



# **TERVEYSTALO GROUP FINANCIAL STATEMENTS BULLETIN 2019**

**STRONG REVENUE GROWTH AND PROFITABILITY**

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## STRONG REVENUE GROWTH AND PROFITABILITY

### October–December 2019 in brief

- Revenue increased by 36.6 percent year-on-year to EUR 270.3 million (197.9)
- Adjusted<sup>1)</sup> earnings before interest, taxes and amortization (EBITA) before IFRS 16 impact (comparable) increased by 17.5 percent to EUR 31.9 million (27.1), representing 11.8 (13.7) percent of revenue
- Earnings before interest, taxes and amortization (EBITA)<sup>2)</sup> were 11.6 (10.7) percent of revenue
- Profit for the period<sup>2)</sup> amounted to EUR 16.1 million (10.1)
- Operating cash flow<sup>2)</sup> amounted to EUR 49.5 million (38.6)
- Earnings per share<sup>2)</sup> (EPS) were EUR 0.13 (0.08).

There were 62 business days in October–December, which is equal to the reference period (62).

### 2019 in brief

- Revenue increased by 38.4 percent year-on-year to EUR 1,030.7 million (744.7)
- Adjusted<sup>1)</sup> earnings before interest, taxes and amortization (EBITA) before IFRS 16 impact (comparable) increased by 29.3 percent to EUR 113.4 million (87.7), representing 11.0 percent (11.8) of revenue
- Earnings before interest, taxes and amortization (EBITA)<sup>2)</sup> were 10.7 (12.8) percent of revenue
- Profit for the period<sup>2,3)</sup> amounted to EUR 54.1 million (68.7) The net profit of the reference period was improved by non-recurring net capital gains of EUR 15.8 million and a non-recurring deferred tax asset of EUR 13.0 million related to confirmed losses.
- Net debt/adjusted EBITDA<sup>1,2)</sup> was 3.1 (3.8)
- Net debt/adjusted EBITDA<sup>1)</sup> before IFRS 16 impact (comparable) was 2.7 (3.8)
- Operating cash flow<sup>2)</sup> amounted to EUR 173.6 million (100.6)
- Earnings per share<sup>2,3)</sup> (EPS) were EUR 0.43 (0.54).
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.26 (20) per share in total be distributed in two installments<sup>4)</sup>

Unless otherwise stated, the figures in parentheses refer to the corresponding period one year ago. Terveystalo adopted the IFRS 16 Lease standard on January 1, 2019. Figures for the reference period in 2018 have not been adjusted. Additional information on the application of the IFRS 16 standard and other significant principles concerning the financial statement can be found in section 1 of the notes to the financial statement.

1) Adjustments are material items outside the ordinary course of business, associated with acquisition-related expenses, restructuring-related expenses, net gains and losses on the sale of assets, strategic projects, and other items affecting comparability. Adjustments totaled EUR 1.0 (5.9) million in October–December and EUR 5.1 (-7.7) million for January–December.

2) Not comparable because of the adoption of IFRS 16. The adoption of IFRS 16 had a material effect on adjusted EBITDA, which increased by EUR 10.2 million in October–December and by EUR 39.9 million in January–December. The impact of IFRS 16 on earnings before interest, taxes, and amortization (EBITA) was not material. Operating cash flow increased due to the impact of IFRS 16 by EUR 39.9 million in January–December. In addition, the adoption of IFRS 16 increased interest-bearing lease liabilities by EUR 178.7 million.

The net profit of the reference period was improved by a non-recurring deferred tax asset of EUR 13.0 million related to confirmed losses and non-recurring net capital gains totaling EUR 15.8 million.

4) The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.13 (0.20) per share be distributed for 2019, totaling EUR 16.6 (25.5) million. The Board of Directors further proposes that the Board of Directors be authorized to resolve in its discretion on the payment of additional dividend. The amount dividend to be paid based on the authorization shall not exceed EUR 0.13 per share and EUR 16.6 million in aggregate.

### Ville Iho, CEO: A year of financial and operational excellence

Terveystalo had an excellent year in 2019 in terms of our financial and operational results. The broad-based growth of our business continued across all customer groups and our revenue for the full year grew by more than 38 percent year-on-year, exceeding one billion euros for the first time. Organic growth clearly exceeded the long-term growth target of 6-8 percent and was close to 10 per cent year-on-year. Adjusted earnings before interest, taxes and amortization (EBITA) grew to EUR 115 million. Operating cash flow saw strong



*growth and our investments in digitalization continued to increase. We also strengthened our balance sheet and our comparable net debt/adjusted EBITDA ratio decreased to 2.7.*

*We have achieved growth in our service provision while ensuring high service quality and quick access to care for our customers in spite of the resource-related challenges in our industry. Our growth in customer volume was paralleled by our customer satisfaction rising to an all-time high.*

*We are also increasingly challenging ourselves in the area of corporate responsibility. As a concrete example of this is the loan financing agreement of EUR 410 million we made in the fourth quarter. The interest rate margin takes into account Terveystalo's achievement of corporate responsibility targets for improvement in customer satisfaction, employee satisfaction and well-being as well as the reduction of mixed waste.*

*Technological progress and the service innovations it brings are reshaping all industries, and digital services are also becoming more common in health care. The significance of comprehensive well-being is growing and the industry megatrends, along with customer comparisons against services in other sectors, are shaping customer expectations in health care. The ageing of the Western population will increase service demand and lead to higher health care costs. At the same time, there are widespread shortages of health care professionals.*

*At Terveystalo, the leading private company in our field, we have a unique opportunity — and responsibility — to be a trendsetter in this regard. We create new operating models that help society as a whole respond to the challenges presented by ageing, diseases of affluence, and growing health care costs. We challenge ourselves to open up bottlenecks in chains of care and we invest in the development of new service solutions and processes with the aim of supporting the overall health of our customers more accurately and effectively.*

*Our digital tools are a good example of the solutions we have implemented to respond to our customers' needs effectively regardless of time and place, around the clock. Our remote chat appointments with physicians, for example, are available with an average waiting time of seven seconds. We make purposeful use of our experts time and guide our customers to meet the right expert through the appropriate service at the appropriate time, using the appropriate channel.*

*The transformation of the industry provides Terveystalo with new opportunities for taking advantage of its key competencies. As we move forward, we will continue to drive the industry's development towards more individual-oriented and preventive care and even smoother chains of care. We are building our industry's strongest working community and the best team. We want our customers to feel that they are receiving the best possible care regardless of the service or channel they use.*

*As Terveystalo's new CEO, I am very impressed by the company's strong culture and competencies. The people of Terveystalo possess in-depth professional expertise in their field along with a strong work ethic and the desire to find new, concrete solutions to the industry's needs.*

*Our strengths provide an excellent foundation for our future development and making the right future strategic choices.*

*Ville Iho*

## **Market outlook**

- The market environment remains favorable in spite of weakened consumer confidence.
- Corporate customers keep up a steady demand. Price competition is intensifying in certain customer groups in occupational health. At the same time, the relative share of preventive services is increasing, which is a trend that will be further strengthened by the upcoming change in legislation concerning Kela reimbursements, due to be introduced at the beginning of 2020.
- Private customer demand also remains strong, and the trend of comprehensive well-being is creating broad growth in service demand. This is particularly reflected in growth in the demand for services other than physician appointments.
- Public sector demand remains strong in various service categories.

These views are based on the expected market development within the next six months, compared to the past six months.

## Changes in reporting

Terveystalo adopted the IFRS 16 standard on 1 January 2019. In accordance with the IFRS 16 standard, previous lease expenses are replaced with depreciation charges for right-of-use assets and interest expense on lease liabilities in the income statement. As a result, the IFRS 16 standard has a low impact on the operating profit and the profit for the financial year 2019. In 2019, the adoption of IFRS 16 will have a positive impact of approximately EUR 40 million on the operating margin, and it will increase net debt and right-of-use assets on the balance sheet by approximately EUR 180 million. The figures for 2018 have not been adjusted. The adoption of IFRS 16 has affected the income statement, balance sheet, and cash flow. For additional information on the accounting principles, please refer to page 16.

## Financial targets

The financial target pertaining to the capital structure has been revised to take into account the computational impact of IFRS 16 adoption. Going forward, the target for the net debt/adjusted EBITDA ratio is 3.5 or less. However, indebtedness may temporarily exceed the target level, such as in conjunction with acquisitions.

## Key figures

Terveystalo Group, EUR million	10-12/ 2019	10-12/ 2018	Change, %	2019	2018	Change, %
Revenue	270.3	197.9	36.6	1,030.7	744.7	38.4
Adjusted EBITDA * <sup>1) 2)</sup>	47.8	32.5	47.1	176.3	108.9	62.0
Adjusted EBITDA, % * <sup>1) 2)</sup>	17.7	16.4	-	17.1	14.6	-
EBITDA <sup>1) 2)</sup>	46.8	26.6	76.2	171.2	116.6	46.9
EBITDA, % <sup>1) 2)</sup>	17.3	13.4	-	16.6	15.7	-
Adjusted earnings before interest, taxes and amortization (EBITA) * <sup>1) 2)</sup>	32.3	27.1	19.2	115.1	87.7	31.2
Adjusted earnings before interest, taxes and amortization (EBITA), % * <sup>1) 2)</sup>	12.0	13.7	-	11.2	11.8	-
Adjusted earnings before interest and taxes (EBIT) * <sup>1) 2)</sup>	24.8	22.0	12.5	86.5	67.7	27.7
Adjusted earnings before interest and taxes (EBIT), % * <sup>1) 2)</sup>	9.2	11.1	-	8.4	9.1	-
Earnings before interest and taxes (EBIT) <sup>2)</sup>	23.8	16.1	47.9	81.4	75.4	7.9
Net profit <sup>2) 3)</sup>	16.1	10.1	59.6	54.1	68.7	-21.3
Net debt <sup>2)</sup>	-	-	-	548.2	413.3	32.7
Net debt/adjusted EBITDA (last 12 months) * <sup>1) 2)</sup>	-	-	-	3.1	3.8	-
Return on equity (ROE), % <sup>1) 2) 3)</sup>	-	-	-	10.3	14.2	-
Equity ratio, % <sup>1) 2)</sup>	-	-	-	39.9	44.1	-
Gearing, % <sup>1) 2)</sup>	-	-	-	101.3	80.8	-
Earnings per share (€) <sup>2) 3)</sup>	0.13	0.08	-	0.43	0.54	-
Operating cash flow <sup>2)</sup>	49.5	38.6	28.2	173.6	100.6	72.5
Personnel (end of period)	-	-	-	8,685	6,018	44.3
Private practitioners (end of period)	-	-	-	5,068	4,877	3.9
Number of working days	62	62	-	251	251	-

Before IFRS 16 impact (comparable), EUR million	10-12/ 2019	10-12/ 2018	Change, %	2019	2018	Change, %
Adjusted EBITDA * 1)	37.6	32.5	15.6	136.4	108.9	25.3
Adjusted EBITDA, % * 1)	13.9	16.4	-	13.2	14.6	-
Adjusted earnings before interest, taxes and amortization (EBITA) * 1)	31.9	27.1	17.5	113.4	87.7	29.3
Adjusted earnings before interest, taxes and amortization (EBITA), % * 1)	11.8	13.7	-	11.0	11.8	-
Adjusted net debt * 1)	-	-	-	369.5	413.3	-10.6
Adjusted net debt/adjusted EBITDA (last 12 months) * 1)	-	-	-	2.7	3.8	-

\* 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. Additional information is provided in notes 13 and 14.

2) Not comparable because of the adoption of IFRS 16.

The adoption of IFRS 16 had a significant effect on adjusted EBITDA, which increased by EUR 10.2 million in October–December and by EUR 39.9 million in January–December. The impact of IFRS 16 on earnings before interest, taxes, and amortization (EBITA) was not material. Operating cash flow increased due to the impact of IFRS 16 by EUR 39.9 million in January–December. In addition, the adoption of IFRS 16 increased interest-bearing lease liabilities by EUR 178.7 million.

3) The net profit of the January–December reference period was improved by a non-recurring deferred tax asset of EUR 13.0 million related to confirmed losses and non-recurring capital gains, totaling EUR 15.8 million.

## Market review

There were no material changes in the health care market during the reporting period. The health care market and services continue to increasingly expand toward maintaining health and well-being and the prevention of illnesses. Despite weakened consumer confidence, the continued steady development of the Finnish economy and the slightly improved employment rate contributed to strong demand for Terveystalo's services among the corporate and private customer groups during the review period.

Market consolidation continues and a foreign private equity owned health care operator made a cash tender offer for all shares in a listed Finnish health care operator in late 2019. The tender offer is expected to be completed in the latter part of the second quarter of 2020 or, at the latest, in the third quarter of 2020.

Terveystalo's market share among private customers developed favorably during the period. Customer expectations concerning digital tools and solutions have increased substantially and their significance is highlighted particularly in corporate decision-making. Price competition is intensifying in public customer accounts in occupational health, while in other customer groups, the scope of occupational health services — and well-being services, in particular — is growing. The use of multiple provider models among insurance companies has increased in recent times. Due to Terveystalo's extensive network and diverse service offering, this is a favorable development for the company.

It is estimated that the Government's new health care policies will reduce the number of full outsourcing of health care services in the public sector but, on the other hand, the demand for various types of partial outsourcing, occupational health and health care staffing services is expected to grow. The use of service vouchers is also expected to increase.

With the most extensive network of clinics and hospitals, strong outsourcing and staffing expertise in the public sector and the large customer base in occupational health care, the company nevertheless expects to be able to continue its strong performance in the current market structure and to be an attractive partner for various customer groups.

## Group revenue

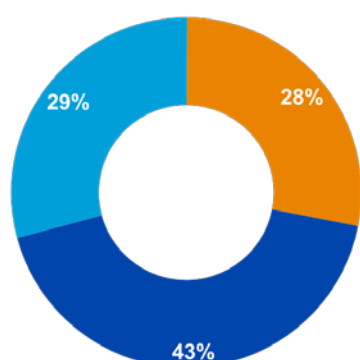
**Revenue for the fourth quarter** increased by 36.6 percent year-on-year and amounted to EUR 270.3 million (197.9). Revenue was increased by broad-based growth in the demand for Terveystalo's services and the acquisition of Attendo Health Services completed in late 2018. Terveystalo's competitiveness was reflected in the strong development of insurance company sales, high utilization rates, and a substantial increase in the demand for preventive services and well-being services. Growth was strong in physician appointments, appointments with other professional groups, diagnostics as well as surgical services. There were 62 business days in October–December, which is equal to the reference period (62). Growth was achieved on a broad front in the number of appointments provided, especially in appointments with professional groups other than physicians, where the year-on-year increase was nearly 10%. The utilization rates of appointments remained stable compared to the reference period.

**Revenue for the full year** increased by 38.4 percent year-on-year and amounted to EUR 1,030.7 million (744.7).

EUR million	10–12/2019	10–12/2018	Change, %	1–12/2019	1–12/2018	Change, %
Corporate customers	115.6	109.3	5.8	432.5	402.7	7.4
Private customers	79.1	66.8	18.4	303.1	260.7	16.2
Public sector customers	75.6	21.8	> 200	295.1	81.2	> 200
<i>Excluding Attendo Health Services</i>	24.3	21.8	11.5	91.0	81.2	12.0
<b>Total</b>	<b>270.3</b>	<b>197.9</b>	<b>36.6</b>	<b>1,030.7</b>	<b>744.7</b>	<b>38.4</b>

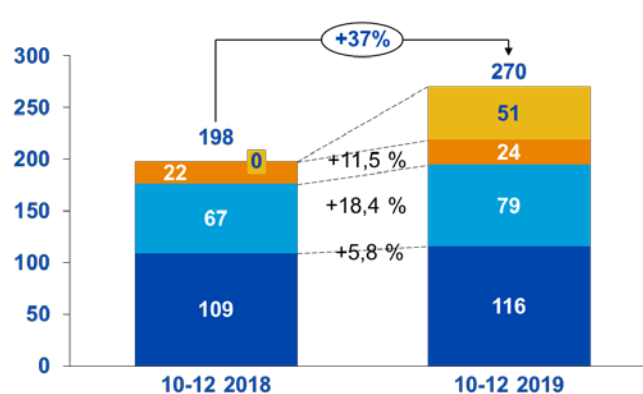
## Revenue by payer group

10-12 2019 Revenue by payer group, %

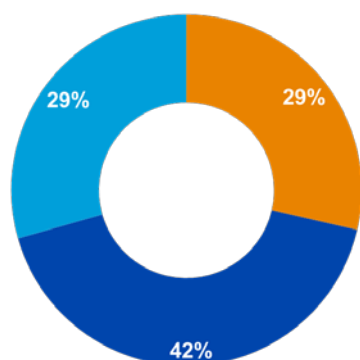


■ Corporate ■ Public sector, incl. Attendo  
■ Private ■ Public sector, excl. Attendo

10-12 Revenue by payer group, M€

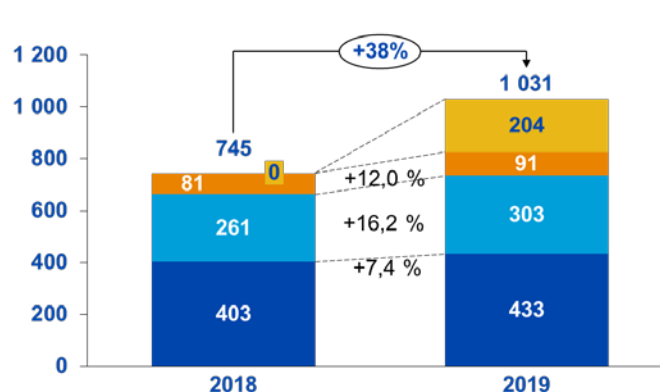


2019 Revenue by payer group, %



■ Corporate ■ Public sector, incl. Attendo  
■ Private ■ Public sector, excl. Attendo

2019 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 care customers, excluding municipal occupational health care customers, which are included in the public sector customer group. The company provides statutory occupational health services and other occupational health and wellbeing services for corporate customers of all sizes. Terveystalo is the largest provider of occupational health services in Finland in terms of revenue and the number of end users. Terveystalo provides occupational health services for over 24,000 companies, and in 2019, the company provided occupational health services for a total of approximately 700,000 customers.*

**Revenue from corporate customers in the fourth quarter** increased by 5.8 percent, amounting to EUR 115.6 (109.3) million, without being significantly affected by acquisitions. Occupational health services provided by Attendo Health Services were integrated during the second quarter by merging functions and units, which is why their share of the revenue is no longer reported separately.

Sales of preventive\* occupational health services and well-being services\*\* continued to develop favorably, which increased average sales per end customer. The deployment of new information systems for occupational health nurses weakened the growth of revenue during the review period. The demand for mental well-being services and digital services in particular increased significantly. The demand for illness-related appointments increased slightly year-on-year during the fourth quarter. The number of end customers in occupational health care increased slightly compared to the reference period.

**Revenue from corporate customers for the full year** grew by 7.4 percent, amounting to EUR 432.5 (402.7) million. Strong demand for preventive, well-being and digital services contributed to the growth. The demand for illness-related appointments was nearly on par with the reference period.

\*The statutory task of occupational health care 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 health care activities.

\*\*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 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.*

**Revenue from private customers in the fourth quarter** increased by 18.4 percent, amounting to EUR 79.1 (66.8) million. Health care services for private customers provided by Attendo Health Services (mainly dental health services) were integrated during the second quarter by merging functions and units, which is why their share of the revenue is no longer separately reported.

Revenue was significantly increased by the broad-based growth of services. Growth consisted of organic growth as well as acquisitions. Growth was significantly boosted by increase in appointments offered and successful management of supply. Utilization rates remained at a high level. In addition to well-being services and digital services, the sales of diagnostics services, for example, continued to see significant growth. The sales of surgical services also increased year-on-year due to closer cooperation with insurance companies. The share of occupational health customers who used private services — and sales to this segment — also grew significantly year-on-year.

**Revenue from private customers for the full year** grew by 16.2 percent, amounting to EUR 303.1 (260.7) million. In addition to acquisitions, growth was especially supported by growth in the number of appointments with physicians and other health care professionals as well as the strong demand for digital services.

## Public sector customers

*Terveystalo's public customer group is made up of Finnish public sector organizations, such as municipalities, municipal federations, and hospital districts as well as municipal occupational 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 outsourcing, health care staffing services, specialized care services, other health care services as well as occupational health services for municipalities, municipal federations, and hospital districts.*

**Revenue from public sector customers in the fourth quarter** multiplied thanks to the Attendo acquisition completed at the end of 2018. Revenue more than tripled and amounted to EUR 75.6 (21.8) million. Revenue from Attendo's existing agreements amounted to EUR 51.3 million, and revenue excluding Attendo Health Services increased by 11.5 percent to EUR 24.3 million. Attendo's occupational health units were integrated during the second quarter by merging functions and units.

With regard to certain agreements, the staffing services faced challenges related to the availability of health care professionals, but the contract portfolio as a whole developed favorably during the final quarter of the year.

In addition to the acquisition of Attendo Health Services, the significant growth of occupational health services contributed to sales growth.

In addition to hospital outsourcings and other partial outsourcings, Terveystalo had 10 full outsourcing agreements in the fourth quarter. Of these, the full outsourcing agreements in Tohmajärvi and Puolanka terminated at the end of the year. The business is expected to continue to a lesser extent in a different service format.

**Revenue from public sector customers for the full year** more than tripled and amounted to EUR 295.1 (81.2) million. Revenue from Attendo's existing agreements amounted to EUR 204.1 million. Revenue excluding Attendo Health Services increased by 12.0 percent, amounting to EUR 91.0 million.

## Financial performance

Adjusted EBITDA for **the fourth quarter of 2019** increased by 47.1 percent year-on-year to EUR 47.8 million (32.5). The adoption of IFRS 16 had an effect of EUR 10.2 million on the adjusted EBITDA. Improved profitability and the Attendo Health Services acquisition contributed to the increase in adjusted EBITDA. Material costs and the volume of purchased services increased mainly in line with revenue growth. The Attendo acquisition completed at the end of 2018 and continuing investments in digitalization and centralized services increased personnel costs by 60.8 percent to EUR -81.8 million (-50.9).

Fourth-quarter adjusted EBITDA excluding the effect of IFRS 16 was EUR 37.6 million, representing 13.9 (16.4) percent of revenue. The relative profitability was affected by the lower profitability of the acquired Attendo business as well as increasing investments in digitalization. Adjusted earnings before interest, taxes and amortization (EBITA) and before IFRS 16 impact (comparable) increased by 17.5 percent to EUR 31.9 million (27.1), representing 11.8 (13.7) percent of revenue. The adoption of IFRS 16 did not have a material effect on adjusted EBITA.

Operating profit for the fourth quarter amounted to EUR 23.8 million (16.1), and profit before tax was EUR 19.9 (13.9). Amortization on intangible assets increased by EUR 2.4 million year-on-year, mainly due to the allocation of acquisition cost to customer relationships in connection with the Attendo acquisition.

A refinancing arrangement was carried out during the review period, which included a write-down of EUR 1.0 million recognized on the amortized loan withdrawal costs of old loans. The refinancing arrangement will reduce interest margins, which will have a positive impact on the financing costs in 2020. Profit for the fourth quarter was EUR 16.1 (10.1) million, and earnings per share were EUR 0.13 (0.08).

Fourth-quarter operating cash flow increased, amounting to EUR 49.5 (38.6) million. The growth was mainly due to the expansion of operations as a result of the Attendo acquisition and the adoption of IFRS 16. The impact of these two factors was reduced by a slight decrease in net working capital.

Fourth-quarter cash flow from investing activities amounted to EUR -13.1 (-235.1) million. The most significant change compared to the reference period involved cash flow related to the acquisition of subsidiaries, which totaled EUR -1.5 million (-228.2) during the review period.

Cash flow from financing activities amounted to EUR -38.2 (154.0) million in the fourth quarter. Cash flow from financing activities decreased during the review period mainly due to the repayment of long-term liabilities and



financial lease liabilities. In the reference period, cash flow from financing activities was increased by bank financing withdrawn in relation to the Attendo acquisition.

Adjusted EBITDA for **the full year 2019** increased by 62.0 percent, amounting to EUR 176.3 (108.9) million. The increase in adjusted EBITDA was, in addition to improvement in profitability, mainly due to the adoption of IFRS 16, which had a EUR 39.9 million effect on EBITDA as well as the acquisition of Attendo Health Services.

Full-year adjusted earnings before interest, taxes and amortization (EBITA) and before IFRS 16 impact (comparable) increased by 29.3 percent to EUR 113.4 million (87.7). Adjusted EBITA relative to revenue decreased by 0.8 percentage points, to 11.0 percent. The decrease in adjusted EBITA relative to revenue resulted from changes in the sales mix, with more emphasis on staff-intensive outsourcing services through the Attendo acquisition as well as increased investments in digitalization. The adoption of IFRS 16 did not have a material effect on the adjusted EBITA margin.

Operating profit for the full year amounted to EUR 81.4 (75.4) million. Net financial expenses increased by 56.7 percent during the review period, amounting to EUR -14.4 (-9.2) million. The increase was due to the debt financing of the Attendo acquisition and the adoption of IFRS 16. In addition, a refinancing arrangement was carried out, which included a write-down of EUR 1.0 million recognized on the amortized loan withdrawal costs of old loans. The refinancing arrangement will reduce interest margins, which will have a positive impact on the financing costs in 2020. The full-year profit before tax was EUR 66.8 (68.2) million. Profit for the period was EUR 54.1 (68.7) million, and earnings per share were EUR 0.43 (0.54). The net profit of the comparison year was improved by a non-recurring deferred tax asset of EUR 13.0 million related to confirmed losses that was recognized following the conclusion of a tax audit as well as non-recurring net capital gains, totaling EUR 15.8 million.

Full-year operating cash flow increased significantly during the review period, amounting to EUR 173.6 (100.6) million. The growth was mainly attributable to the expansion of operations as a result of the Attendo acquisition, the positive development of net working capital as well as the adoption of IFRS 16.

Full-year cash flow from investing activities amounted to EUR -46.7 (-224.4) million. The change was mainly due to a reduction in the acquisition of subsidiaries. Cash flow related to the acquisition of subsidiaries totaled EUR -12.3 million (-229.8) during the review period. Cash flow was also affected by a significant increase in investments related to both tangible and intangible assets. During the review period, there were no investment cash flows related to the sale of subsidiaries, compared to EUR 24.1 million during the reference period.

Full-year cash flow from financing activities amounted to EUR -123.1 (127.6) million. In addition to the effect of IFRS 16 adoption, cash flow from financing activities was decreased by paid return of equity and repayments of long-term liabilities. In the reference period, cash flow from financing activities was increased by bank financing withdrawn in relation to the Attendo acquisition.

## The Group's financial position

Terveystalo's liquidity position is good. Cash and cash equivalents at the end of the period amounted to EUR 40.6 million (EUR 36.9 million in December 2018). The total assets of the Group amounted to EUR 1,359.3 million (EUR 1,162.3 million in December 2018). The increase was mainly due to the adoption of IFRS 16. The effect of IFRS 16 on right-of-use assets was EUR 176.4 million.

Equity attributable to owners of the parent company totaled EUR 541.2 (511.7) million. The increase was mainly due to improved profitability.

Gearing at the end of the review period was 101.3 (80.8) percent, and net interest-bearing debt amounted to EUR 548.2 (413.3) million. The effect of IFRS 16 on interest-bearing lease liabilities was EUR 178.7 million.

Terveystalo signed a new financing agreement in the fourth quarter of 2019. The signed syndicated facilities agreement consists of a five-year loan of EUR 410 million to replace the agreements made in connection to the IPO and the acquisition of Attendo healthcare operations. The interest rate margin of the new financing agreement takes into account Terveystalo's achievement of responsibility targets for improvement in customer satisfaction, employee satisfaction and well-being as well as the reduction of mixed waste. The financing agreement also includes conventional covenants related to the company's solvency and debt servicing capacity.

Return on equity for the review period was 10.3 (14.2) percent. The return on equity in the comparison year was improved by a non-recurring deferred tax asset of EUR 13.0 million related to confirmed losses and non-

recurring net capital gains of EUR 15.8 million. The equity ratio was 39.9 (44.1) percent. The key indicators are not comparable because of the adoption of IFRS 16.

## Seasonal variation and the impact of the number of business days

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

## Investments and acquisitions

Net investments\* in 2019, including M&A, amounted to EUR 58.2 (236.1) million. The Group's net cash capital expenditure, excluding M&A, was EUR 33.2 (17.7) million and the corresponding non-cash capital expenditure EUR 11.2 (9.9) million. These investments consisted mainly of investments in IT system projects (including ERP and CRM), digital application and service development, medical equipment and the network. The relative share of intangible investments in gross investments increased, whereas the relative share of investments in devices and equipment fell.

Terveystalo carried out two acquisitions in the fourth quarter to complement its business by acquiring the share capital of Evalua International Ltd. Oy and the occupational health operations of the municipality of Säkylä. Evalua, established in 2003, specializes in scientific evidence-based health surveys, advanced personnel surveys, and interpretation of results.

*\* Net investments do not include the additions of right-of-use assets recognized as a result of the adoption of IFRS 16.*

## Personnel

The number of Terveystalo's employed staff on December 31, 2019 was 8,685 (6,018). The number of private practitioners increased to 5,068 (4,877) at the end of the review period.

## Shares, shareholders, and Board authorizations

At the end of December 2019, Terveystalo's market value was EUR 1,431 million (1,028) and the closing price was EUR 11.18 (8.03). In 2019, the highest price of Terveystalo's share on Nasdaq Helsinki Ltd was EUR 11.18 (11.40), the lowest price EUR 7.90 (6.98) and the average price EUR 9.94 (9.61). A total of 27.8 (36.8) million shares were traded in 2019. At the end of the reporting period, the number of Terveystalo shares registered in the Trade Register was 128,036,531. The following tables list the largest shareholders, distribution of ownership and owner groups.

### The largest registered shareholders on December 31, 2019

Name	Number of shares	% of shares	Votes	% of votes
Varma Mutual Insurance Company	22,151,945	17.3	22,151,945	17.3
Rettig Group AB	21,153,191	16.5	21,153,191	16.5
OP Cooperative	14,922,573	11.7	14,922,573	11.7
Hartwall Capital	14,431,690	11.3	14,431,690	11.3
Elo Mutual Pension Insurance Company	5,232,951	4.1	5,232,951	4.1
Ilmarinen Mutual Pension Insurance Company	5,073,725	4.0	5,073,725	4.0
Mandatum Life Insurance Company	3,286,657	2.6	3,286,657	2.6
Investment fund OP-Suomi	2,743,907	2.1	2,743,907	2.1
Investment fund Evli Finnish Small Cap	1,731,999	1.4	1,731,999	1.4
State Pension Fund	1,000,000	0.8	1,000,000	0.8
Ten largest, in total	91,728,638	71.6	91,728,638	71.6

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

According to its own notification and its custodian's notification, **Lannebo Fonder** owns a total of **6,134,919** shares, which corresponds to **4.8%** of all shares.

#### Distribution of ownership, December 31, 2019

Number of shares	Number of shareholders	% of shareholders	Number of securities	% of securities	Number of votes	% of votes
1–100	6,281	37.8	365,865	0.3	365,865	0.3
101–500	7,826	47.1	1,928,351	1.5	1,928,351	1.5
501–1,000	1,322	8.0	1,044,132	0.8	1,044,132	0.8
1,001–5,000	921	5.5	1,937,410	1.5	1,937,410	1.5
5,001–10,000	100	0.6	724,342	0.6	724,342	0.6
10,001–50,000	107	0.6	2,356,346	1.8	2,356,346	1.8
50,001–100,000	23	0.1	1,708,306	1.3	1,708,306	1.3
100,001–500,000	22	0.1	4,665,432	3.6	4,665,432	3.6
500,001–	23	0.1	113,306,347	88.5	113,306,347	88.5
<b>Total</b>	<b>16,625</b>	<b>100</b>	<b>128,036,531</b>	<b>100.0</b>	<b>128,036,531</b>	<b>100.0</b>
of which nominee-registered	9		14,907,304	11.6	14,907,304	11.6
<b>Non-transferred, total</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>In general account</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>In special accounts, total</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total issued</b>			<b>128,036,531</b>	<b>100</b>	<b>128,036,531</b>	<b>100</b>

#### Shareholder groups, December 31, 2019

Shareholders by sector	Number of shares	% of shares
<b>Households</b>	<b>7,365,072</b>	<b>6.5</b>
<b>Public entities</b>	<b>33,538,215</b>	<b>29.6</b>
<b>Financial and insurance institutions</b>	<b>29,955,147</b>	<b>26.5</b>
<b>Companies</b>	<b>19,585,888</b>	<b>17.3</b>
<b>Non-profit institutions</b>	<b>1,468,352</b>	<b>1.3</b>
<b>Foreign owners</b>	<b>21,216,553</b>	<b>18.8</b>
<b>Total</b>	<b>113,129,227</b>	<b>100.0</b>
<b>Of which nominee-registered</b>	<b>14,907,304</b>	<b>11.6</b>

#### Notifications of major shareholdings

In 2019, Terveystalo received 2 notifications of major shareholdings.

According to a notification, a transaction on December 4, 2019, reduced the total holdings in Terveystalo shares and votes held by Helsinki Deaconess Institute Foundation to 0% (0 shares) of the outstanding shares in Terveystalo. The Helsinki Deaconess Institute Foundation's previous shareholding amounted to 10.5 percent (13,470,705 shares).

According to a notification, a transaction on December 4, 2019, increased the combined holdings in Terveystalo shares and votes held by Pohjola Insurance and OP Life Insurance to 11.65 percent (14,922,573 shares) of all of the outstanding shares in Terveystalo.

#### Shareholders' agreements

Terveystalo is not aware of any shareholder's agreements regarding the ownership of the Company and voting rights.

### Share-based incentive schemes and the Board's authorizations

The company's currently valid long-term share-based incentive scheme consists of three performance periods, the calendar years 2018, 2019, and 2020. The Board of Directors decides on the performance criteria and the required performance levels for each criterion at the beginning of each performance period.

During the performance period 2019, the plan offered the key employees the possibility to earn rewards based on the Company achieving the required operational targets and Total Shareholder Return (TSR) levels.

The Board has been authorized to resolve on the repurchase of the company's own shares using the unrestricted equity of the company. The authorization covers a maximum of 12,803,653 own shares in total, which corresponds to approximately 10 percent of the company's currently registered shares.

The Board has also been authorized to resolve on the issuance of shares and special rights entitling to shares as referred to in Chapter 10, Section 1 of the Finnish Companies Act. The authorization covers a maximum of 12,803,653 own shares in total, which corresponds to approximately 10 percent of the company's currently registered shares. The authorization can be used for the financing or execution of acquisitions or other business arrangements, to strengthen the balance sheet and financial position of the company, for implementing share-based incentive plans or the payment of the annual compensation payable to the members of the Board of Directors, or for other purposes as determined by the Board of Directors.

Evli Awards Management Oy (EAM) is responsible for the acquisition and management of the shares in accordance with the section of the Limited Liability Companies Act concerning incentives and the financing of the acquisition of company shares. Financed by Terveystalo, EAM TTALO Holding Oy will acquire shares in accordance with the agreement to be used as part of Terveystalo's share-based incentive system, in accordance with the terms of the scheme. During the review period, EAM TTALO Holding Oy held 730,000 Terveystalo shares.

### Dividend Policy and distribution of profits proposed by the Board

The aim of Terveystalo's Dividend Policy is to distribute at least one third of net profit as dividends during the business cycle. The current financial performance, development potential, financial position, and capital requirements are taken into account. In 2019, earnings per share were EUR 0.43 (0.54).

The parent company's distributable funds totaled EUR 533.7 million, of which EUR 41.1 million is profit for the financial year. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.13 (0.20) per share be distributed for 2019, totaling EUR 16.6 (25.5) million. The Board of Directors further proposes that the Board of Directors be authorized to resolve in its discretion on the payment of additional dividend. The amount dividend to be paid based on the authorization shall not exceed EUR 0.13 per share and EUR 16.6 million in aggregate. The authorization is valid until the opening of the next Annual General Meeting. Unless the Board of Directors decides otherwise for a justified reason, the authorization will be used to pay dividend one time during the period of validity of the authorization. No substantial changes have occurred in the company's financial position since the end of the financial year. The company's liquidity is good and, in the Board's opinion, will not be jeopardized by the proposed distribution of profits.

### Decisions of the Annual General Meeting 2019 and the first Board meeting

Terveystalo Plc's Annual General Meeting was held on April 4, 2019, in Helsinki. The Annual General Meeting adopted the financial statements for the year 2018 and discharged the members of the Board of Directors and the President and CEO from liability. The Annual General Meeting approved the proposals of the Shareholders' Nomination Board and the Board of Directors without any changes.

In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved not to pay dividends based on the balance sheet confirmed for the financial year 2018. The Annual General Meeting decided that EUR 0.20 per share (totaling EUR 25.5 million) would be distributed from the invested non-restricted equity reserve. The distribution was paid on April 15, 2019.

The number of the members of the Board of Directors as confirmed as eight. Lasse Heinonen, Olli Holmström, Åse Aulie Michelet, Katri Viippola, and Tomas von Rettig were re-elected as members of the Board, and Dag Andersson, Paul Hartwall, and Kari Kauniskangas were elected as new members of the Board.

KPMG Oy was re-elected as the company's auditor, with APA Jari Härmälä continuing as the auditor in charge.



The Annual General Meeting authorized the Board of Directors to resolve on the repurchase of the company's own shares using the unrestricted equity of the company. The authorization covers a maximum of 12,803,653 own shares in total, which corresponds to approximately 10 percent of the company's currently registered shares.

The Annual General Meeting also authorized the Board of Directors to resolve on the issuance of shares and special rights entitling to shares as referred to in Chapter 10, Section 1 of the Finnish Companies Act. The authorization covers a maximum of 12,803,653 own shares in total, which corresponds to approximately 10 percent of the company's currently registered shares. The authorization can be used for the financing or execution of acquisitions or other business arrangements, to strengthen the balance sheet and financial position of the company, for implementing share-based incentive plans or the payment of the annual compensation payable to the members of the Board of Directors, or for other purposes as determined by the Board of Directors.

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

All of the authorizations will remain effective until the end of the Annual General Meeting 2020 and, in any event, no longer than for a period of 18 months from the date of the resolution of the Annual General Meeting.

The new Board of Directors elected Kari Kauniskangas as its Chairman and Tomas von Rettig as its Vice-Chairman. Lasse Heinonen was elected as Chairman of the Audit Committee and Paul Hartwall and Olli Holmström as members of the Audit Committee. Kari Kauniskangas was elected as Chairman of the Compensation Committee and Dag Andersson, Åse Michelet, and Katri Viippola as members of the Compensation Committee.

## Changes in Management

Jyrö Närhinen, CEO, resigned on September 9, 2019. Ville Iho was appointed as President and CEO on August 8, 2019, and he took up his post on December 6, 2019. SVP HR Johanna Karppi resigned on September 30, 2019.

## Events after the reporting period

Minttu Sinisalo b. 1980, M.Sc. (Econ.), was appointed as Terveystalo's Senior Vice President for HR. She took up her post on January 1, 2020.

Susanna Laine, Senior Vice President, Communications and Brand, and a member of the Executive Team, vacated her position on January 8, 2020. Veera Siivonen, b. 1980, M.Sc. (Tech., Industrial Engineering) has been appointed Senior Vice President, Marketing and Communications of Terveystalo as of May 1, 2020, at the latest.

Elina Saviharju, b. 1981, LL.B., LL.M. (Harvard) has been appointed Senior Vice President, Legal, of Terveystalo. She will join the company as of July 24, 2020, at the latest, as Julia Ormio, Chief Legal Officer and Member of the Executive Team of Terveystalo, has resigned.

The Shareholders' Nomination Board of Terveystalo has submitted its proposal on the Board of Directors to the Annual General Meeting 2020. The Shareholders' Nomination Board proposes to the Annual General Meeting that the number of members of the Board of Directors shall be seven (7). The Shareholders' Nomination Board proposes, for a term that ends at the end of the Annual General Meeting 2021 Dag Andersson, Lasse Heinonen, Kari Kauniskangas, Åse Aulie Michelet, Katri Viippola and Tomas von Rettig to be re-elected as members of the Board and Niko Mokkila to be elected as a new member of the Board.

Nomination Board recommends that Kari Kauniskangas is re-elected as the Chairman of the Board and Tomas von Rettig as the Vice Chairman of the Board. The current members of the Board Olli Holmström and Paul Hartwall have announced that they are not available for re-election to the Board of Directors.

All candidates have given their consent to the position and The Nomination Board has assessed all candidates to be independent of the company. Dag Andersson, Kari Kauniskangas, Lasse Heinonen and Åse Michelet are also independent of major shareholders.

The Shareholders' Nomination Board proposes to the Annual General Meeting 2020 that the following remuneration be paid to the members of the Board during the next term: annual remuneration of the Chairman

EUR 85,000, annual remuneration of the Vice-Chairman EUR 50,500, annual remuneration of the members EUR 40,250, annual remuneration of the Chairman of the Audit Committee EUR 50,500.

Additionally, the following attendance fees shall be paid for each Board and Committee meeting: EUR 625 for members residing in Finland, EUR 1,300 for members residing elsewhere in Europe and EUR 2,600 for members residing outside of Europe. For Board and Committee meetings that are held by telephone or other electronic means, the attendance fee shall be EUR 625. Travel expenses are proposed to be reimbursed in accordance with the company's travel policy.

In addition, the Nomination Board proposes the annual remuneration of the Board to be paid as a combination of company shares and cash in such a manner that 40% of the annual remuneration is paid in shares in the possession of the company or, if this is not possible, in the company's shares purchased from the market, and 60% is paid in cash. The Company will reimburse the transaction costs and capital transfer tax related to trading. Attendance fees are proposed to be paid in cash.

## 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.

- 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 health care professionals, employees, and executives. The increased supply of services and increased competition may affect the availability of health care professionals, particularly in major cities. Turnover in key employees involves the risk of losing knowledge and expertise.
- The company may not be able to find suitable acquisition targets or expansion opportunities under favorable terms, and the integration of acquisition targets is not necessarily realized as planned.
- The company's business is very dependent on functioning information systems, data communication, and external service providers. Interruptions can result from hardware failure, software failure, or cyber threats. Long-lasting malfunction of information systems or payment transfers can lead to significant loss of sales and decline in customer satisfaction.
- Endangered data security or privacy can lead to losses and claims for damages and endanger reputation.
- Corporate responsibility aspects are increasingly important for customers, such as ensuring the responsibility of the product supply chain, fair and equal treatment of employees, avoidance of corruption, and protection of the environment. Possible failures associated with corporate responsibility would mean negative publicity for Terveystalo and could cause operational and financial damage. Challenges related to Terveystalo's corporate responsibility work include communicating the corporate responsibility principles to the key stakeholders and ensuring the responsibility of the product and service supply chain.
- The company is a party to, and may become a party to, legal action or administrative procedures initiated by the authorities, patients, or third parties. The company's view is that 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.

## Corporate governance

A report on corporate governance at Terveystalo Plc, the Remuneration Policy and the Remuneration Report will be published as a document separate from the Report of the Board of Directors and as part of the Annual Review in week 9.

## Sustainability

In 2019, Terveystalo defined its material aspects of sustainability in collaboration with key stakeholders and promoted corporate responsibility efforts in many areas. The company will report on its sustainability in the Sustainability Report to be published in week 9. The statement of non-financial information stipulated by Section 3a of the Finnish Accounting Act is presented as part of the Board of Directors' report in the Annual Review. The results of Terveystalo's activities related to quality are also reported in the company's Quality Book that is published in week 9.

## Financial reporting and General Meeting of Shareholders 2020

In 2020, Terveystalo Plc will publish financial reports as follows:

- Annual Review 2019 in week 9, 2020
- Interim report for January–March 2020 on Wednesday, May 6, 2020
- Half-Year Report for January–June 2020 on Thursday, August 6, 2020
- Interim report for January–September 2020 on Thursday, October 29, 2020

The financial reviews for 2020 will be published at approximately 9:00 a.m. EET. Financial reports are published in Finnish and English.

The Annual General Meeting of Terveystalo Plc will be held on Thursday, April 2, 2020, at the Finlandia Hall in Helsinki.

## Briefing

Terveystalo will hold a result briefing and live webcast in English on February 13, 2020, starting at 11:00 a.m. EET, at Terveystalo Piazza, Jaakonkatu 3 B, 3rd floor, 00100 Helsinki, Finland.

You can watch the webcast online at: <https://terveystalo.videosync.fi/2019-q4-results>

To ask questions, please join the telephone conference 5–10 minutes prior to the start time using your local number (Finland: +358 (0)9 8171 0310, Sweden: +46 (0)8 5664 2651, UK: +44 (0)33 3300 0804, US: +1 855 857 06 86. If you are calling from another location, please use any of the numbers above. The Participant Passcode is 53618519#.

Helsinki, February 13, 2020

Terveystalo Plc

**Board of Directors**

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Main media

[www.terveystalo.com](http://www.terveystalo.com)

### **Terveystalo in brief**

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

In 2019, Terveystalo had approximately 1.2 million individual customers and approximately 3.7 million visits to a physician. Less than half of Terveystalo's over 13,000 health care professionals are independent practitioners. Terveystalo's services carry the Key Flag symbol and the company is a member of the Association for Finnish Work. [www.terveystalo.com](http://www.terveystalo.com)



## Condensed consolidated statement of income

EUR mill.	Note	10-12/2019	10-12/2018	Change, %	2019	2018	Change, %
<b>Revenue</b>	4	<b>270.3</b>	<b>197.9</b>	<b>36.6</b>	<b>1,030.7</b>	<b>744.7</b>	<b>38.4</b>
Other operating income		0.8	0.7	15.1	2.1	18.2	-88.4
Materials and services	5	-122.7	-93.5	31.2	-472.9	-351.3	34.6
Employee benefit expenses	6, 9	-81.8	-50.9	60.8	-314.3	-197.1	59.5
Depreciation, amortisation and impairment losses	1	-23.0	-10.5	119.6	-89.8	-41.1	118.3
Other operating expenses	1, 7	-19.7	-27.5	-28.5	-74.4	-97.9	-24.0
<b>Operating profit/loss</b>		<b>23.8</b>	<b>16.1</b>	<b>47.9</b>	<b>81.4</b>	<b>75.4</b>	<b>7.9</b>
Financial income		0.0	0.3	-82.6	0.3	0.3	-10.3
Financial expenses	1	-3.9	-2.4	59.0	-14.7	-9.5	54.3
<b>Net finance expenses</b>		<b>-3.8</b>	<b>-2.2</b>	<b>75.8</b>	<b>-14.4</b>	<b>-9.2</b>	<b>56.7</b>
Share of results in associated companies		-0.1	0.0	>-200.0	-0.2	1.9	-112.4
<b>Profit/loss before taxes</b>		<b>19.9</b>	<b>13.9</b>	<b>43.2</b>	<b>66.8</b>	<b>68.2</b>	<b>-2.0</b>
Income tax expense	8	-3.8	-3.8	-0.1	-12.7	0.5	>-200.0
<b>Profit/loss for the period</b>		<b>16.1</b>	<b>10.1</b>	<b>59.6</b>	<b>54.1</b>	<b>68.7</b>	<b>-21.3</b>
<b>Profit attributable to:</b>							
Owners of the parent company		16.1	10.1	59.9	54.2	68.7	-21.1
Non-controlling interests		-0.1	0.0	>-200.0	-0.1	0.0	>-200.0

## Consolidated statement of comprehensive income

EUR mill.	Note	10-12/2019	10-12/2018	Change, %	2019	2018	Change, %
<b>Profit/loss for the period</b>		<b>16.1</b>	<b>10.1</b>	<b>59.6</b>	<b>54.1</b>	<b>68.7</b>	<b>-21.3</b>
<b>Total comprehensive income</b>		<b>16.1</b>	<b>10.1</b>	<b>59.6</b>	<b>54.1</b>	<b>68.7</b>	<b>-21.3</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the parent company		16.1	10.1	59.9	54.2	68.7	-21.1
Non-controlling interest		-0.1	0.0	>-200.0	-0.1	0.0	>-200.0
<b>Earnings per share for profit attributable to the shareholders of the parent company, in euro</b>							
Basic earnings per share		0.13	0.08		0.43	0.54	
Diluted earnings per share		0.13	0.08		0.43	0.54	

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

## Condensed consolidated statement of financial position

EUR mill.	Note	31 Dec 2019	31 Dec 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	86.3	83.6
Right-of-use assets	11	176.4	-
Goodwill	10	779.2	768.7
Other intangible assets	10	161.9	167.7
Investment properties		0.5	0.6
Investments in associates		2.3	2.4
Loan receivables		0.3	0.0
Deferred tax assets		3.7	5.8
<b>Total non-current assets</b>		<b>1,210.7</b>	<b>1,028.7</b>
<b>Current assets</b>			
Inventories		5.6	5.8
Trade and other receivables		101.6	89.9
Cash and cash equivalents		40.6	36.9
<b>Total current assets</b>		<b>147.8</b>	<b>132.5</b>
<b>Non-current assets held for sale</b>		<b>0.8</b>	<b>1.1</b>
<b>TOTAL ASSETS</b>		<b>1,359.3</b>	<b>1,162.3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		0.1	0.1
Invested non-restricted equity reserve		492.8	518.2
Treasury shares		-6.7	-6.7
Retained earnings		55.1	0.1
<b>Non-controlling interest</b>		<b>0.0</b>	<b>0.1</b>
<b>TOTAL EQUITY</b>		<b>541.2</b>	<b>511.8</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities		360.3	400.4
Non-current lease liabilities		143.7	-
Deferred tax liabilities		30.3	34.1
Provisions		7.5	9.1
Other liabilities		9.7	7.8
<b>Total non-current liabilities</b>		<b>551.5</b>	<b>451.4</b>
<b>Current liabilities</b>			
Provisions		1.6	2.3
Trade and other payables		165.4	146.9
Current tax liabilities		14.8	0.2
Current financial liabilities		49.8	49.8
Current lease liabilities		35.0	-
<b>Total current liabilities</b>		<b>266.6</b>	<b>199.1</b>
<b>TOTAL LIABILITIES</b>		<b>818.0</b>	<b>650.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,359.3</b>	<b>1,162.3</b>

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
<b>Equity 1 Jan 2019</b>	0.1	518.2	-6.7	0.1	511.7	0.1	511.8
<b>Comprehensive income</b>							
Profit for the period	-	-	-	54.2	54.2	-0.1	54.1
<b>Transactions with owners</b>							
Share-based payments	-	-	-	0.7	0.7	-	0.7
Equity repayment	-	-25.5	-	-	-25.5	-	-25.5
<b>Other adjustments</b>	-	-	-	0.1	0.1	-	0.1
<b>Equity 31 Dec 2019</b>	<b>0.1</b>	<b>492.8</b>	<b>-6.7</b>	<b>55.1</b>	<b>541.2</b>	<b>0.0</b>	<b>541.2</b>

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
<b>Equity 1 Jan 2018</b>	0.1	525.9	-	-68.8	457.2	0.1	457.3
<b>Comprehensive income</b>							
Profit for the period	-	-	-	68.7	68.7	0.0	68.7
<b>Transactions with owners</b>							
Share-based payments	-	-	-	0.2	0.2	-	0.2
Equity repayment	-	-7.7	-	-	-7.7	-	-7.7
Acquisition of treasury shares	-	-	-6.7	-	-6.7	-	-6.7
<b>Equity 31 Dec 2018</b>	<b>0.1</b>	<b>518.2</b>	<b>-6.7</b>	<b>0.1</b>	<b>511.7</b>	<b>0.1</b>	<b>511.8</b>

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

## Condensed consolidated statement of cash flows

EUR mill.	10-12/2019	10-12/2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before income taxes	19.9	13.9	66.8	68.2
<b>Adjustments for</b>				
Non-cash transactions				
Depreciation, amortisation and impairment losses	23.0	10.5	89.8	41.1
Change in provisions	0.0	-0.2	-1.2	-2.1
Other non-cash transactions	-0.5	-0.8	-2.4	-2.3
Gains and Losses on sale of property, plant, equipment and other changes	0.2	0.1	0.0	-15.9
Net finance expenses	3.8	2.2	14.4	9.2
<b>Changes in working capital</b>				
Trade and other receivables	1.7	4.2	-7.9	1.9
Inventories	0.5	0.6	0.3	0.3
Trade and other payables	1.7	8.0	17.7	0.0
Interest received	0.0	0.1	0.3	0.2
Income taxes paid	-1.0	0.0	-4.1	0.3
<b>Net cash from operating activities</b>	<b>49.5</b>	<b>38.6</b>	<b>173.6</b>	<b>100.6</b>
<b>Cash flows from investing activities</b>				
Acquisition of subsidiaries, net of cash acquired	-1.5	-228.2	-12.3	-229.8
Acquisition of property, plant and equipment	-5.8	-2.2	-15.9	-9.4
Acquisition of intangible assets	-5.8	-4.5	-17.7	-10.4
Proceeds from the disposal of subsidiaries, net of cash disposed of	-	0.0	-	24.1
Investments to associated companies	0.2	-1.8	-0.3	-1.8
Proceeds from sale of available-for-sale financial assets	0.0	0.3	0.3	1.9
Acquisition of business operation, net of cash acquired	-0.2	-0.4	-1.0	-0.9
Loan receivables	-0.3	-	-0.3	-
Repayment of long term loans	-	-	0.2	-
Proceeds from sale of property, plant and equipment	0.1	-	0.1	0.3
Dividends received	0.1	1.7	0.1	1.7
<b>Net cash from investing activities</b>	<b>-13.1</b>	<b>-235.1</b>	<b>-46.7</b>	<b>-224.4</b>
<b>Cash flows from financing activities</b>				
Acquisition of treasury shares	-	-	-	-6.7
Proceeds from non-current borrowings	370.0	160.0	370.0	160.0
Repayment of non-current borrowings	-390.7	-10.7	-401.4	-11.4
Proceeds from current borrowings	-	10.0	-	10.0
Repayment of current borrowings	-	-0.0	-10.0	-0.8
Payment of finance lease liabilities	-9.5	-1.0	-37.1	-4.1
Payment of hire purchase liabilities	-1.2	-0.9	-4.9	-3.3
Interests and other financial expenses paid	-6.7	-3.4	-14.2	-8.4
Equity repayment	-	-	-25.5	-7.7
<b>Net cash from financing activities</b>	<b>-38.2</b>	<b>154.0</b>	<b>-123.1</b>	<b>127.6</b>
<b>Net change in cash and cash equivalents</b>	<b>-1.8</b>	<b>-42.6</b>	<b>3.8</b>	<b>3.9</b>
Cash and cash equivalents at the beginning of the period	42.4	79.4	36.9	33.0
Cash and cash equivalents at the end of the period	40.6	36.9	40.6	36.9

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 audited 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 2018. The accounting policies adopted are consistent with those of the annual financial statements for 2018 with the exception of new and amended IFRS standards which have been adopted on 1 January 2019. All presented figures have been rounded. Financial ratios have been calculated using exact figures.

Terveystalo Group has adopted the following new and amended standards starting 1 January 2019:

- **IFRS 16 Leases.** The new standard replaces the IAS 17 standard and related interpretations. IFRS 16 requires the lessees to recognize the lease agreements on the statement of financial position as a right- of -use assets and lease liabilities. There are two exceptions available, these relate to either short term contracts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5,000 or less.

The most significant impact of IFRS 16 is that Terveystalo has recognized new assets and liabilities, mainly for its operating leases of facilities. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the operating lease expense with a depreciation charge for right- of -use assets and interest expense on lease liabilities reported under financing expenses. IFRS 16 standard has impact for condensed consolidated statement of cash flows as well. The cash flow from operating activities increases, because the repayment of the lease liabilities in rents is transferred from cash flow to financing activities.

Terveystalo has applied the IFRS 16 using the modified retrospective approach without restatement of comparatives. The right of use assets was primarily recognized at an amount equal to the lease liability. IAS 17 recognized finance lease contracts has been recognized in transition to IAS 17 valued amounts.

Terveystalo Group's most significant lease agreements are the lease contracts of the premises. The contracts of the premises consist of temporary contracts and contracts that are valid under further notice. When implementing the IFRS 16 standard, Terveystalo management has considered the estimated closing date for contract that are valid under further notice. Terveystalo Group applied the IFRS 16 exception for a small number of short-term contracts that were mainly parking place and warehouse contracts. These contracts are not material.

The lease liability has been measured at the present value of the remaining lease payments discounted using the incremental borrowing rate. Terveystalo's lease contracts have been classified into three separate interest categories on basis of the length of the contract. Classifications are contracts with a length between 1–3 years, between 4–10 years and contracts with a length over ten years. Each one of these three categories have been defined its own incremental borrowing rate. The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was 1.9 %.

The impact from the standard to Terveystalo Group's reporting in the reporting period is as follows:

#### Consolidated statement of income

	1-12/2019	1-12/2019	1-12/2019	1-12/2018
EUR mill.	Reported	IFRS 16 effect	Before IFRS 16	Reported
Revenue	1,030.7	-	1,030.7	744.7
<b>EBITDA</b>	<b>171.2</b>	<b>39.9</b>	<b>131.3</b>	<b>116.6</b>
<b>Adjusted EBITDA</b>	<b>176.3</b>	<b>39.9</b>	<b>136.4</b>	<b>108.9</b>
Depreciation	-89.8	-38.3	-51.5	-41.1
<b>Adjusted EBITA</b>	<b>115.1</b>	<b>1.6</b>	<b>113.5</b>	<b>87.7</b>
Net finance expenses	-14.7	-3.5	-11.2	-9.5
<b>Profit/loss before taxes</b>	<b>66.8</b>	<b>-1.9</b>	<b>68.7</b>	<b>68.2</b>
Taxes	-12.7	0.5	-13.2	0.5
<b>Profit/loss for the period</b>	<b>54.1</b>	<b>-1.4</b>	<b>55.5</b>	<b>68.7</b>

#### Consolidated statement of financial position

EUR mill.	Right-of-use assets	Lease liability
<b>Opening balance 1 Jan 2019</b>	<b>199.8</b>	<b>200.2</b>
Transactions	14.9	14.9
Depreciation	-38.3	-
Payment of lease liabilities	-	-36.4
<b>Carrying amount 31 Dec 2019</b>	<b>176.4</b>	<b>178.7</b>

#### Consolidated statement of cash flows

EUR mill.	1-12/2019
Cash flows from operating activities	39.9
Cash flows from financing activities	-39.9

## 2. Use of judgments and estimates

In preparing these interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018.

### **3. Events after the reporting period**

Minttu Sinisalo b. 1980, M.Sc. (Econ.), was appointed as Terveystalo's Senior Vice President for HR. She took up her post on January 1, 2020.

Susanna Laine, Senior Vice President, Communications and Brand, and a member of the Executive Team, vacated her position on January 8, 2020. Veera Siivonen, b. 1980, M.Sc. (Tech., Industrial Engineering) has been appointed Senior Vice President, Marketing and Communications of Terveystalo as of May 1, 2020, at the latest.

Elina Saviharju, b. 1981, LL.B., LL.M. (Harvard) has been appointed Senior Vice President, Legal, of Terveystalo. She will join the company as of July 24, 2020, at the latest, as Julia Ormio, Chief Legal Officer and Member of the Executive Team of Terveystalo, resigns

Terveystalo is acquiring Varkauden Fysiokeskus Oy's physiotherapy operations under a contract signed on 16 January 2020.

## 4. Revenue

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

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

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

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

### Disaggregation of revenue

EUR mill.	10-12/2019	10-12/2018	Change, %	1-12/2019	1-12/2018	Change, %
Corporate	115.6	109.3	5.8	432.5	402.7	7.4
Private	79.1	66.8	18.4	303.1	260.7	16.2
Public	75.6	21.8	>200.0	295.1	81.2	>200.0
<i>Public without the impact of Attendo Finland Healthcare services - acquisition</i>	24.3	21.8	11.5	91.0	81.2	12.0
<b>Total</b>	<b>270.3</b>	<b>197.9</b>	<b>36.6</b>	<b>1,030.7</b>	<b>744.7</b>	<b>38.4</b>

## 5. Materials and services

EUR mill.	10-12/2019	10-12/2018	Change, %	1-12/2019	1-12/2018	Change, %
Purchase of materials	-8.9	-7.5	18.9	-32.0	-28.4	12.7
Change in inventories	-0.5	-0.5	-5.5	-0.3	-0.2	26.9
External services	-113.3	-85.5	32.5	-440.6	-322.7	36.5
<b>Total</b>	<b>-122.7</b>	<b>-93.5</b>	<b>31.2</b>	<b>-472.9</b>	<b>-351.3</b>	<b>34.6</b>

## 6. Employee benefit expenses

EUR mill.	10-12/2019	10-12/2018	Change, %	1-12/2019	1-12/2018	Change, %
Salaries and fees	-68.1	-43.3	57.4	-261.2	-163.2	60.0
Share-based payments	-0.3	0.5	-158.6	-0.7	-0.2	>200.0
Other personnel expenses	-13.5	-8.1	66.0	-52.5	-33.7	55.5
<b>Total</b>	<b>-81.8</b>	<b>-50.9</b>	<b>60.8</b>	<b>-314.3</b>	<b>-197.1</b>	<b>59.5</b>

## 7. Other operating expenses

EUR mill.	10-12/2019	10-12/2018	Change, %	1-12/2019	1-12/2018	Change, %
Rents, leases and premises*	-4.0	-10.9	-63.0	-16.0	-45.3	-64.7
Other operating expenses	-15.6	-16.6	-6.0	-58.4	-52.6	11.0
<b>Total</b>	<b>-19.7</b>	<b>-27.5</b>	<b>-28.5</b>	<b>-74.4</b>	<b>-97.9</b>	<b>-24.0</b>

\* The presented number is not comparable, because the rent expenses have decreased by 39.9 million euro during 1-12/2019 and 10.2 million euro during 10-12/2019 due to implementation of IFRS 16.

## 8. Income taxes

### Income taxes in the statement of income

EUR mill.	10-12/2019	10-12/2018	Change, %	1-12/2019	1-12/2018	Change, %	2018
Current tax for the reporting year	-5.0	-0,0	>200.0	-15.6	-0.1	>200.0	-0.1
Income taxes for prior periods	0.0	-0,0	>200.0	0.0	-0,0	>200.0	-0,0
Deferred taxes	1.2	-3.8	-131.9	2.8	0.7	>200.0	0.7
<b>Total income taxes</b>	<b>-3.8</b>	<b>-3.8</b>	<b>-0.1</b>	<b>-12.7</b>	<b>0.5</b>	<b>&gt;200.0</b>	<b>0.5</b>

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



## 9. Share-based payments

Terveystalo has a share-based incentive plan directed to the Group's key employees. The aim of the plan is to align the objectives of the shareholders and the key employees in order to increase the value of the Company in the long term, to retain the key employees at the Company, and to offer them a competitive reward plan that is based on earning and accumulating shares of the Company.

The Performance Share Plan includes three performance periods, calendar years 2018, 2019 and 2020. Each plan consists of a one-year performance period and a two-year holding period, following the performance period. The Board of Directors will resolve on the performance criteria and on the required performance levels for each criterion at the beginning of each performance period.

During the performance period 2019, the share-based incentive scheme offered the key employees the possibility to earn rewards based on the Company achieving the required operational targets and Total Shareholder Return (TSR) levels.

Any rewards payable from the performance share plan will be paid partly in Terveystalo Plc shares and partly in cash approximately two years after the performance periods. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the plan participants. As a rule, no reward will be paid if a plan participant terminates his or her employment or service before the reward payment.

In its July meeting in year 2018, the Board made a decision concerning the acquisition and management of Terveystalo Plc's shares with Evli Awards Management Oy, in accordance with the section of the Limited Liability Companies Act concerning incentives and financing the acquisition of company shares. For this arrangement, EAM established EAM TTALO Holding Oy (a holding company) to purchase Terveystalo's shares financed by Terveystalo, in accordance with the agreement. The shares are used as part of Terveystalo's share-based incentive system, in accordance with the terms of the system. During the financial year 2018 EAM TTALO Holding Oy acquired 730,000 Terveystalo's shares worth EUR 6.7 million.

Program	2019
Grant date	27 Mar 2019
Outstanding shares at the end of the reporting period, pcs	712.000
Fair value at grant date	7.92
Validity	31 Dec 2019
Estimated vesting period	3 years
Vesting conditions	Total Shareholder Return (TSR) and profitability
Exercised	In shares and cash

## 10. Intangible assets

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

2018	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
EUR mill.					
<b>Acquisition cost 1 Jan 2018</b>	<b>651.3</b>	<b>83.8</b>	<b>82.9</b>	<b>30.0</b>	<b>848.0</b>
Business combination	185.4	65.7	-	2.3	253.4
Additions	-	-	-	10.3	10.3
Reclassifications	-	-	-	-0.0	-0.0
<b>Acquisition cost 31 Dec 2018</b>	<b>836.7</b>	<b>149.5</b>	<b>82.9</b>	<b>42.7</b>	<b>1,111.7</b>
<b>Accumulated amortisations and impairment losses 1 Jan 2018</b>	<b>-68.0</b>	<b>-51.3</b>	<b>-16.9</b>	<b>-19.3</b>	<b>-155.5</b>
Amortisation for the reporting period	-	-10.8	-4.1	-5.0	-19.9
<b>Accumulated amortisations and impairment losses 31 Dec 2018</b>	<b>-68.0</b>	<b>-62.1</b>	<b>-21.0</b>	<b>-24.4</b>	<b>-175.4</b>
<b>Carrying amount 1 Jan 2018</b>	<b>583.3</b>	<b>32.5</b>	<b>66.0</b>	<b>10.7</b>	<b>692.5</b>
<b>Carrying amount 31 Dec 2018</b>	<b>768.7</b>	<b>87.4</b>	<b>61.9</b>	<b>18.4</b>	<b>936.4</b>

## 11. Property, plant and equipment and right-of-use assets

2019	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.						
<b>Acquisition cost 1 Jan 2019</b>	<b>0.1</b>	<b>33.2</b>	<b>100.8</b>	<b>38.0</b>	<b>3.7</b>	<b>175.8</b>
IFRS 16 implementation	-	199.8	-	-	-	199.8
Business combination	-	-	0.3	-	-	0.3
Additions	-	0.1	18.8	6.1	2.0	27.1
IFRS 16 transactions	-	14.9	-	-	-	14.9
Disposals	-	-	-1.5	-	-	-1.5
<b>Acquisition cost 31 Dec 2019</b>	<b>0.1</b>	<b>248.0</b>	<b>118.4</b>	<b>44.1</b>	<b>5.8</b>	<b>416.2</b>
<b>Accumulated depreciation and impairment losses 1 Jan 2019</b>	<b>0.0</b>	<b>-15.2</b>	<b>-61.3</b>	<b>-13.9</b>	<b>-1.6</b>	<b>-92.1</b>
Depreciation for the reporting period	-	-2.4	-15.1	-4.8	-0.8	-23.0
IFRS 16 depreciation	-	-38.3	-	-	-	-38.3
Impairment losses	-	-	-	-0.3	-0.0	-0.3
<b>Accumulated depreciation and impairment losses 31 Dec 2019</b>	<b>0.0</b>	<b>-55.9</b>	<b>-76.4</b>	<b>-19.0</b>	<b>-2.4</b>	<b>-153.8</b>
<b>Carrying amount 1 Jan 2019</b>	<b>0.0</b>	<b>18.0</b>	<b>39.5</b>	<b>24.1</b>	<b>2.1</b>	<b>83.6</b>
<b>Carrying amount 31 Dec 2019</b>	<b>0.0</b>	<b>192.1</b>	<b>42.0</b>	<b>25.1</b>	<b>3.3</b>	<b>262.6</b>

2018	Land and water	Buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
EUR mill.						
<b>Acquisition cost 1 Jan 2018</b>	<b>1.9</b>	<b>39.8</b>	<b>83.5</b>	<b>33.4</b>	<b>4.4</b>	<b>163.0</b>
Business combination	-	0.1	3.1	0.6	0.0	3.8
Additions	-	1.1	14.7	3.0	0.7	19.5
Disposals	-1.9	-7.8	-0.7	-0.1	-	-10.5
Reclassifications	-	-	0.3	1.1	-1.4	-
<b>Acquisition cost 31 Dec 2018</b>	<b>0.1</b>	<b>33.2</b>	<b>100.8</b>	<b>38.0</b>	<b>3.7</b>	<b>175.8</b>
<b>Accumulated depreciation and impairment losses 1 Jan 2018</b>	<b>-</b>	<b>-12.6</b>	<b>-48.0</b>	<b>-9.2</b>	<b>-1.1</b>	<b>-70.9</b>
Depreciation for the reporting period	-	-2.5	-13.4	-4.7	-0.6	-21.1
Impairment losses	-0.0	-0.1	-	-	-0.0	-0.1
<b>Accumulated depreciation and impairment losses 31 Dec 2018</b>	<b>-</b>	<b>-15.2</b>	<b>-61.3</b>	<b>-13.9</b>	<b>-1.6</b>	<b>92.1</b>
<b>Carrying amount 1 Jan 2018</b>	<b>1.9</b>	<b>27.1</b>	<b>35.5</b>	<b>24.2</b>	<b>3.3</b>	<b>92.1</b>
<b>Carrying amount 31 Dec 2018</b>	<b>0.0</b>	<b>18.0</b>	<b>39.5</b>	<b>24.1</b>	<b>2.1</b>	<b>83.6</b>

## 12. Business combinations

During the year 2019, the Group has made six business acquisitions and acquired three businesses as asset deals.

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

On 29 March 2019 Terveystalo Healthcare Oy acquired 100 percent of the shares of Kajaanin OMT-Fysioterapia Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 0.1 million. The contingent consideration is tied to the sales during the next 36 months period, starting from the acquisition date.

On 28 June 2019 Terveystalo Healthcare Oy acquired 100 percent of the shares of Etelä-Karjalan Työkunto Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards.

On 30 August 2019 Terveystalo Healthcare Oy acquired 100 percent of the shares of TyöSyke Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards.

On 30 August 2019 Suomen Terveystalo Oy acquired the business from Hammaslääkäri Osmo Karinen Trade name as an asset deal.

On 30 September 2019 Terveystalo Healthcare Oy acquired 100 percent of the shares of Hardent Oy. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 0.4 million. The contingent consideration is tied to the sales during the next 36 months period, starting from the acquisition date.

On 30 September 2019 Suomen Terveystalo Oy acquired the business from Forssan seudun hyvinvointikuntayhtymä as an asset deal.

On 28 October 2019 Terveystalo acquired 100 percent of the shares of Evalua International Ltd. The acquired subsidiary has been consolidated to Group's financial statements from the acquisition month onwards. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 0.4 million

On 31 of December Terveystalo acquired the occupational health business from Municipality of Säkylä as an asset deal.

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

### Consideration transferred

EUR mill.	
Cash	14.0
Contingent consideration	1.4
<b>Total consideration transferred</b>	<b>15.4</b>

### Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	1.6
Intangible assets	4.8
Property, plant and equipment	0.3
Inventories	0.1
Trade and other receivables	1.2
Trade and other payables	-1.8
Deferred tax liabilities	-0.9
<b>Total identifiable net assets acquired</b>	<b>5.2</b>

<b>Goodwill</b>	<b>10.2</b>
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The tangible assets acquired in the business combination described above were measured at fair value. In these business combinations, the Group has acquired customer relationships and other intangible assets. The fair value of customer contracts and related customer relationships included in other intangible assets has been determined on the basis of the estimated duration of customer relationships and the discounted net cash flows from existing customer contracts. The fair values of customer contracts and other intangible assets have not been completed.

As a result of these business combinations, a preliminary goodwill amounting to EUR 10.2 million was recognized. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is tax deductible as far as it is related to asset deals

The fair value of the acquired trade and other receivables amounted to EUR 1.2 million, for which the risk of impairment has been deemed non-significant.

The Group has incurred acquisition-related expenses of EUR 1.6 million related to transfer tax caused by the transaction, and related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

The contributed recognized revenue from these acquisitions in 2019 was EUR 6.7 million and the result was EUR 0.3 million.

If the acquisition had occurred on 1 January 2019, management estimates that the Group's consolidated revenue in 2019 would have been EUR 1,038.7 million and the consolidated result would have been EUR 53.8 million.



## Year 2018

During 2018, the Group has made several business acquisitions. The biggest acquisition is presented separately, whereas the other smaller acquisitions are disclosed in aggregate.

### Acquisition of Attendo Terveyspalvelut Oy

On 28 December 2018, Terveystalo Healthcare Oy acquired 100 percent of the shares of Attendo Terveyspalvelut Oy. As a part of the acquisition the Group also gained control of the following companies, which are subsidiaries of the Attendo Terveyspalvelut Oy: Attendo Kuntaturva Oy, Attendo Ålands Tandläkarna Oy, Attendo Estonia OÜ, Attendo Hammaslääkärikeskukset Oy, Attendo Työterveyspalvelut Oy, Attendo Hammaslääkäripalvelut Oy, Attendo Aaria Oy and Attendo Hammaslääkäriasemat Oy. The acquisition improves Terveystalo's competitiveness and growth opportunities particularly within services offered to the public sector. The acquired subsidiaries have been consolidated to Group's financial statements from the end of December 2018 onwards.

The following table summarises the acquisition date fair values of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition. The statement of financial position has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect.

#### Consideration transferred

EUR mill.	
Cash	250.5
<b>Total consideration transferred</b>	<b>250.5</b>

#### Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	25.7
Intangible assets	67.6
Property, plant and equipment	3.4
Investments in associates	0.0
Deferred tax receivables	1.1
Investments	0.0
Inventories	0.9
Trade and other receivables	21.0
Trade and other payables	-28.6
Provisions	-5.5
Deferred tax liabilities	-13.3
Interest bearing liabilities	-0.8
<b>Total identifiable net assets acquired</b>	<b>71.7</b>

<b>Goodwill</b>	<b>178.7</b>
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The tangible assets acquired in the business combination described above were measured at fair value. In the business combination, 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 duration of customer relationships and the discounted net cash flows from existing customer contracts. The acquisition resulted preliminary in a goodwill amounting to EUR 178.7 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 21.0 million for which the risk of impairment has been deemed non-significant.

The Group incurred acquisition-related expenses of EUR 6.2 million related to transfer tax caused by the transaction, and related to consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

If the acquisition had occurred on 1 January 2018, management estimates that the Group's consolidated revenue in 2018 would have been EUR 976.4 million and the consolidated profit would have been EUR 72.4 million.

### **Other business combinations**

On 31 January 2018, Suomen Terveystalo Oy acquired the business from Hammas Jaarli Oy as an asset deal. The acquisition includes a contingent consideration.

On 28 February 2018, Terveystalo Healthcare Oy acquired 100 percent of the shares of Naantalin Yksityislääkärit Oy. The acquired subsidiary has been consolidated to the Group's financial statements from the acquisition month onwards.

On 29 March 2018, Terveystalo Healthcare Oy acquired 100 percent of the shares of Juha Uusimäki Oy (Lääkärikeskus Ilo). The acquired subsidiary has been consolidated to the Group's financial statements from the acquisition month onwards. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 0.1 million. The contingent consideration is tied to the sales during the next 36 months period, starting from the acquisition date.

On 28 September 2018, Suomen Terveystalo Oy acquired the business from Jämsän Fysikaalinen Hoitolaitos Oy as an asset deal.

On 28 September 2018, Terveystalo Healthcare Oy acquired 100 percent of the shares of Fysiatrinen osaamiskeskus Prima Oy. The acquired subsidiary has been consolidated to the Group's financial statements from the acquisition month onwards. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 0.3 million. The contingent consideration is tied to the sales during the next 36 months period, starting from the acquisition date.

On 1 October 2018, Terveystalo Healthcare acquired 100 percent of the shares of Rela-Hierojat Oy, Hierojakoulu Relaxi Oy and Rela-Group Oy. The acquired subsidiaries have been consolidated to the Group's financial statements from the acquisition month onwards. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 1.1 million. The contingent consideration is tied to the EBITDA during the next 36 months period, starting from the acquisition date.

On 25 October 2018, Suomen Terveystalo Oy acquired the business from ONNI hammas dental clinic in Porvoo as an asset deal. The acquisition includes a possible contingent consideration that is under consideration.

On 31 October 2018, Terveystalo Healthcare Oy acquired 100 percent of the shares of Puistosairaalan Silmälääkärit Oy and Jyväskylän Silmäntutkimuslaboratorio Oy. The acquired subsidiaries have been consolidated to the Group's financial statements from the acquisition month onwards. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognized as a liability at the date of acquisition with a fair value EUR 0.2 million. The contingent consideration is tied to the sales during the next 12 months period, starting from the acquisition date.

On 14 December 2018, Terveystalo Healthcare Oy acquired 100 percent of the shares of Kuntoutumisasema OTE Oy. The acquired subsidiary has been consolidated to the Group's financial statements from the acquisition month onwards. The acquisition includes a contingent consideration.

The following table summarises the acquisition date fair values of the consideration transferred as well as the recognized amounts of assets acquired and liabilities assumed at the date of acquisition. The statement of financial position of acquired companies has been prepared in accordance with IFRS and Terveystalo Group's accounting principles in all material respect. The net assets relating to asset deals have been adjusted to correspond Terveystalo Group's accounting principles in all material respect.

#### Consideration transferred

EUR mill.	
Cash	7.7
Contingent consideration	1.7
<b>Total consideration transferred</b>	<b>9.4</b>

#### Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	1.9
Intangible assets	0.4
Property, plant and equipment	0.2
Trade and other receivables	0.9
Trade and other payables	-0.7
Deferred tax liabilities	-0.1
<b>Total identifiable net assets acquired</b>	<b>2.7</b>

<b>Goodwill</b>	<b>6.7</b>
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As a result of these business combinations, goodwill amounting to EUR 6.7 million was recognized. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is tax deductible as far as it is related to asset deals.

The fair value of the acquired trade and other receivables amounted to EUR 0.9 million, for which the risk of impairment has been deemed non-significant.

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

The contributed recognized revenue from these acquisitions in 2018 was EUR 2.7 million and the result was EUR 0.2 million.

If the acquisition had occurred on 1 January 2018, management estimates that the Group's consolidated revenue in 2018 would have been EUR 752.6 million and the consolidated result would have been EUR 70.0 million.

### 13. Group's key financial ratios

Terveystalo Group, EUR mill.	10-12/2019	10-12/2018	Change, %	1-12/2019	1-12/2018	Change, %
Revenue	270.3	197.9	36.6	1,030.7	744.7	38.4
Adjusted EBITDA, * <sup>1) 2)</sup>	47.8	32.5	47.1	176.3	108.9	62.0
Adjusted EBITDA, % * <sup>1) 2)</sup>	17.7	16.4	-	17.1	14.6	-
EBITDA <sup>1) 2)</sup>	46.8	26.6	76.2	171.2	116.6	46.9
EBITDA, % <sup>1) 2)</sup>	17.3	13.4	-	16.6	15.7	-
Adjusted EBITA * <sup>1) 2)</sup>	32.3	27.1	19.2	115.1	87.7	31.2
Adjusted EBITA, % * <sup>1) 2)</sup>	12.0	13.7	-	11.2	11.8	-
EBITA <sup>1) 2)</sup>	31.4	21.2	47.9	110.0	95.5	15.2
EBITA, % <sup>1) 2)</sup>	11.6	10.7	-	10.7	12.8	-
Adjusted operating profit (EBIT) * <sup>1) 2)</sup>	24.8	22.0	12.5	86.5	67.7	27.7
Adjusted operating profit (EBIT), % * <sup>1) 2)</sup>	9.2	11.1	-	8.4	9.1	-
Operating profit (EBIT) <sup>2)</sup>	23.8	16.1	47.9	81.4	75.4	7.9
Operating profit (EBIT), % <sup>2)</sup>	8.8	8.1	-	7.9	10.1	-
Return on equity (ROE), % <sup>1) 2) 3)</sup>	-	-	-	10.3	14.2	-
Equity ratio, % <sup>1) 2)</sup>	-	-	-	39.9	44.1	-
Earnings per share (€) <sup>2) 3)</sup>	0.13	0.08	-	0.43	0.54	-
Gearing, % <sup>1) 2)</sup>	-	-	-	101.3	80.8	-
Net debt/Adjusted EBITDA (LTM) <sup>1) 2)</sup>	-	-	-	3.1	3.8	-
Total assets <sup>2)</sup>	-	-	-	1,359.3	1,162.3	16.9
Average personnel FTE	-	-	-	4,943	3,498	41.3
Personnel (end of period)	-	-	-	8,685	6,018	44.3
Private practitioners (end of period)	-	-	-	5,068	4,877	3.9

Before IFRS 16 impact (comparable), EUR mill.	10-12/2019	10-12/2018	Change, %	1-12/2019	1-12/2018	Change, %
Adjusted EBITDA * <sup>1)</sup>	37.6	32.5	15.6	136.4	108.9	25.3
Adjusted EBITDA, % * <sup>1)</sup>	13.9	16.4	-	13.2	14.6	-
Adjusted EBITA * <sup>1)</sup>	31.9	27.1	17.5	113.4	87.7	29.3
Adjusted EBITA, % * <sup>1)</sup>	11.8	13.7	-	11.0	11.8	-
Net debt	-	-	-	369.5	413.3	-10.6
Net debt/Adjusted EBITDA (LTM) * <sup>1)</sup>	-	-	-	2.7	3.8	-

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

<sup>1)</sup> 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.

<sup>2)</sup> Not comparable due to the effect of IFRS 16 implementation.

<sup>3)</sup> The net profit of the January–December reference period was improved by a non-recurring deferred tax asset of EUR 13.0 million related to confirmed losses.

## 14. Calculation of financial ratios and alternative performance measures

### Financial ratios

$$\text{Earnings per share, (EUR)} = \frac{\text{Profit for the period attributable to owners of the parent company}}{\text{Average number of shares during the period}}$$

Terveystalo presents alternative performance measures as additional information to financial measures defined in IFRS. Those are performance measures that the company monitors internally and they provide significant additional information related to the company's results of operations, financial position and cash flows to the management, investors, securities analysts and other parties. These should not be considered in isolation or as substitute to the measures under IFRS.

### Alternative performance measures to the statement of financial position

The company presents the following alternative performance measures to the statement of financial position as they are, in the company's view, useful indicators of the company's ability to obtain financing and service its debt.

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

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

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

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

### Alternative performance measures to the statement of income

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

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

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

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

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

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



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

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

## 15. Reconciliation of alternative performance measures

Return on equity, %	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Profit/loss for the period (LTM)	-	-	54.1	68.7
Equity (including non-controlling interest) (average)	-	-	526.5	484.5
Return on equity, %	-	-	10.3	14.2

Equity ratio, %	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Equity (including non-controlling interest)	-	-	541.2	511.8
Total assets	-	-	1,359.3	1,162.3
Advances received	-	-	1.5	1.8
Equity ratio, %	-	-	39.9	44.1

Gearing, %	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Interest-bearing liabilities	-	-	588.8	450.1
Interest-bearing receivables and cash and cash equivalents	-	-	40.6	36.9
Equity	-	-	541.2	511.8
Gearing, %	-	-	101.3	80.8

Net debt/Adjusted EBITDA (LTM)	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Interest-bearing liabilities	-	-	588.8	450.1
Interest-bearing receivables and cash and cash equivalents	-	-	40.6	36.9
Adjusted EBITDA (LTM)	-	-	176.3	108.9
Net debt/Adjusted EBITDA (LTM)	-	-	3.1	3.8

Adjusted EBITDA, EUR mill.	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Profit (loss) for the period	16.1	10.1	54.1	68.7
Income tax expense	3.8	3.8	12.7	-0.5
Share of profits in associated companies	0.1	0.0	0.2	-1.9
Net finance expenses	3.8	2.2	14.4	9.2
Depreciation, amortisation and impairment losses	23.0	10.5	89.8	41.1
Adjustments*	1.0	5.9	5.1	-7.7
Adjusted EBITDA	47.8	32.5	176.3	108.9

Adjusted EBITDA, %	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Adjusted EBITDA	47.8	32.5	176.3	108.9
Revenue	270.3	197.9	1,030.7	744.7
Adjusted EBITDA, %	17.7	16.4	17.1	14.6

Adjusted EBITA, EUR mill.	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Profit (loss) for the period	16.1	10.1	54.1	68.7
Income tax expense	3.8	3.8	12.7	-0.5
Share of profits in associated companies	0.1	0.0	0.2	-1.9
Net finance expenses	3.8	2.2	14.4	9.2
Amortisation and impairment losses	7.6	5.1	28.6	20.0
Adjustments*	1.0	5.9	5.1	-7.7
Adjusted EBITA	32.3	27.1	115.1	87.7

Adjusted EBITA, %	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Adjusted EBITA	32.3	27.1	115.1	87.7
Revenue	270.3	197.9	1,030.7	744.7
Adjusted EBITA, %	12.0	13.7	11.2	11.8

Adjusted operating profit (EBIT), EUR mill.	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Profit (loss) for the period	16.1	10.1	54.1	68.7
Income tax expense	3.8	3.8	12.7	-0.5
Share of profits in associated companies	0.1	0.0	0.2	-1.9
Net finance expenses	3.8	2.2	14.4	9.2
Adjustments*	1.0	5.9	5.1	-7.7
Adjusted operating profit (EBIT)	24.8	22.0	86.5	67.7

Adjusted operating profit, (EBIT), %	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Adjusted operating profit (EBIT)	24.8	22.0	86.5	67.7
Revenue	270.3	197.9	1,030.7	744.7
Adjusted operating profit (EBIT), %	9.2	11.1	8.4	9.1

EBITDA, EUR mill.	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Profit (loss) for the period	16.1	10.1	54.1	68.7
Income tax expense	3.8	3.8	12.7	-0.5
Share of profits in associated companies	0.1	0.0	0.2	-1.9
Net finance expenses	3.8	2.2	14.4	9.2
Depreciation, amortisation and impairment losses	23.0	10.5	89.8	41.1
EBITDA	46.8	26.6	171.2	116.6

EBITDA, %	10-12/2019	10-12/2018	1-12/2019	10-12/2018
EBITDA	46.8	26.6	171.2	116.6
Revenue	270.3	197.9	1,030.7	744.7
EBITDA, %	17.3	13.4	16.6	15.7

EBITA, EUR mill.	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Profit (loss) for the period	16.1	10.1	54.1	68.7
Income tax expense	3.8	3.8	12.7	-0.5
Share of profits in associated companies	0.1	0.0	0.2	-1.9
Net finance expenses	3.8	2.2	14.4	9.2
Amortisation and impairment losses	7.6	5.1	28.6	20.0
EBITA	31.4	21.2	110.0	95.5

EBITA, %	10-12/2019	10-12/2018	1-12/2019	10-12/2018
EBITA	31.4	21.2	110.0	95.5
Revenue	270.3	197.9	1,030.7	744.7
EBITA, %	11.6	10.7	10.7	12.8

Operating profit (EBIT), EUR mill.	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Profit (loss) for the period	16.1	10.1	54.1	68.7
Income tax expense	3.8	3.8	12.7	-0.5
Share of profits in associated companies	0.1	0.0	0.2	-1.9
Net finance expenses	3.8	2.2	14.4	9.2
EBIT	23.8	16.1	81.4	75.4

Operating profit, (EBIT), %	10-12/2019	10-12/2018	1-12/2019	10-12/2018
EBIT	23.8	16.1	81.4	75.4
Revenue	270.3	197.9	1,030.7	744.7
EBIT, %	8.8	8.1	7.9	10.1

Adjustments*, EUR mill.	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Acquisition related expenses <sup>(1)</sup>	0.6	5.6	3.3	6.6
Restructuring related expenses <sup>(2)</sup>	0.2	0.4	0.7	1.4
Gain / losses on sale of asset, net	-	0.1	0.3	-15.8
Strategic projects and other items affecting to comparability	0.2	-0.2	0.8	0.1
Adjustments	1.0	5.9	5.1	-7.7

Adjusted EBITDA before the effect of IFRS 16	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Profit (loss) for the period	16.1	10.1	54.1	68.7
Income tax expense	3.8	3.8	12.7	-0.5
Share of profits in associated companies	0.1	0.0	0.2	-1.9
Net finance expenses	3.8	2.2	14.4	9.2
Depreciation, amortisation and impairment losses	23.0	10.5	89.8	41.1
Adjustments*	1.0	5.9	5.1	-7.7
IFRS 16 rental expense adjustment	-10.2	-	-39.9	-
Adjusted EBITDA without the effect of IFRS 16	37.6	32.5	136.4	108.9

Adjusted EBITDA before the effect of IFRS 16, %	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Adjusted EBITDA without the effect of IFRS 16	37.6	32.5	136.4	108.9
Revenue	270.3	197.9	1,030.7	744.7
Adjusted EBITDA without the effect of IFRS 16, %	13.9	16.4	13.2	14.6

Adjusted EBITA before the effect of IFRS 16	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Profit (loss) for the period	16.1	10.1	54.1	68.7
Income tax expense	3.8	3.8	12.7	-0.5
Share of profits in associated companies	0.1	0.0	0.2	-1.9
Net finance expenses	3.8	2.2	14.4	9.2
Amortisation and impairment losses	7.6	5.1	28.6	20.0
Adjustments*	1.0	5.9	5.1	-7.7
IFRS 16 rental expense adjustment	-10.2	-	-39.9	-
IFRS 16 depreciation	9.8	-	38.3	-
Adjusted EBITA without the effect of IFRS 16	31.9	27.1	113.4	87.7

Adjusted EBITA before the effect of IFRS 16, %	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Adjusted EBITA without the effect of IFRS 16	31.9	27.1	113.4	87.7
Revenue	270.3	197.9	1,030.7	744.7
Adjusted EBITA without the effect of IFRS 16, %	11.8	13.7	11.0	11.8

Net debt/Adjusted EBITDA (LTM) before the effect of IFRS 16	10-12/2019	10-12/2018	1-12/2019	10-12/2018
Interest-bearing liabilities	-	-	410.1	450.1
Interest-bearing receivables and cash and cash equivalents	-	-	40.6	36.9
Adjusted EBITDA (LTM)	-	-	136.4	108.9
Net debt/Adjusted EBITDA (LTM) without the effect of IFRS 16	-	-	2.7	3.8

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

<sup>1)</sup> Including transaction costs and expenses from integration of acquired businesses as well as IPO related expenses.

<sup>2)</sup> Including restructuring of network and business operations, provisions for onerous contracts (lease agreements and other).



## 16. Collateral and other contingent liabilities

EUR mill.	31 Dec 2019	31 Dec 2018
Business mortgages	0.6	0.5
<b>Total</b>	<b>0.6</b>	<b>0.5</b>
<b>Securities for own debts</b>		
Deposits	0.2	0.1
Guarantees	0.9	0.8
<b>Total</b>	<b>1.0</b>	<b>0.9</b>
<b>Other operating lease liabilities*</b>		
Less than one year	-	37.4
Between one year and five years	-	107.5
Later	-	56.7
<b>Total</b>	<b>-</b>	<b>201.7</b>

\*Due to the IFRS 16, other operating lease liabilities are recognized to the consolidated statement of financial position, instead of collateral and other contingent liabilities.