

Unsatisfactory Q3, 50-million-euro annualized profit improvement program underway to reach financial targets

VILLE IHO, PRESIDENT & CEO

MIKKO TAINIO, INTERIM CFO

50-million-euro annualized profit improvement program underway to reach financial targets and support long term value creation

Unsatisfactory Q3 performance

- Revenue +1.2% y-o-y (Finland -0.4%, Sweden +31.6 mainly due to acquisitions)
- Adj. EBITA -60.4 % y-on-y to EUR 12.5 (31.5) million, 4.5% (11.5%) of revenue
- Profitability was reduced year-on-year due to changes in the sales mix, and an increase in costs.

One-time, non-cash write-down of EUR 29 million to other intangible assets

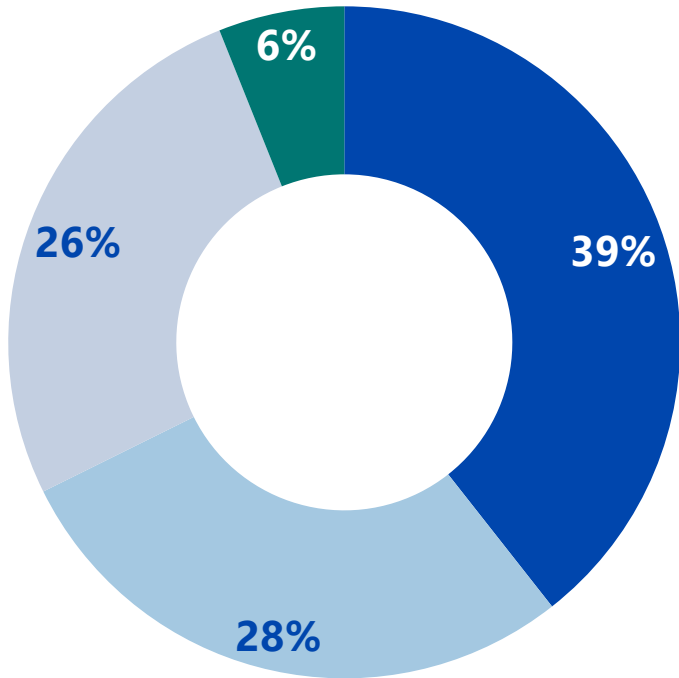
- The impairment loss is related to the renewal of basic IT systems.
- The development can be carried out with lighter components, and the development work of an external supplier was decided to be suspended.
- The suspension does not affect Terveystalo's in-house development of digital services and will reduce future investment needs in basic systems.

Strategy intact, new operating model and EUR 50M profit improvement program underway

- The Alpha program focuses on a rapid turnaround in our core business, aiming for industry-leading profitability in healthcare services
 - Planned change in operating model to streamline the organization
 - In Portfolio businesses, we aim for independent value creation
 - In Sweden, we are aiming for significant growth in the medium term.
-

Q3 revenue growth driven by Sweden

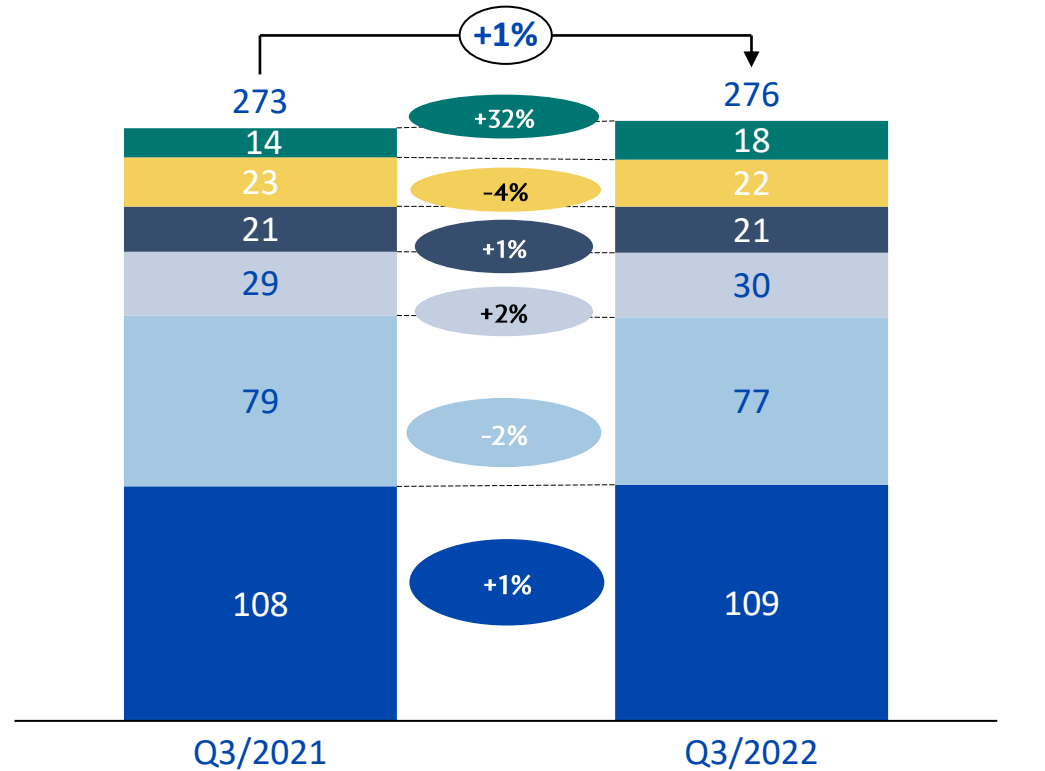
Q3/2022 REVENUE BREAKDOWN, %



■ Corporate ■ Public
■ Private ■ Sweden and others

Feelgood (Sweden) was consolidated as of 1 July, 2021.

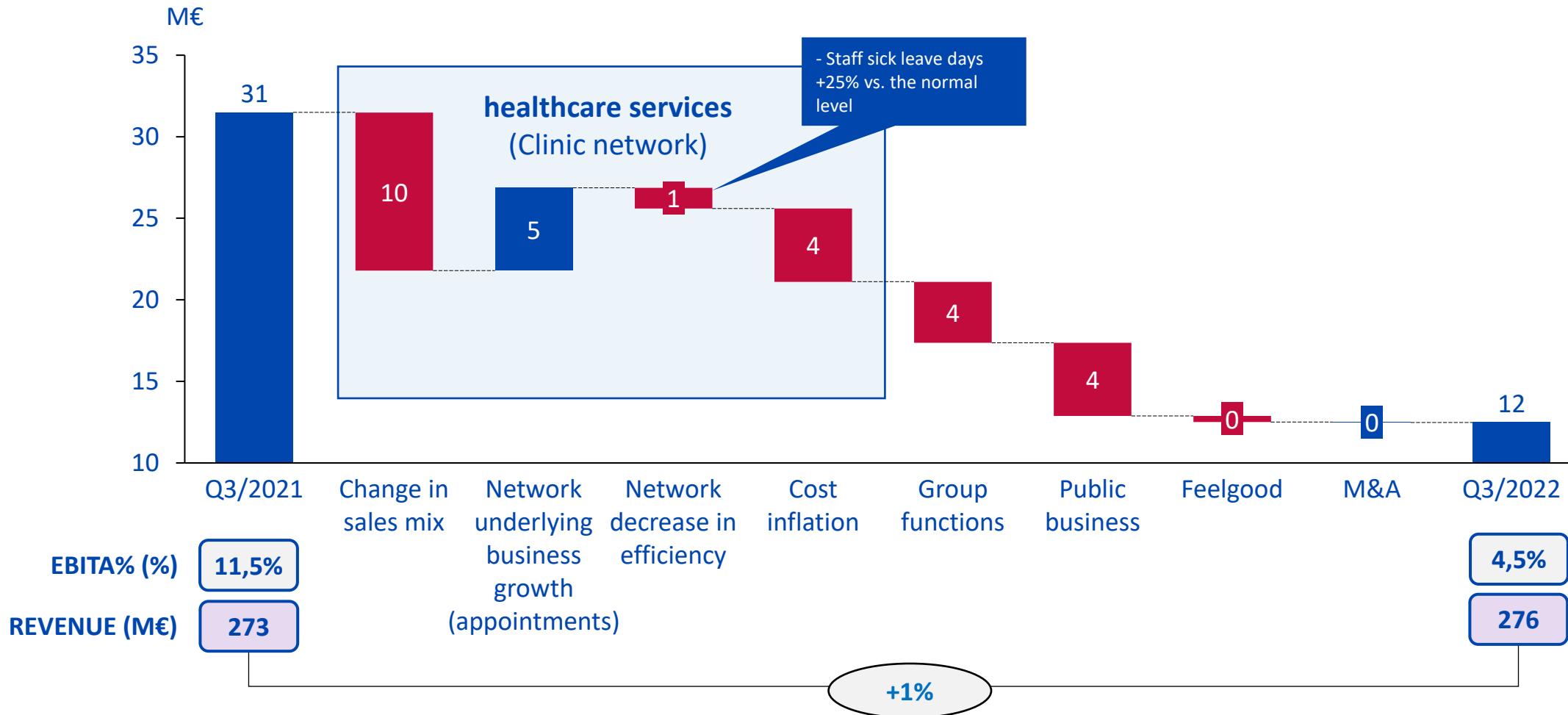
Q3/2022 REVENUE BREAKDOWN, M€



■ Corporate ■ Outsourcing ■ Service sales, OH and others
■ Private ■ Staffing ■ Sweden and others

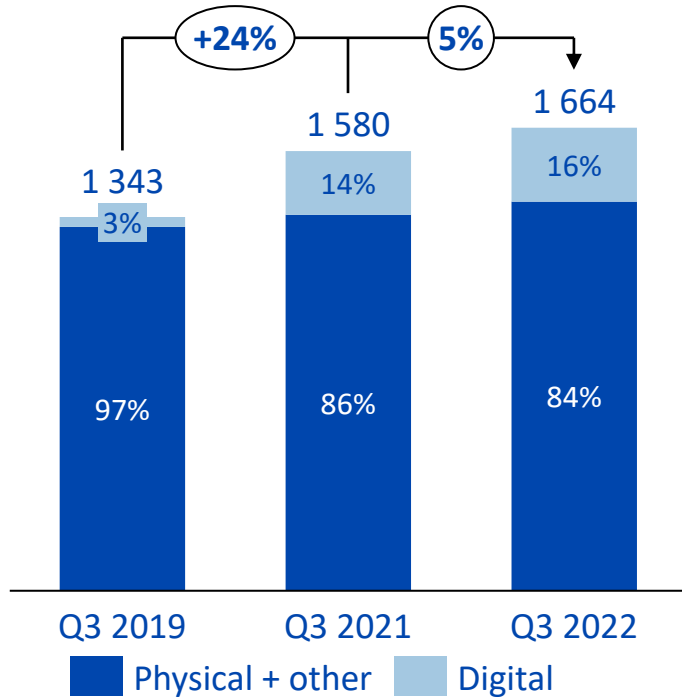
Q3 profitability significantly weakened due to changes in the sales mix and increased costs

Terveystalo Q3 adj. EBITA and Revenue

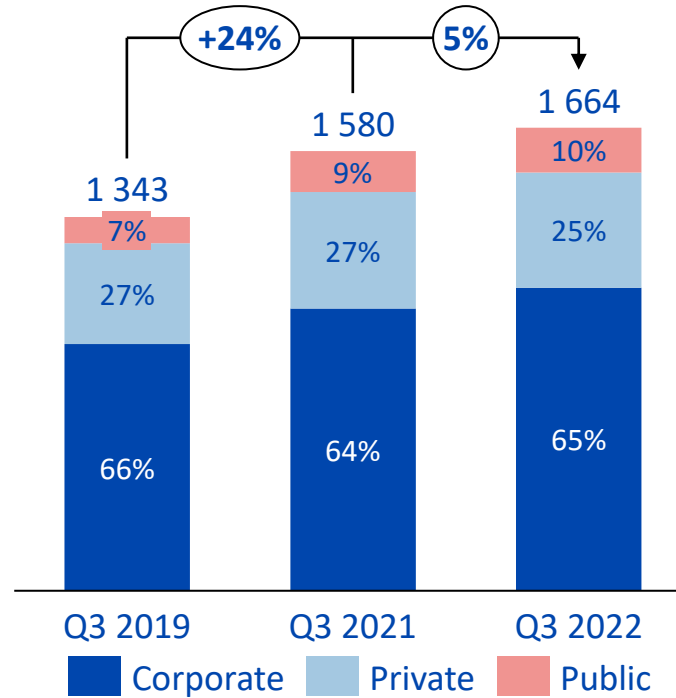


The average price and margin decreased due to service, channel, and customer mix changes in healthcare services

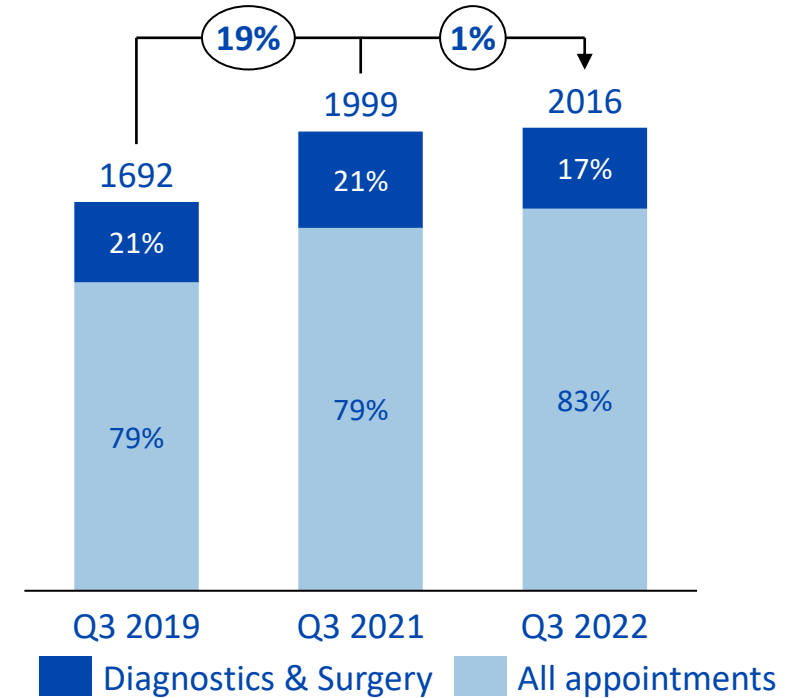
DIGITAL GROWS, AND STRENGTHENS SUPPLY BUT WEAKENS THE MARGINS IN THE SHORT-TERM*



STRONG DEMAND, SUPPLY IMPROVING BUT CONSTRAINTS BLOCK HIGHER MARGIN CUSTOMERS*



SHORTER CARE CHAINS WEAKEN THE MARGINS **



One-time write-down of EUR 29 million to other intangible assets further weakened the Q3 result

- The impairment loss was related to the long-standing basic IT systems reform project, which included the renewal of the patient record (EMR) system.
- The development path of the EMR system has been redesigned to be carried out with lighter components, and the development work of an external supplier was decided to be suspended.
- The suspension does not affect Terveystalo's in-house development of digital services and will reduce future investment needs in basic IT systems.
- The revised plan has no effect on the functionality of Terveystalo's current services or the reliability of their delivery

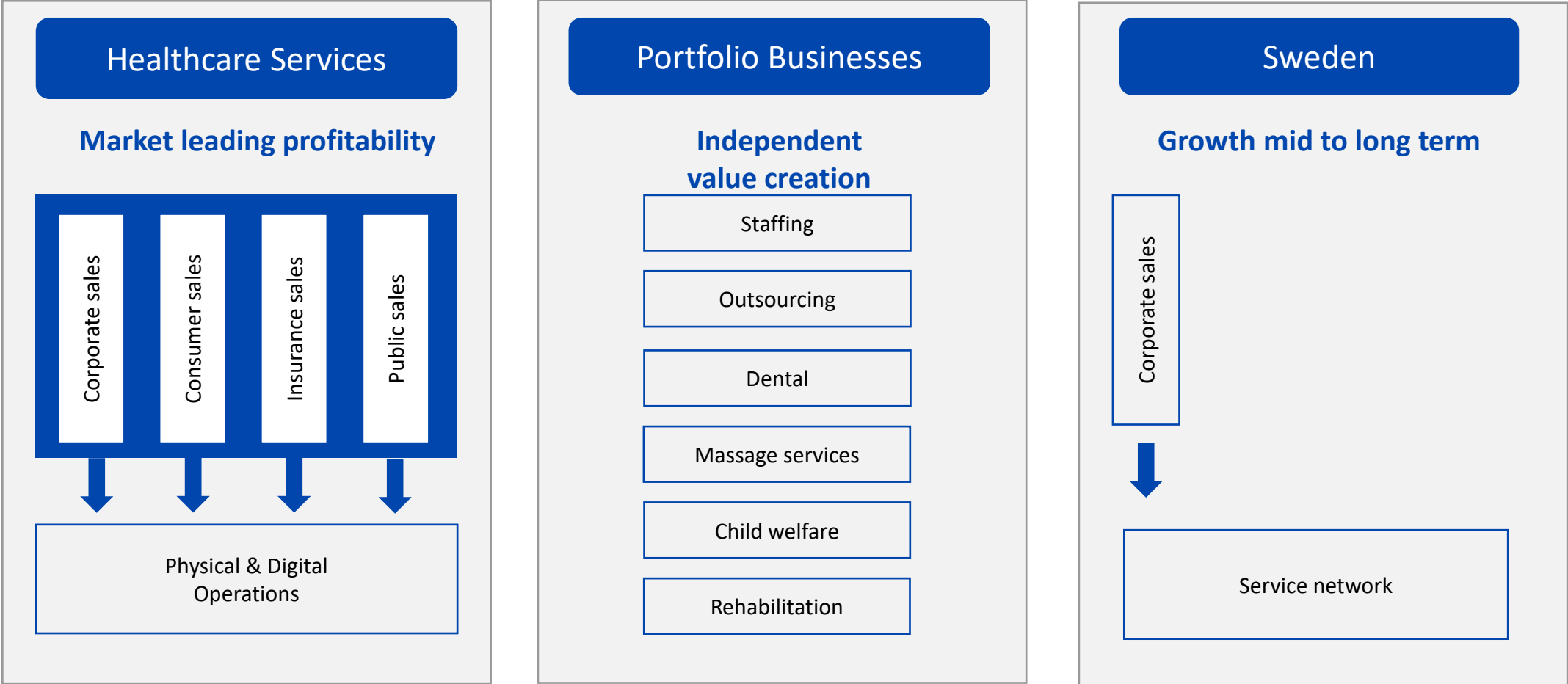


New planned operating model and the Alpha program to strengthen long-term value creation

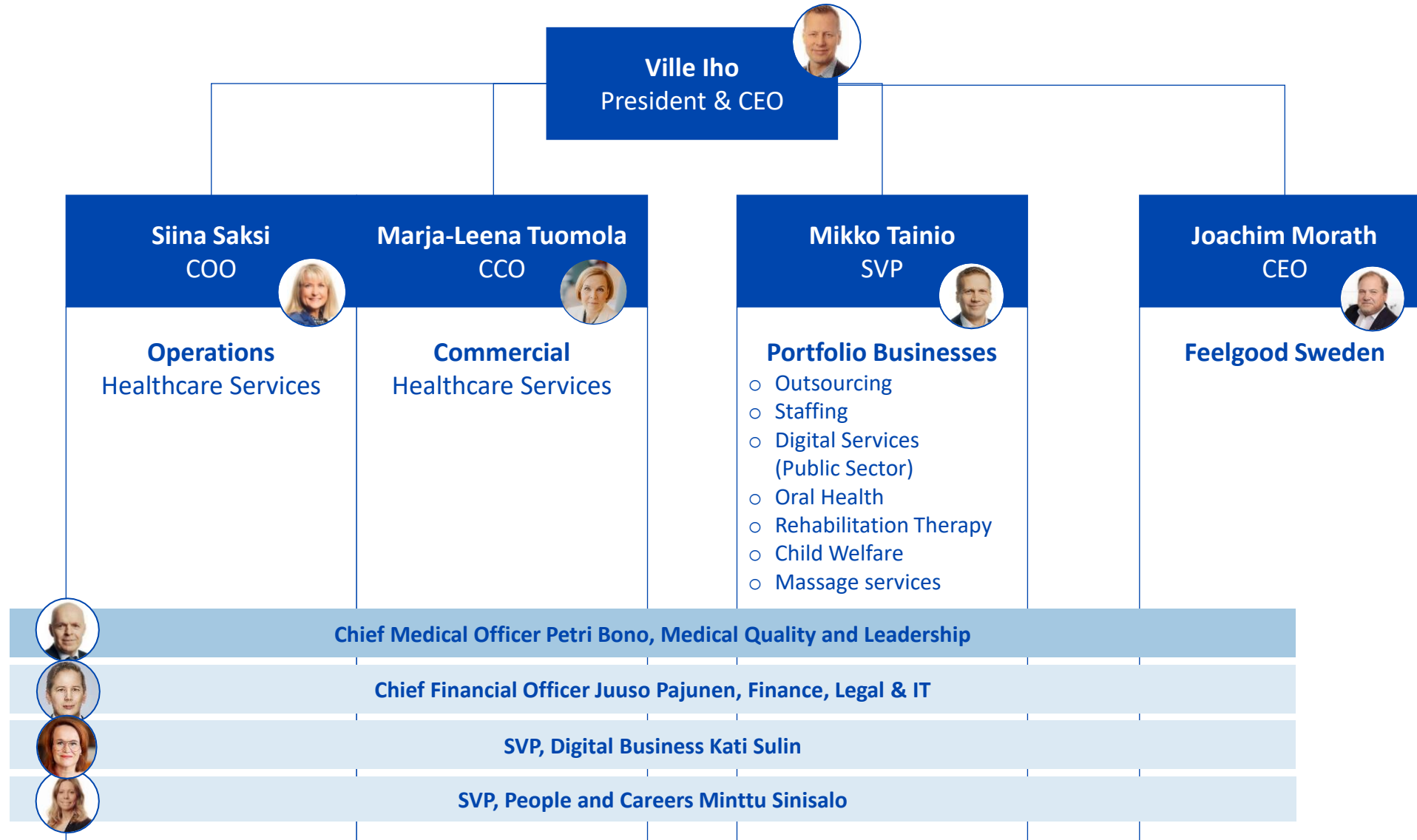
FULL ACCOUNTABILITY TO SUPPORT THE EFFICIENCY OF THE CORE BUSINESS AND STRENGTHEN THE INDEPENDENT VALUE CREATION OF PORTFOLIO BUSINESSES



The planned operating model enables the efficiency of the core business & independence of the Portfolio businesses



New management structure with clear accountability



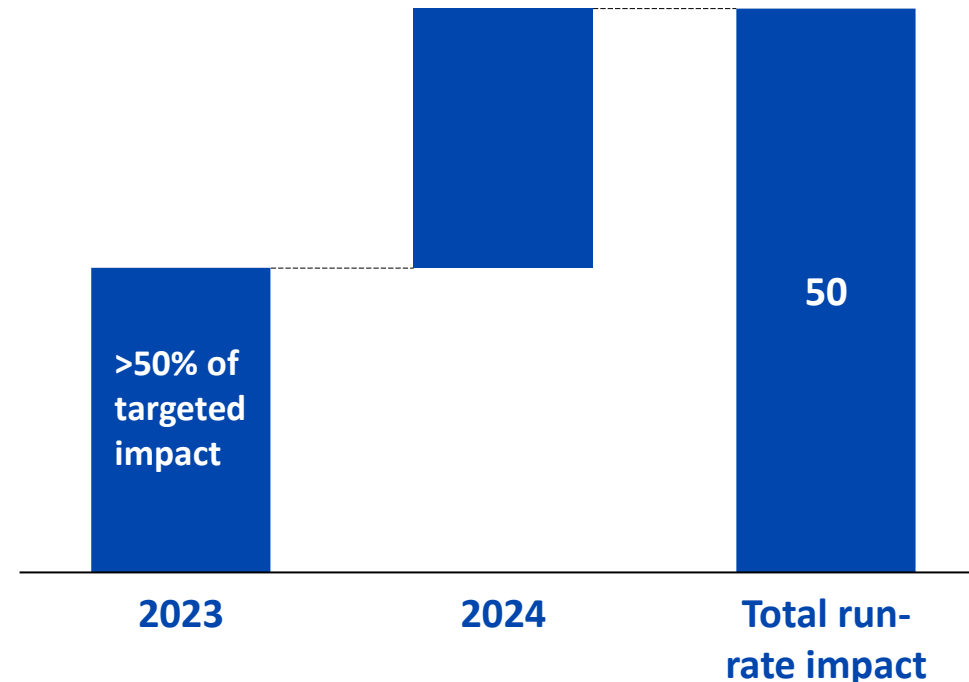
The Alpha program focuses on rapid profit improvement in our core and ensures reaching our target of 12-13% EBITA margin

EUR 25-30 MILLION ONE-OFF COSTS

Most of the costs to incur in 2023

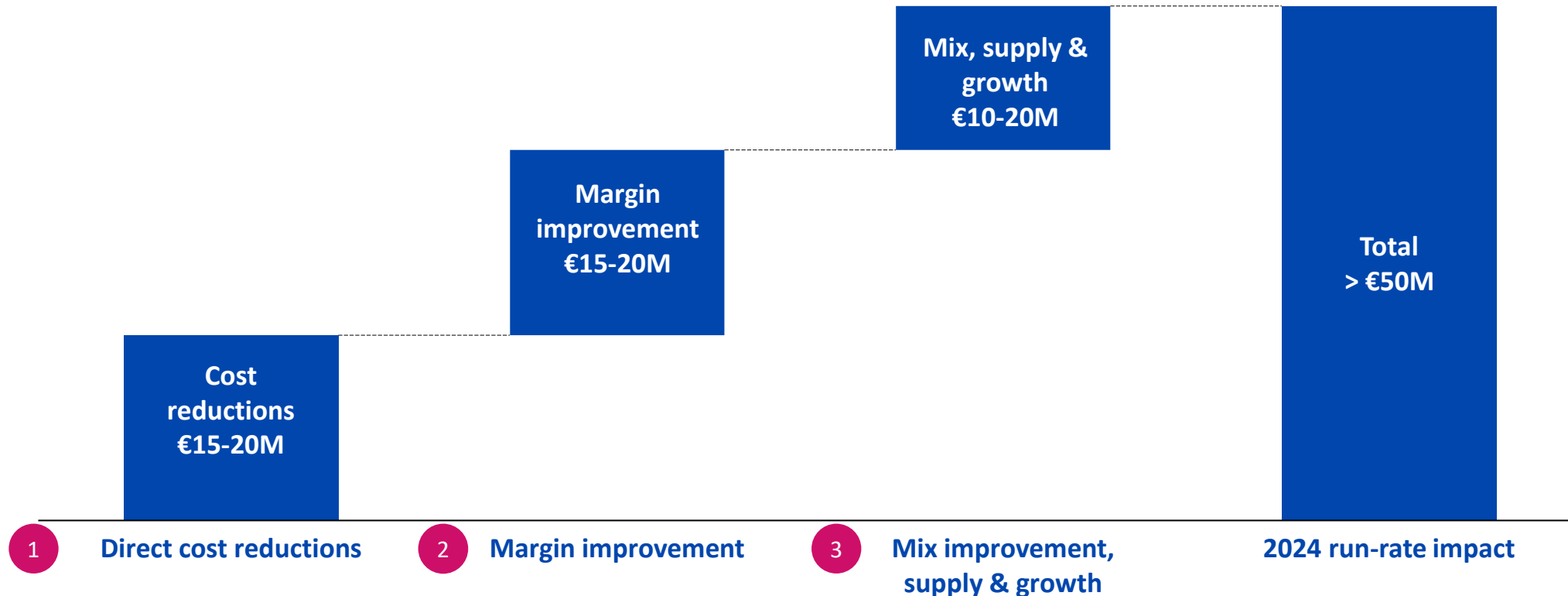
- EUR 20 mill. of the costs to incur before the end of 2023 and the remainder (EUR 5-10 mill.) in 2024.
- The costs of the program are treated as items affecting comparability and consist of:
 1. **Restructuring costs**
related to the planned operating model and organizational changes
 2. **Performance-based advisory**
fees tied to the results achieved by the program

ANNUALIZED EUR 50-MILL. RUN-RATE PROFIT IMPROVEMENT



Identified sources of profit improvement to meet €50M annualized run-rate net impact

H2 2022 - 2024 PROGRAM NET IMPACT, AFTER INFLATION



Main topics to drive EBITA impact across workstreams

1

Cost reductions

Streamlined Operating model

External spend optimization

Physical asset footprint optimization

2

Margin improvement

Commercial optimization incl. pricing

Operational efficiency improvement

Ending low margin contracts

3

Mix, supply & growth

Customer steering, care path continuity

Doctor recruitment and retention

Growth in focus segments and value-add services

Recap: €50M annualized profit improvement program underway to reach financial targets and support long-term value creation

**Strategy intact,
new operating model
and EUR 50 Mill.
profit improvement program
underway to
drastically improve our
performance and
reach financial targets**

The Alpha program focuses on a rapid turnaround in our core business, aiming for industry-leading profitability in healthcare services

Change in operating model to streamline the organization

Portfolio businesses aim at independent value creation

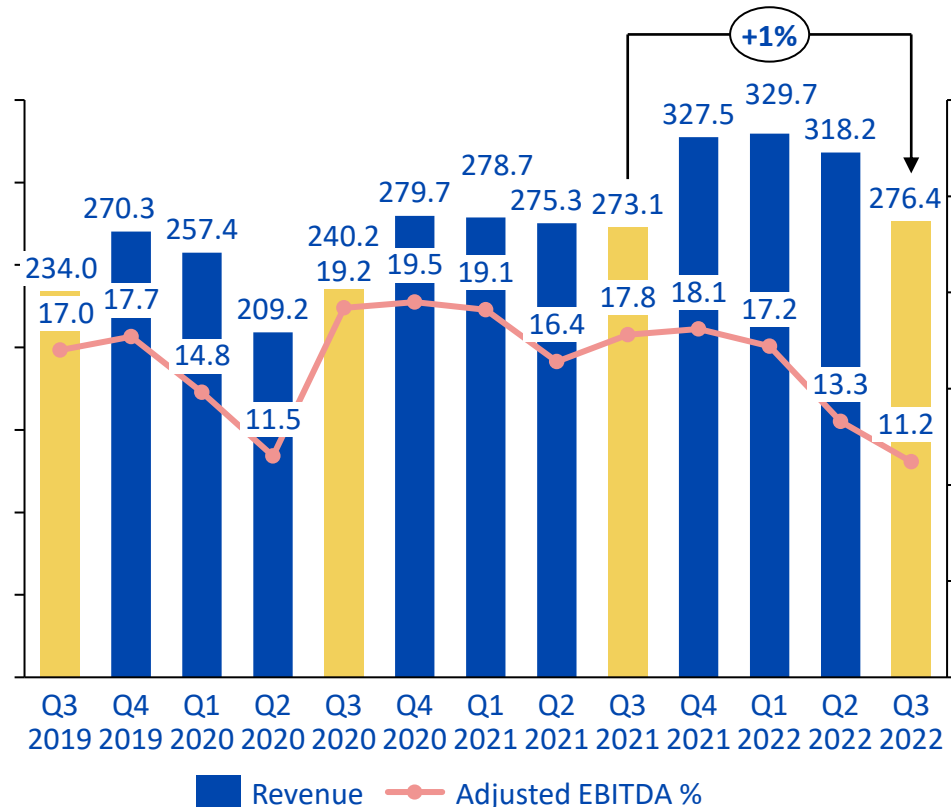
Sweden aims for significant growth in the medium term

Financial performance

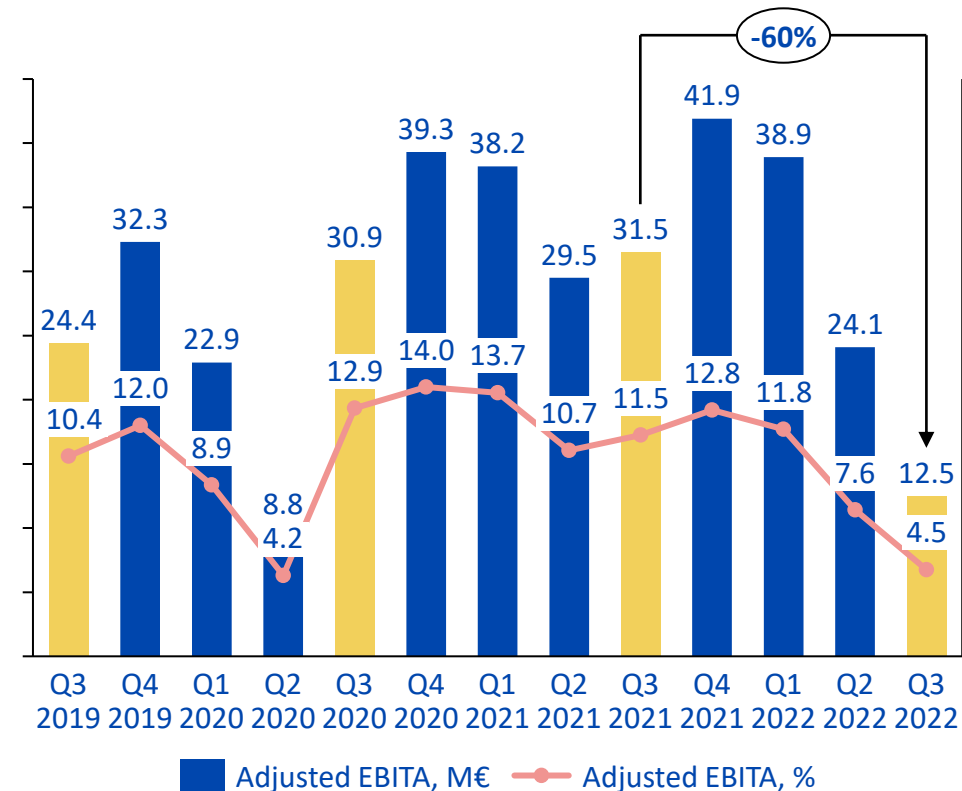
MIKKO TAINIO, INTERIM CFO

Q3 profitability significantly weakened due to changes in the sales mix and increased costs

REVENUE, MEUR AND ADJUSTED EBITDA*-%



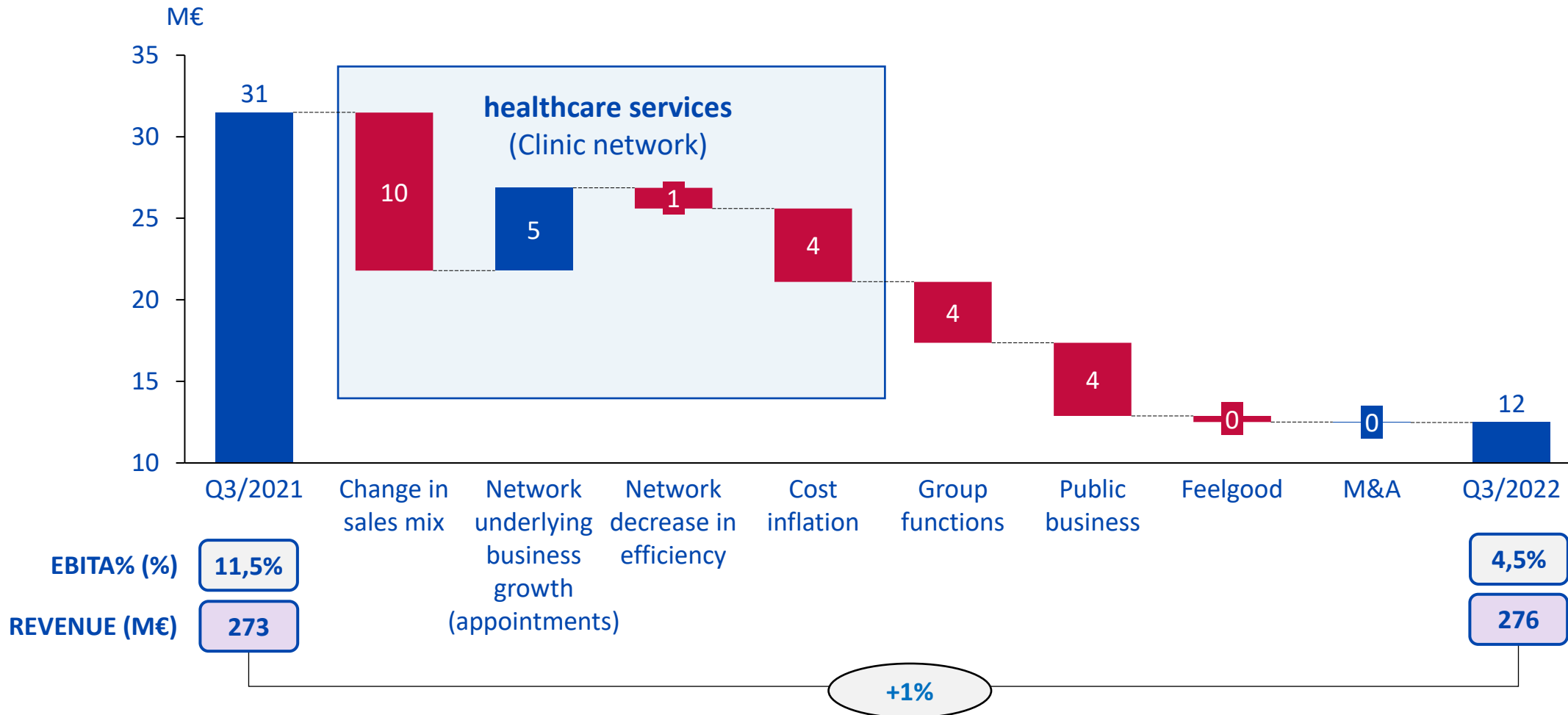
ADJUSTED EBITA*, MEUR AND %



*ALTERNATIVE KEY FIGURE
THE FIGURES INCLUDE THE EFFECT OF IFRS 16 FROM 2019 ONWARDS

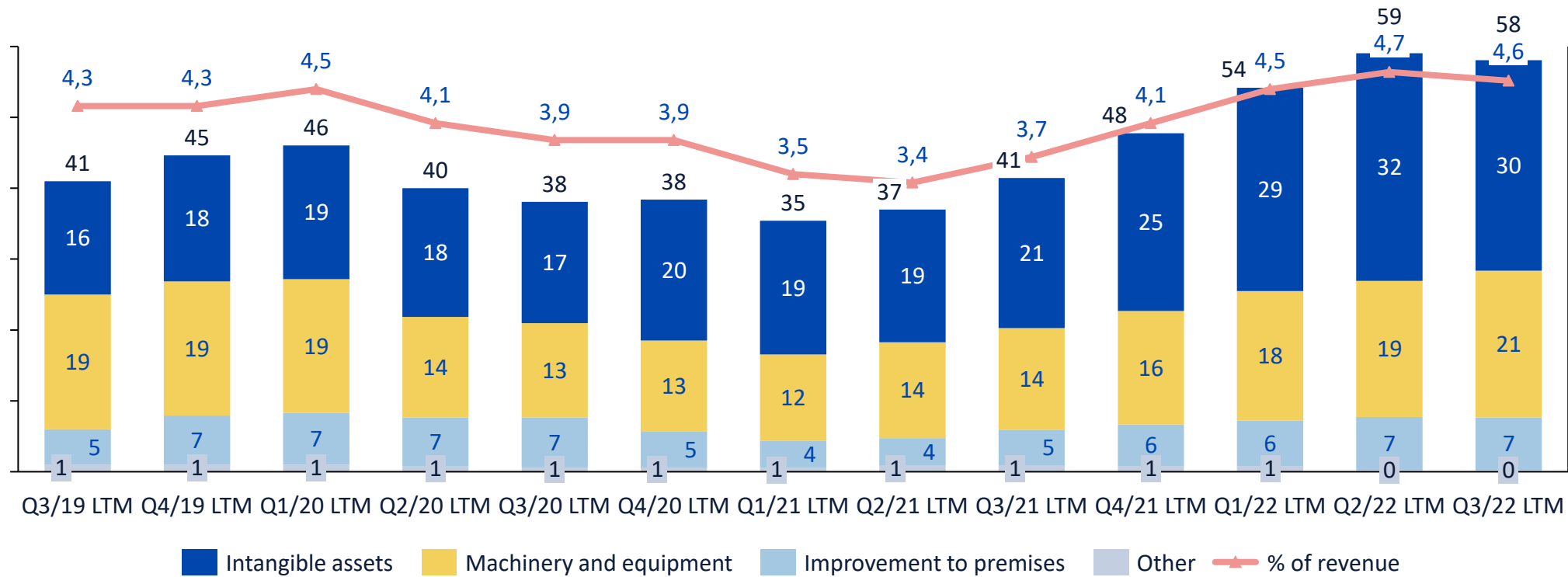
Q3 profitability significantly weakened due to changes in the sales mix and increased costs

Terveystalo Q3 adj. EBITA and Revenue



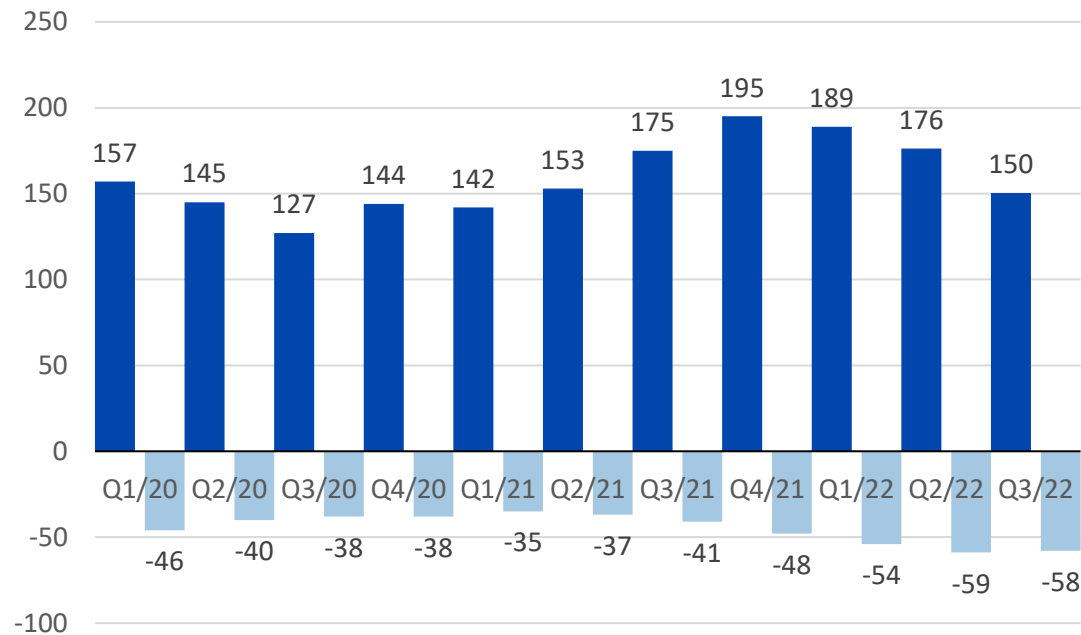
Capex (excluding M&A) to decrease from H1 2022 level

GROSS CAPEX, MEUR AND %- OF REVENUE

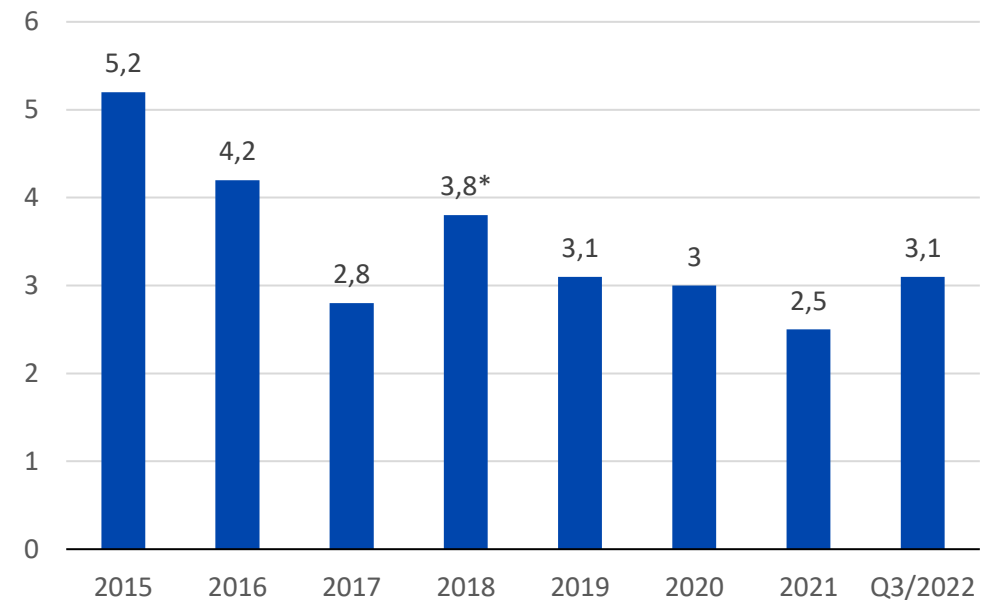


We maintained strong cash flow, solid balance sheet and credit profile

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



NET DEBT/ADJUSTED EBITDA (LTM)



* Increase in leverage is associated with the acquisition of Attendo's Finnish Health Services for an enterprise value of EUR 233m in cash, financed with debt

Sound fundamentals, medium term financial targets unchanged

FINANCIAL TARGETS



Growth

At least 5% annual growth in revenue



Profitability

An adjusted EBITA margin of 12–13%



Indebtedness

Interest-bearing Net debt/Adjusted EBITDA not to exceed 3.5 times

OUTLOOK*

- Demand for health services continues to be strong. However, demand is focused on short care pathways and services growth of which is limited by supply.
- Tight labor market and rising inflation create growing pressure on operating costs, including wages.
- The demand for Covid-19 related services is expected to decrease and the demand for digital services to continue to grow.
- Significant changes in employment and consumer confidence may be reflected in underlying demand.

Appendix

Cuts to discretionary spending and Alpha program launched to combat cost increases

M€	7-9/2022	7-9/2021	Change %	1-9/2022	1-9/2021	Change %	2021
Revenue	276.4	273.1	1.2	924.3	827.1	11.8	1 154.6
Other operating income	0.6	1.1	-43.6	1.7	2.2	-20.1	3.4
Purchase of materials	-10.1	-7.3	38.1	-32.3	-24.4	32.4	-34.8
Change in inventories	0.3	0.0	>-200.0	1.2	-0.2	>-200.0	-0.6
External services	-110.6	-104.9	5.5	-353.8	-328.2	7.8	-453.4
Employee benefit expenses	-100.5	-92.1	9.0	-334.6	-268.4	24.7	-378.2
Rents, leases and premises	-6.3	-5.4	15.8	-16.0	-13.4	19.1	-18.1
IT expenses	-9.7	-7.9	23.2	-29.2	-23.0	26.9	-29.7
Marketing and communication expenses	-2.5	-1.6	60.6	-7.1	-5.0	41.3	-7.3
Other operating expenses	-7.8	-8.8	-12.1	-27.7	-23.0	20.6	-32.0
EBITDA	29.9	46.2	-35.2	126.6	143.6	-11.8	201.8
Adjustments*	1.0	2.3	-56.9	3.4	3.3	1.1	4.3
Adjusted EBITDA	30.9	48.6	-36.3	130.0	146.9	-11.5	206.1
EBIT	-24.6	21.2	-216.1	21.1	76.3	-72.3	110.1

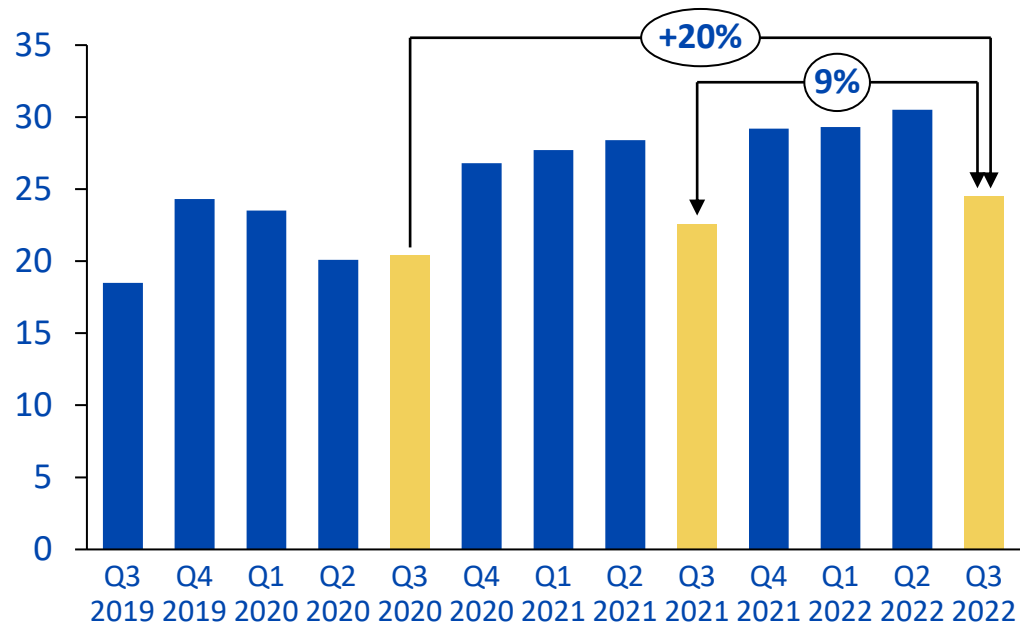
Variable costs

Semi-fixed costs. scalable on a unit level

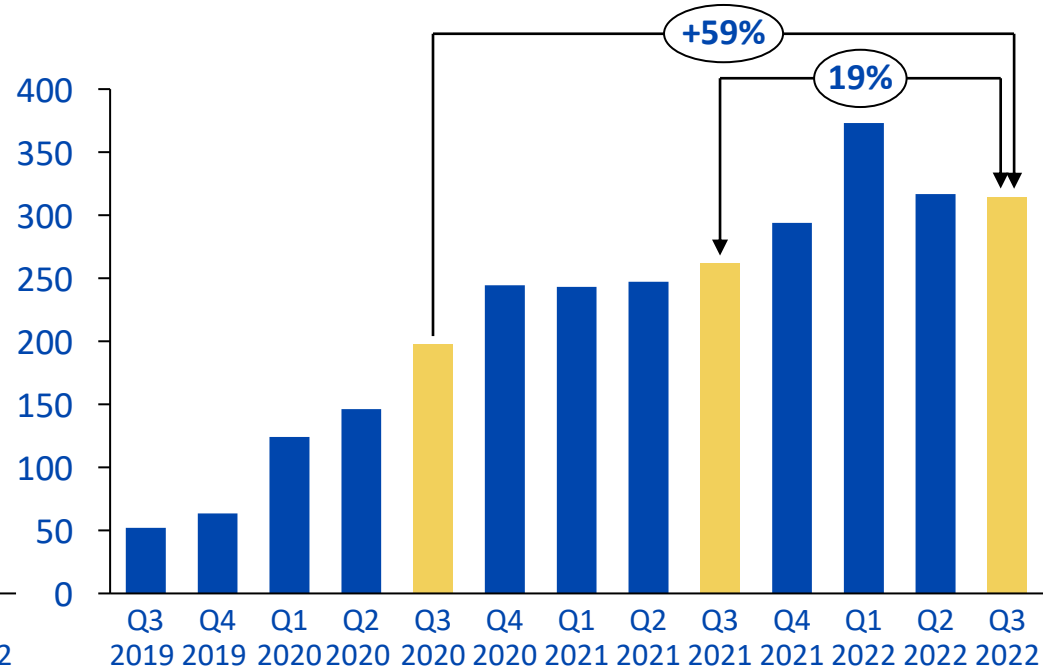
Fixed costs. scalable on a group level

Well-being and digital continued to grow

WELL-BEING SALES, MEUR

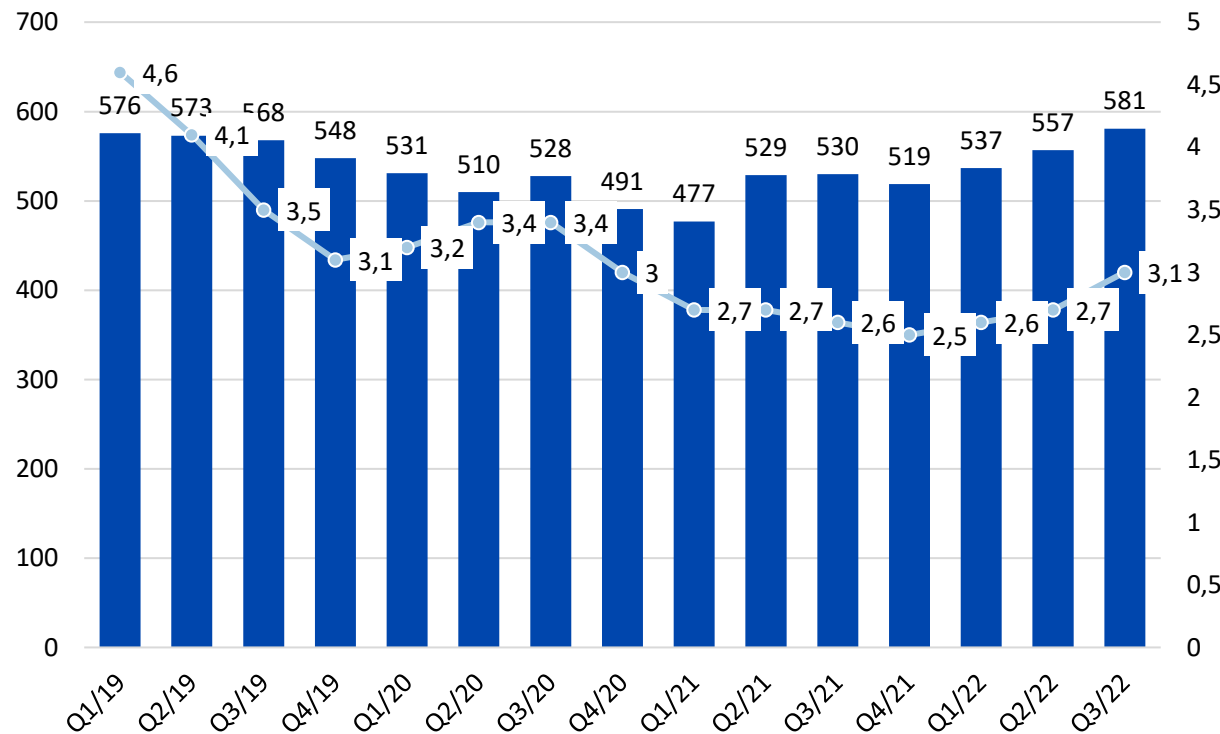


DIGITAL VISITS, THOUSANDS

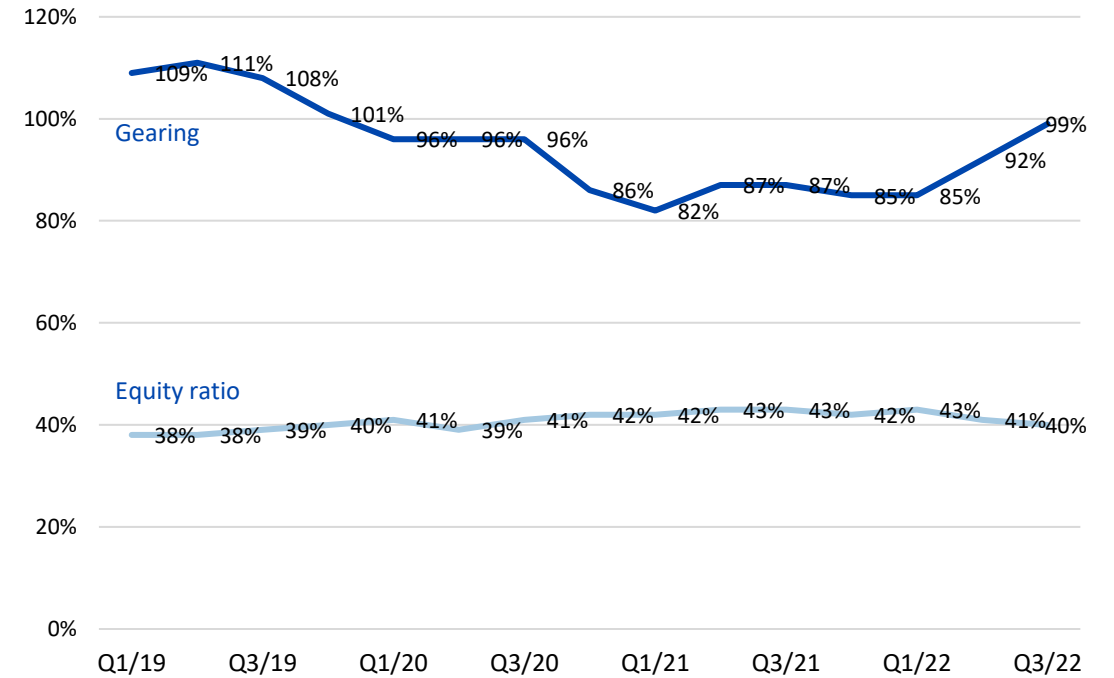


Disciplined financial strategy

NET DEBT, MEUR AND NET DEBT / ADJ. EBITDA (LTM)



EQUITY RATIO, % AND GEARING, %



Key figures

Terveystalo Group, MEUR	7-9/ 2022	7-9/ 2021	Change, %	1-9/ 2022	1-9/ 2021	Change, %	2021
Revenue	276.4	273.1	1.2	924.3	827.1	11.8	1,154.6
Adjusted EBITDA * 1)	30.9	48.6	-36.3	130.0	146.9	-11.5	206.1
Adjusted EBITDA, % * 1)	11.2	17.8	-	14.1	17.8	-	17.8
EBITDA 1)	29.9	46.2	-35.2	126.6	143.6	-11.8	201.8
EBITDA, % 1)	10.8	16.9	-	13.7	17.4	-	17.5
Adjusted EBITA * 1)	12.5	31.5	-60.4	75.5	99.1	-23.8	141.0
Adjusted EBITA, % * 1)	4.5	11.5	-	8.2	12.0	-	12.2
EBITA 1)	11.4	29.1	-60.7	72.2	95.8	-24.7	136.7
EBITA, % 1)	4.1	10.7	-	7.8	11.6	-	11.8
Adjusted EBIT * 1)	5.2	23.6	-77.8	53.3	79.6	-33.0	114.4
Adjusted EBIT, % * 1)	1.9	8.6	-	5.8	9.6	-	9.9
EBIT	-24.6	21.2	-216.1	21.1	76.3	-72.3	110.1
EBIT, %	-8.9	7.8	-	2.3	9.2	-	9.5
Return on equity (ROE), % 1)	-	-	-	7.1	13.0	-	13.6
Equity ratio, % 1)	-	-	-	40.2	43.0	-	42.2
Earnings per share (EUR)	-0.15	0.11	>-200.0	0.13	0.43	-69.1	0.63
Weighted number of shares outstanding, in thousands	126,548	127,307	-	126,348	127,307	-	127,180
Net debt	-	-	-	580.9	529.8	9.6	519.0
Gearing, % 1)	-	-	-	99.2	86.5	-	85.2
Net debt/adjusted EBITDA (last 12 months) 1)	-	-	-	3.1	2.6	-	2.5
Total assets	-	-	-	1,459.9	1,424.4	2.5	1,448.6
Adjusted EBITDA (last 12 months), excluding IFRS 16*1)	-	-	-	135.4	155.7	-13.1	156.9
Net debt, excluding IFRS 16	-	-	-	406.1	355.1	14.3	340.6
Adjusted net debt/adjusted EBITDA (last 12 months), excluding IFRS 16*1)	-	-	-	3.0	2.3	-	2.2
Average personnel (FTEs)	-	-	-	6,685	5,645	18.4	5,643
Personnel (end of period)	-	-	-	11,027	9,622	14.6	9,805
Private practitioners (end of period)	-	-	-	5,852	5,710	2.5	5,754

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

1) Alternative performance measure. In addition to the IFRS figures, Terveystalo presents additional, alternative performance indicators which the company monitors internally and which provide the company management, investors, stock market analysts, and other stakeholders with important additional information concerning the company's financial performance, financial position, and cash flows. These performance indicators should not be reviewed separately from the IFRS figures and they should not be considered to replace the IFRS figures.

2) The quality index consists of seven effectiveness indicators that describe the clinical and experienced quality, access to care, and the proportion of preventive care.

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

Feelgood AB – key figures

SEK, thousand	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
Revenue	204,393	213,110	138,429	220,230	208,448	185,825	125,102	204,733	193,469	206,243
EBITDA	24,371	28,626	-1,612	34,157	24,155	18,486	-464	38,926	20,775	27,167
EBIT	12,921	16,570	-13,704	21,594	11,184	2,778	-13,004	21,787	4,854	11,048
Result before taxes	12,010	15,563	-14,648	20,381	10,301	1,940	-13,814	20,005	3,639	10,136
EBITDA-margin	11.9 %	13.4 %	-1.2 %	15.5 %	11.6 %	9.9 %	-0.4 %	19.0 %	10.7 %	13.2 %
EBIT-margin	6.3 %	7.8 %	-9.9 %	9.8 %	5.4 %	1.5 %	-10.4 %	10.6 %	2.5 %	5.4 %