.1	135.7	52.4	1.9	192.1
Accumulated depreciation and impairment losses 1 Jan 2021	-1.1	-88.1	-24.1	-	-113.3
Depreciation for the reporting period	-0.0	-6.7	-2.7	-	-9.4
Accumulated depreciation and impairment losses 30 Jun 2021	-1.1	-94.8	-26.8	-	-122.6
Carrying amount 1 Jan 2021	1.0	39.3	25.5	1.8	67.6
Carrying amount 30 Jun 2021	1.0	40.9	25.7	1.9	69.5

1-6/2020	Land and water, buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2020	2.1	115.6	44.1	1.9	163.8
Additions	-	6.2	2.5	0.9	9.6
Disposals	-	-0.3	-	-	-0.3
Acquisition cost 30 Jun 2020	2.1	121.5	46.6	2.8	173.1
Accumulated depreciation and impairment losses 1 Jan 2020	-1.1	-74.3	-19.0	-	-94.4
Depreciation for the reporting period	-0.0	-7.0	-2.5	-	-9.4
Accumulated depreciation and impairment losses 30 Jun 2020	-1.1	-81.3	-21.5	-	-103.8
Carrying amount 1 Jan 2020	1.0	41.3	25.1	1.9	69.5
Carrying amount 30 Jun 2020	1.0	40.3	25.2	2.8	69.3

2020	Land and water, buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2020	2.1	115.6	44.1	1.9	163.8
Business combination	-	0.0	-	-	0.0
Additions	-	12.4	5.1	0.0	17.5
Disposals	-	-0.5	-0.0	-	-0.5
Transfers between items	-	-0.1	0.3	-0.1	-
Acquisition cost 31 Dec 2020	2.1	127.4	49.5	1.8	180.8
Accumulated depreciation and impairment losses 1 Jan 2020	-1.1	-74.3	-19.0	-	-94.4
Depreciation for the reporting period	-0.0	-13.8	-5.1	-	-18.9
Accumulated depreciation and impairment losses 31 Dec 2020	-1.1	-88.1	-24.1	-	-113.3
Carrying amount 1 Jan 2020	1.0	41.3	25.1	1.9	69.5
Carrying amount 31 Dec 2020	1.0	39.3	25.5	1.8	67.6

11. Intangible assets

1-6/2021	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
EUR mill.					
Acquisition cost 1 Jan 2021	849.8	154.2	82.9	80.9	1,167.8
Business combination	51.3	8.6	6.0	5.1	71.0
Additions	-	-	-	8.2	8.2
Acquisition cost 30 Jun 2021	901.1	162.8	88.9	94.2	1,247.0
Accumulated amortizations and impairment losses 1 Jan 2021	-68.0	-97.3	-29.2	-39.3	-233.9
Amortization for the reporting period	-	-4.9	-2.1	-4.7	-11.6
Accumulated amortizations and impairment losses 30 Jun 2021	-68.0	-102.2	-31.3	-44.0	-245.5
Carrying amount 1 Jan 2021	781.8	56.9	53.6	41.6	933.9
Carrying amount 30 Jun 2021	833.1	60.7	57.6	50.2	1,001.5

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
Reclassifications	-	-	-	-0.0	-0.0
Acquisition cost 30 Jun 2020	847.7	153.7	82.9	69.5	1,153.9
Accumulated amortizations and impairment losses 1 Jan 2020	-68.0	-79.5	-25.1	-31.1	-203.7
Amortization for the reporting period	-	-8.9	-2.1	-4.1	-15.0
Accumulated amortizations 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

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	2.5	0.5	-	-	3.0
Additions	-	-	-	19.9	19.9
Disposals	-	-	-	-0.0	-0.0
Acquisition cost 31 Dec 2020	849.8	154.2	82.9	80.9	1,167.8
Accumulated amortizations and impairment losses 1 Jan 2020	-68.0	-79.5	-25.1	-31.1	-203.7
Amortization for the reporting period	-	-17.8	-4.1	-8.2	-30.2
Accumulated amortizations and impairment losses 31 Dec 2020	-68.0	-97.3	-29.2	-39.3	-233.9
Carrying amount 1 Jan 2020	779.2	74.2	57.8	29.9	941.2
Carrying amount 31 Dec 2020	781.8	56.9	53.6	41.6	933.9

12. Right-of-use-assets and lease liabilities

12.1 Right-of-use assets

1-6/2021			
EUR mill.	Premises	Other right-of-use assets	Total
Acquisition cost 1 Jan 2021	234.9	38.9	273.8
Business combination	12.3	0.5	12.8
Additions	13.3	1.1	14.4
Disposals	-1.8	-	-1.8
Acquisition cost 30 Jun 2021	258.7	40.6	299.3
Accumulated depreciation and impairment losses 1 Jan 2021	-76.8	-24.6	-101.4
Depreciation for the reporting period	-19.6	-1.7	-21.3
Accumulated depreciation and impairment losses 30 Jun 2021	-96.4	-26.3	-122.7
Carrying amount 1 Jan 2021	158.1	14.3	172.4
Carrying amount 30 Jun 2021	162.3	14.2	176.5

1-6/2020			
EUR mill.	Premises	Other right-of-use assets	Total
Acquisition cost 1 Jan 2020	214.7	37.9	252.6
Additions	10.0	0.9	10.8
Disposals	-2.9	-	-2.9
Acquisition cost 30 Jun 2020	221.7	38.8	260.5
Accumulated depreciation and impairment losses 1 Jan 2020	-38.3	-21.1	-59.4
Depreciation for the reporting period	-19.2	-1.8	-21.0
Accumulated depreciation and impairment losses 30 Jun 2020	-57.5	-22.9	-80.4
Carrying amount 1 Jan 2020	176.4	16.8	193.2
Carrying amount 30 Jun 2020	164.2	15.9	180.1

2020			
EUR mill.	Premises	Other right-of-use assets	Total
Acquisition cost 1 Jan 2020	214.7	37.9	252.6
Additions	26.2	1.3	27.5
Disposals	-6.0	-0.3	-6.3
Acquisition cost 31 Dec 2020	234.9	38.9	273.8
Accumulated depreciation and impairment losses 1 Jan 2020	-38.3	-21.1	-59.4
Depreciation for the reporting period	-38.5	-3.5	-42.0
Accumulated depreciation and impairment losses 31 Dec 2020	-76.8	-24.6	-101.4
Carrying amount 1 Jan 2020	176.4	16.8	193.2
Carrying amount 31 Dec 2020	158.1	14.3	172.4

12.2. Lease liabilities

1-6/2021			
EUR mill.	Premises	Other lease liabilities	Total
Carrying amount 1 Jan 2021	161.7	16.8	178.5
Transactions	21.6	1.5	23.1
Payment of lease liabilities	-17.8	-1.6	-19.4
Carrying amount 30 Jun 2021	165.6	16.7	182.2

1-6/2020			
EUR mill.	Premises	Other lease liabilities	Total
Opening balance 1 Jan 2020	178.7	19.4	198.1
Transactions	7.0	0.9	7.9
Payment of lease liabilities	-18.5	-1.8	-20.3
Carrying amount 30 Jun 2020	167.3	18.4	185.7

2020			
EUR mill.	Premises	Other lease liabilities	Total
Opening balance 1 Jan 2020	178.7	19.4	198.1
Transactions	17.1	1.0	18.1
Payment of lease liabilities	-34.1	-3.6	-37.7
Carrying amount 31 Dec 2020	161.7	16.8	178.5

13. Financing

13.1 Liquidity

EUR mill.	30 Jun 2021	31 Dec 2020
Cash and cash equivalents	34.2	77.1
Committed undrawn revolving facilities	81.5	48.0
Repayment of the interest-bearing liabilities in the following 12 months *	-96.0	-90.9
Liquidity	19.7	34.2

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

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

EUR mill. 30 Jun 2021	Financial assets and liabilities at fair value	Financial assets and liabilities at amortized cost	Carrying amount	Fair value	Fair value hierarchy
Financial assets					
Non-current					
Loan receivables	0.3	-	0.3	0.3	Level 2
Unquoted equity investments	0.8	-	0.8	0.8	Level 3
Current					
Cash and cash equivalents	-	34.2	34.2	34.2	
Interest rate derivatives	0.8	-	0.8	0.8	Level 2
Total	2.0	34.2	36.2	36.2	
Financial liabilities					
Non-current					
Loans from financial institutions	-	275.6	275.6	275.6	
Hire purchase liabilities	-	10.7	10.7	10.7	
Contingent considerations	4.3	-	4.3	4.3	Level 3
Current					
Loans from financial institutions	-	89.7	89.7	89.7	
Hire purchase liabilities	-	5.6	5.6	5.6	
Contingent considerations	1.4	-	1.4	1.4	Level 3
Interest rate derivatives	1.7	-	1.7	1.7	Level 2
Total	7.4	381.7	389.1	389.1	

EUR mill. 31 Dec 2020	Financial assets and liabilities at fair value	Financial assets and liabilities at amortized cost	Carrying amount	Fair value	Fair value hierarchy
Financial assets					
Non-current					
Loan receivables	0.3	-	0.3	0.3	Level 2
Current					
Cash and cash equivalents	-	77.1	77.1	77.1	
Total	0.3	77.1	77.4	77.4	
Financial liabilities					
Non-current					
Loans from financial institutions	-	290.5	290.5	290.5	
Hire purchase liabilities	-	11.8	11.8	11.8	
Contingent considerations	1.0	-	1.0	1.0	Level 3
Current					
Loans from financial institutions	-	81.4	81.4	81.4	
Hire purchase liabilities	-	5.8	5.8	5.8	
Contingent considerations	0.9	-	0.9	0.9	Level 3
Interest rate derivatives	1.1	-	1.1	1.1	Level 2
Total	3.1	389.5	392.6	392.6	

Financial assets and liabilities classified at fair value hierarchy level 3 consist of unquoted equity investments and contingent considerations from business combinations. The measurement of unquoted equity investments is based on the managements estimate of future cash flows arising from the investments and the measurement of contingent considerations is based on the amounts specified in purchase agreements and the management estimate on whether the consideration will be realized. The effect on earnings arising from the changes of fair values of financial assets and liabilities classified at fair value hierarchy level 3 has been EUR 0.3 million (2020: EUR 0.5 million).

13.3 Maturity analysis of liquidity risk

30 Jun 2021

EUR mill.	Carrying amount	Contractual cash flows	1 year	1–2 years	2–5 years	Over 5 years
Loans from financial institutions	365.3	372.2	90.1	44.0	238.1	-
Lease liabilities	182.2	189.4	47.1	40.6	71.8	29.9
Hire purchase liabilities	16.4	16.8	5.9	5.2	5.7	-
Trade payables	42.0	42.0	42.0	-	-	-
Interest rate derivatives	1.7	1.9	1.1	0.8	0.0	-
Total	607.6	622.3	186.1	90.6	315.6	29.9

31 Dec 2020

EUR mill.	Carrying amount	Contractual cash flows	1 year	1–2 years	2–5 years	Over 5 years
Loans from financial institutions	371.9	383.5	84.9	44.3	254.3	-
Lease liabilities	178.5	193.1	42.1	37.5	79.3	34.2
Hire purchase liabilities	17.6	18.2	6.0	5.2	6.9	-
Trade payables	40.1	40.1	40.1	-	-	-
Interest rate derivatives	1.1	1.2	0.5	0.5	0.1	-
Total	609.3	636.1	173.6	87.5	340.6	34.2

14. Business combinations

During the six months ended 30 June 2021, the Group has made five business acquisitions. The acquisition of Feelgood Svenska AB group is presented separately, whereas other smaller acquisitions are disclosed in aggregate.

Acquisition of Feelgood Svenska AB group

On 14 June 2021 Terveystalo Healthcare Oy acquired 72.14 percent of the shares of Feelgood Svenska AB (publ) which is the parent company of the Swedish Feelgood group. At the same time, Terveystalo Healthcare announced a recommended mandatory cash offer for all the remaining shares of Feelgood for a consideration of SEK 5.70 (approximately EUR 0.57) in cash per share. Terveystalo extended the offer period until 26 July when the original offer period ended on 12 July.

Feelgood is one of Sweden's leading healthcare companies. Feelgood employs approximately 700 employees who serve customers both digitally and physically on 120 locations in Sweden. Feelgood offers services within occupational healthcare, organization and leadership, substance abuse in the workplace, as well as digital private healthcare and well-being services. Feelgood is listed on Nasdaq Stockholm. The acquisition is Terveystalo's first step in expanding its presence and services to the Swedish market. The deal brings together two industry leading platforms that complement each other in terms of people, service offering and geographical network and provides significant potential for value creation.

Immediately before obtaining control, Terveystalo Healthcare's ownership in Feelgood was 2.8 percent. The carrying amount of previous ownership corresponded its fair value at the acquisition date and the business combination achieved in stages did not have an impact on the profit and loss. At the end of June 2021, Terveystalo Healthcare's ownership in Feelgood was 78.6 percent. Feelgood has been consolidated to Group's financial statements from the end of June 2021 onwards.

The following tables summarize the consideration transferred, acquisition date preliminary fair values of the assets acquired and liabilities assumed, non-controlling interest and the cash flow impact of the acquisition.

Consideration transferred

EUR million	
Purchase price, payable in cash	47.2
Total consideration transferred	47.2

Identifiable assets acquired and liabilities assumed, non-controlling interest and goodwill

EUR million	
Property, plant and equipment	2.0
Right-of-use assets	10.7
Other intangible assets	18.1
Deferred tax assets	0.1
Other non-current assets	0.1
Trade and other receivables	16.6
Cash and cash equivalents	2.7
Financial liabilities	-3.9
Lease liabilities	-9.9
Deferred tax liabilities	-3.7
Other non-current liabilities (pension obligations)	-1.9
Trade and other liabilities	-12.2
Total identifiable net assets acquired	18.6
Non-controlling interest	12.8
Goodwill	41.4

Cash flow impact of the acquisition

EUR million	
Purchase price, paid in cash	47.2
Less: cash and cash equivalents acquired	-2.7
Cash flow impact	44.5

The non-controlling interest from the acquisition has been recognized at fair value. The fair value of the non-controlling interest was determined based on the consideration of SEK 5.70 offered by Terveystalo Healthcare in the cash offer and the number of shares held by the minority at the end of June 2021.

The accounting for the business combination is provisional at the reporting date. The fair value measurement of the assets acquired and the liabilities assumed is partly ongoing at the reporting date and are subject to adjustments until the valuation is finalized. Furthermore, a detailed review of Feelgood's accounting principles is ongoing at the reporting date. Customer relationships, trademarks and technology related intangible assets were recognized in the preliminary determination of fair values and the combined preliminary fair value of these assets was measured at EUR 18.0 million. The fair values of customer relationships and trademarks have been determined through the use of income approach which requires an estimate or forecast of expected future cash flows. The fair value of technology has been determined using the estimated replacement cost. The acquisition resulted in a preliminary goodwill amounting to EUR 41.4 million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is not deductible for tax purposes.

The fair value of the acquired trade and other receivables amounts to EUR 16.6 million which materially corresponds their carrying amount and for which the risk of impairment has been deemed non-significant.

The Group incurred acquisition-related expenses of EUR 0.1 million related to consulting and valuation services. The expenses have been included in other operating expenses in the consolidated statement of income.

If the acquisition had occurred on 1 January 2020, management estimates that the Group's consolidated revenue during the first half of 2021 would have been EUR 593.4 million and the consolidated result for the period would have been EUR 40.4 million.

Other acquisitions

On 1 March 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the therapy service provider Attentio Oy.

On 1 March 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the dental clinic Espoon Keskuksen Hammaslääkärit Oy.

On 31 March 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the advanced child welfare service provider Keltaisen Kartanon Kuntoutus Oy.

On 30 April 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the medical clinic Helsinki Hospital Oy.

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 acquisition date. 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 following table is partially preliminary, and the information has been consolidated, because the acquisitions are not material individually.

Consideration transferred

EUR mill.	
Purchase price, payable in cash	8.2
Contingent consideration	4.0
Total consideration transferred	12.2

Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	1.2
Intangible assets	1.6
Property, plant and equipment	0.6
Right-of-use assets	2.1
Inventories	0.1
Trade and other receivables	1.0
Financial liabilities	-0.5
Lease liabilities	-2.1
Trade and other payables	-1.6
Deferred tax liabilities	-0.3
Total identifiable net assets acquired	2.2

Goodwill	10.0
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As a result of these business combinations, a preliminary goodwill amounting to EUR 10.0 million was recognized. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is non-deductible in taxation.

In these business combinations, the Group has acquired customer relationships. The fair value of customer contracts and related customer relationships included in other intangible assets has been determined on the basis of the estimated duration of customer relationships and the discounted net cash flows from existing customer contracts.

The fair value of the acquired trade and other receivables amounted to EUR 1.0 million, for which the risk of impairment has been deemed as non-significant.

The Group has incurred acquisition-related expenses of EUR 0.3 million related to transfer tax, consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

The contributed revenue recognized from the acquisitions during the first half of 2021 was EUR 2.7 million. The impact of the business combinations during the first half to the result for the period has not been material.

If the acquisition had occurred on 1 January 2021, management estimates that the Group's consolidated revenue during first half of 2021 would have been EUR 556.2 million and the consolidated result for the period would have been EUR 39.9 million.

Business combinations during 2020

During the year 2020, the Group acquired three businesses and has made two corporate acquisitions.

On 31 March 2020 Suomen Terveystalo Oy acquired the business from Varkauden fysiokeskus. 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 future sales to be incurred.

On 1 August 2020 Suomen Terveystalo Oy acquired the occupational health business activities of Keski-Satakunnan Työterveydenhuolto.

On 30 August 2020 Suomen Terveystalo Oy acquired the business of Keski-Lapin Hammashuolto. 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 30 thousand. The contingent consideration is tied to the future sales to be incurred.

On 31 October 2020 Terveystalo Healthcare Oy acquired 100 percent of the shares of the medical center MedInari Oy.

On 31 December 2020 Terveystalo Healthcare Oy acquired 100 percent of the shares of the sleep clinic Vitalmed Oy. The acquisition includes a contingent consideration that was treated as a part of the consideration transferred and recognized as a liability at the date of the acquisition with a fair value of EUR 0.4 million. The contingent consideration is tied to the future sales to be incurred.

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 acquisition date. 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 following table is partially preliminary, and the information has been consolidated, because the acquisitions are not material individually.

Consideration transferred

EUR mill.	
Purchase price, payable in cash	2.4
Contingent consideration	0.5
Total consideration transferred	2.9

Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	0.1
Intangible assets	0.5
Trade and other receivables	0.1
Trade and other payables	-0.2
Deferred tax liabilities	-0.1
Total identifiable net assets acquired	0.5

Goodwill	2.5
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As a result of these business combinations, a goodwill amounting to EUR 2.5 million was recognized. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. EUR 0.5 of the goodwill recognized is tax deductible as it was recognized from business acquisitions.

In these business combinations, the Group has acquired customer relationships. The fair value of customer contracts and related customer relationships included in other intangible assets has been determined on the basis of the estimated duration of customer relationships and the discounted net cash flows from existing customer contracts.

The fair value of the acquired trade and other receivables amounted to EUR 0.1 million, for which the risk of impairment has been deemed as non-significant.

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

The contributed recognized revenue from this acquisition during 2020 was EUR 0.5 million. The impact of the business combinations during the year to the result for the period has not been material.

If the acquisition had occurred on 1 January 2020, management estimates that the Group's consolidated revenue in 2020 would have been EUR 989.0 million and the consolidated result for the period would have been EUR 45.8 million.

15. Group's key financial ratios

Terveystalo Group, EUR mill.	4-6/2021	4-6/2020	Change, %	1-6/2021	1-6/2020	Change, %	2020
Revenue	275.3	209.2	31.6	554.0	466.5	18.7	986.4
Adjusted EBITDA, * ¹⁾	45.0	24.0	87.8	98.3	62.2	58.2	162.8
Adjusted EBITDA, % * ¹⁾	16.4	11.5	-	17.8	13.3	-	16.5
EBITDA ^{1) 2)}	44.2	23.2	90.6	97.4	59.1	64.9	158.3
EBITDA, % ¹⁾	16.0	11.1	-	17.6	12.7	-	16.1
Adjusted EBITA * ¹⁾	29.5	8.8	>200.0	67.7	31.7	113.3	101.9
Adjusted EBITA, % * ¹⁾	10.7	4.2	-	12.2	6.8	-	10.3
EBITA ¹⁾	28.7	8.0	>200.0	66.7	28.6	133.1	97.4
EBITA, % ¹⁾	10.4	3.8	-	12.0	6.1	-	9.9
Adjusted operating profit (EBIT) * ¹⁾	23.6	1.3	>200.0	56.0	16.6	>200.0	71.6
Adjusted operating profit (EBIT), % * ¹⁾	8.6	0.6	-	10.1	3.6	-	7.3
Operating profit (EBIT)	22.8	0.5	>200.0	55.0	13.5	>200.0	67.2
Operating profit (EBIT), %	8.3	0.2	-	9.9	2.9	-	6.8
Return on equity (ROE), % ¹⁾	-	-	-	13.3	6.3	-	8.2
Equity ratio, % ¹⁾	-	-	-	42.9	38.8	-	42.1
Earnings per share (€)	0.13	-0.01	>200.0	0.32	0.06	>200.0	0.36
Net debt	-	-	-	529.4	509.5	3.9	490.9
Gearing, % ¹⁾	-	-	-	87.0	95.7	-	85.9
Net debt/Adjusted EBITDA (LTM) ¹⁾	-	-	-	2.7	3.4	-	3.0
Total assets	-	-	-	1,419.0	1,373.6	3.3	1,361.0
Adjusted EBITDA (LTM), excluding IFRS 16 * ¹⁾	-	-	-	153.8	104.9	46.6	118.0
Net debt, excluding IFRS 16	-	-	-	347.2	323.8	7.2	312.4
Net debt/Adjusted EBITDA (LTM), excluding IFRS 16 * ¹⁾	-	-	-	2.3	3.1	-	2.6
Average personnel FTE	-	-	-	5,365	5,000	7.3	4,900
Personnel (end of period)	-	-	-	9,306	8,079	15.2	8,253
Private practitioners (end of period)	-	-	-	5,159	5,203	-0.8	5,057

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

16. 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.

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

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

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

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

$$\text{Net debt/Adjusted EBITDA (LTM), excluding IFRS 16 *} = \frac{\text{Interest-bearing liabilities excluding lease liabilities - interest-bearing receivables and cash and cash equivalents}}{\text{Adjusted EBITDA (LTM), excluding IFRS 16}}$$

Alternative performance measures to the statement of income

The company presents the following alternative performance measures to the statement of income as in the company's view, they increase understanding of the company's results of operations. In addition, the adjusted alternative performance measures are widely used by analysts, investors and other parties and facilitates comparability between periods.

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

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

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

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

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

17. Reconciliation of alternative performance measures

Adjusted EBITDA, EUR mill.	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
Profit (loss) for the period	16.2	-1.5	40.1	7.3	45.8
Income tax expense	4.2	-0.4	10.1	1.4	10.8
Share of profits in associated companies	0.1	0.1	0.2	0.2	0.6
Net finance expenses	2.3	2.3	4.6	4.7	10.0
Depreciation, amortization and impairment losses	21.4	22.7	42.3	45.5	91.2
Adjustments*	0.8	0.8	1.0	3.1	4.5
Adjusted EBITDA	45.0	24.0	98.3	62.2	162.8

Adjusted EBITDA, %	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
Adjusted EBITDA	45.0	24.0	98.3	62.2	162.8
Revenue	275.3	209.2	554.0	466.5	986.4
Adjusted EBITDA, %	16.4	11.5	17.8	13.3	16.5

EBITDA, EUR mill.	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
Profit (loss) for the period	16.2	-1.5	40.1	7.3	45.8
Income tax expense	4.2	-0.4	10.1	1.4	10.8
Share of profits in associated companies	0.1	0.1	0.2	0.2	0.6
Net finance expenses	2.3	2.3	4.6	4.7	10.0
Depreciation, amortization and impairment losses	21.4	22.7	42.3	45.5	91.2
EBITDA	44.2	23.2	97.4	59.1	158.3

EBITDA, %	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
EBITDA	44.2	23.2	97.4	59.1	158.3
Revenue	275.3	209.2	554.0	466.5	986.4
EBITDA, %	16.0	11.1	17.6	12.7	16.1

Adjusted EBITA, EUR mill.	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
Profit (loss) for the period	16.2	-1.5	40.1	7.3	45.8
Income tax expense	4.2	-0.4	10.1	1.4	10.8
Share of profits in associated companies	0.1	0.1	0.2	0.2	0.6
Net finance expenses	2.3	2.3	4.6	4.7	10.0
Amortization and impairment losses	5.9	7.5	11.6	15.1	30.3
Adjustments*	0.8	0.8	1.0	3.1	4.5
Adjusted EBITA	29.5	8.8	67.7	31.7	101.9

Adjusted EBITA, %	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
Adjusted EBITA	29.5	8.8	67.7	31.7	101.9
Revenue	275.3	209.2	554.0	466.5	986.4
Adjusted EBITA, %	10.7	4.2	12.2	6.8	10.3

EBITA, EUR mill.	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
Profit (loss) for the period	16.2	-1.5	40.1	7.3	45.8
Income tax expense	4.2	-0.4	10.1	1.4	10.8
Share of profits in associated companies	0.1	0.1	0.2	0.2	0.6
Net finance expenses	2.3	2.3	4.6	4.7	10.0
Amortization and impairment losses	5.9	7.5	11.6	15.1	30.3
EBITA	28.7	8.0	66.7	28.6	97.4

EBITA, %	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
EBITA	28.7	8.0	66.7	28.6	97.4
Revenue	275.3	209.2	554.0	466.5	986.4
EBITA, %	10.4	3.8	12.0	6.1	9.9

Adjusted operating profit (EBIT), EUR mill.	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
Profit (loss) for the period	16.2	-1.5	40.1	7.3	45.8
Income tax expense	4.2	-0.4	10.1	1.4	10.8
Share of profits in associated companies	0.1	0.1	0.2	0.2	0.6
Net finance expenses	2.3	2.3	4.6	4.7	10.0
Adjustments*	0.8	0.8	1.0	3.1	4.5
Adjusted operating profit (EBIT)	23.6	1.3	56.0	16.6	71.6

Adjusted operating profit, (EBIT), %	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
Adjusted operating profit (EBIT)	23.6	1.3	56.0	16.6	71.6
Revenue	275.3	209.2	554.0	466.5	986.4
Adjusted operating profit (EBIT), %	8.6	0.6	10.1	3.6	7.3

Operating profit (EBIT), EUR mill.	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
Profit (loss) for the period	16.2	-1.5	40.1	7.3	45.8
Income tax expense	4.2	-0.4	10.1	1.4	10.8
Share of profits in associated companies	0.1	0.1	0.2	0.2	0.6
Net finance expenses	2.3	2.3	4.6	4.7	10.0
EBIT	22.8	0.5	55.0	13.5	67.2

Operating profit, (EBIT), %	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
EBIT	22.8	0.5	55.0	13.5	67.2
Revenue	275.3	209.2	554.0	466.5	986.4
EBIT, %	8.3	0.2	9.9	2.9	6.8

Return on equity, %	30 Jun 21	30 Jun 20	31 Dec 20
Profit/loss for the period (LTM)	78.6	33.8	45.8
Equity (including non-controlling interest) (average)	590.0	536.9	556.3
Return on equity, %	13.3	6.3	8.2

Equity ratio, %	30 Jun 21	30 Jun 20	31 Dec 20
Equity (including non-controlling interest)	608.6	532.5	571.4
Total assets	1,419.0	1,373.6	1,361.0
Advances received	1.7	1.5	2.2
Equity ratio, %	42.9	38.8	42.1

Gearing, %	30 Jun 21	30 Jun 20	31 Dec 20
Interest-bearing liabilities	563.9	599.7	568.0
Interest-bearing receivables and cash and cash equivalents	34.5	90.2	77.1
Equity	608.6	532.5	571.4
Gearing, %	87.0	95.7	85.9

Net debt/Adjusted EBITDA (LTM)	30 Jun 21	30 Jun 20	31 Dec 20
Interest-bearing liabilities	563.9	599.7	568.0
Interest-bearing receivables and cash and cash equivalents	34.5	90.2	77.1
Adjusted EBITDA (LTM)	199.0	149.8	162.8
Net debt/Adjusted EBITDA (LTM)	2.7	3.4	3.0

Adjusted EBITDA (LTM), excluding IFRS 16	30 Jun 21	30 Jun 20	31 Dec 20
Profit (loss) for the period	78.6	33.8	45.8
Income tax expense	19.5	7.5	10.8
Share of profits in associated companies	0.6	0.3	0.6
Net finance expenses	9.9	11.8	10.0
Depreciation, amortization and impairment losses	88.0	91.1	91.2
Adjustments*	2.3	5.3	4.5
IFRS 16 lease expense adjustment	-45.2	-45.0	-44.8
Adjusted EBITDA (LTM), excluding IFRS 16	153.8	104.9	118.0

Net debt/Adjusted EBITDA (LTM), excluding IFRS 16	30 Jun 21	30 Jun 20	31 Dec 20
Interest-bearing liabilities	381.7	413.9	389.5
Interest-bearing receivables and cash and cash equivalents	34.5	90.2	77.1
Adjusted EBITDA (LTM)	153.8	104.9	118.0
Net debt/Adjusted EBITDA (LTM), excluding IFRS 16	2.3	3.1	2.6

Adjustments*, EUR mill.	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
Acquisition related expenses ⁽¹⁾	0.6	0.1	0.5	0.2	0.5
Restructuring related expenses ⁽²⁾	0.1	0.6	0.1	1.0	1.6
Gains and losses on sale of assets, net	-	-0.1	-	-0.1	-0.1
Strategic projects and other items affecting to comparability	0.2	0.1	0.3	2.0	2.5
Adjustments	0.8	0.8	1.0	3.1	4.5

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

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

²⁾ Including restructuring of network and business operations.

18. Collateral and other contingent liabilities

EUR mill.	30 Jun 2021	30 Jun 2020	31 Dec 2020
Business mortgages	12.1	-	-
Total	12.1	-	-
Securities for own debts			
Deposits	0.2	0.2	0.2
Guarantees	0.9	0.7	0.7
Total	1.1	0.9	0.9