



Terveystalo Group's Report of the Board of Directors and Consolidated Financial Statements

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Report of the Board of Directors 2022

Operating environment

Target markets

Demand for health services was strong in Terveystalo's target markets throughout the year. Nevertheless, the growth was tempered by the lack of supply, which was also impacted by higher sickness absences compared to the comparison period. In Finland, the demand was more focused on short care pathways. The demand for diagnostics and other services related to COVID-19 decreased significantly from the comparison period due to a decline in COVID testing. In Sweden, the demand for occupational health services and particularly for consultation for organizational management and harmful use was growing. The growth of demand for digital services and remote appointments continued to be strong. The demand for mental health services and preventive well-being services continued to grow.

A tight labor market and high inflation create growing pressure on operating costs, including wages. The employment situation is strong, but significant changes can affect the demand for occupational health services. The long-term growth prospects are good for Terveystalo's addressable markets in Finland and Sweden; the underlying demand is strong, and we are well-positioned to drive growth going forward, supported by our strong market position and reputation among industry professionals of being a preferred employer.

The impacts of inflation

High inflation can be seen as upward pressure on prices in all procurement categories, and Terveystalo has actively negotiated with its suppliers to limit the impact of inflation on costs. The rising price of electricity has a negative impact on operational costs. Due to component shortages, delivery times have become longer in certain categories of products and materials, such as healthcare equipment.

Skill shortages, a tight labor market, and high inflation put pressure also on wages. The private healthcare sector concluded a two-year, moderate salary agreement for the period 1 May 2022 to 30 April 2024. The first wage increase of 2.0 percent took effect on October 1, 2022. The wage increases in 2023 will be decided according to the wage increases in the reference sectors and the salary increase is at least 1.9 percent.

Commercial initiatives have been and will be undertaken to mitigate the effect of inflation as a part of Terveystalo's profit improvement program. The effects are visible in stages from the fourth quarter of 2022 onwards.

The treatment queues, social and healthcare reform, and changes in the regulation

The contraction of non-urgent care in the private and public healthcare sectors during COVID-19 restrictions has resulted in a significant treatment gap in other illnesses. According to the Finnish Institute for Health and Welfare (THL), over 150,000 patients were waiting for access to non-urgent specialized care at the end of August 2022. Of those waiting for treatment, over 20,000 (9,500) had been waiting for more than six months. The average waiting time for non-urgent care was 65 days in August 2022. The treatment queues continued to lengthen also in Sweden. In November 2022, close to 150,000 people in Sweden were waiting for surgery or a procedure (www.skr.se).

Under the social and healthcare reform, the responsibility for the organization of social and healthcare services will be transferred to the 21 well-being services counties and the City of Helsinki. The well-being services county councils, elected in January 2022, will decide on the well-being services county and service strategies, the principles of the service network, the service level of emergency services, the budget and financial planning of the well-being services county, and the appointment of members to governing bodies. The term of office of the county council is four years, commencing on March 1, 2022. In 2022, the new well-being services county councils have focused on administrative organization. Decisions on new material service procurements from the private sector are expected in the first half of 2023 at the earliest.

As a result of the social welfare and healthcare reform, some of Terveystalo's outsourcing agreements for public services will need to be renegotiated so that the new contractual terms will enter into force at the beginning of 2026 at the latest. Furthermore, there will be restrictions on the subcontracting practices for public services produced as outsourced services, but these are not expected to have a significant impact on Terveystalo. The dismantling of the queues for non-urgent care in the public sector will require more extensive use of private healthcare services in the aftercare of the pandemic.

Cuts to Kela reimbursements for private healthcare took effect on 1 January 2023. The changes are estimated to impact the demand for general practitioners' and gynecologists' appointments and imaging services. As consumers' general purchasing power weakens, the changes can also affect the use of other services. Cutting Kela reimbursements from private healthcare will most likely lengthen the queues in public healthcare, make it more difficult to dismantle long treatment queues, increase the costs of the public sector, and make the work of newly established well-being services counties more difficult.

The impacts of the war in Ukraine

The indirect impacts of the war in Ukraine on Terveystalo are assessed to be minimal, as Terveystalo does not have business operations in, or with, countries that are subject to sanctions. Indirect impacts arise from supply chain disruptions, high inflation, and potential disruptions in the financial markets. The indirect economic impacts are already visible in weakened consumer confidence and purchasing power. The impacts may also have a delayed economic impact through declining employment, which could negatively impact the demand for Terveystalo's services.

Market outlook

- Demand for health services continues to be strong. However, demand is focused on short care pathways and services, the growth of which is limited by supply. A tight labor market and high 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 be strong.
- Significant employment and consumer confidence changes may be reflected in demand.

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

Financial targets

Terveystalo's financial targets are:

- Annual revenue growth of at least 5 percent through organic growth and acquisitions
- Adjusted EBITA margin of at least 12–13 percent in the medium to long term
- Net debt/adjusted EBITDA ratio 3.5x or less. However, indebtedness may temporarily exceed the target level, such as in conjunction with acquisitions.
- To distribute a minimum of 40 percent of net profit as dividends annually. However, the dividend proposal must take into account Terveystalo's long-term development potential and financial position.

Key figures

Terveystalo Group, EUR mill.	2022	2021	2020
Revenue	1,259.1	1,154.6	986.4
Adjusted EBITDA, * ¹⁾	178.0	206.1	162.8
Adjusted EBITDA, % ^{*1)}	14.1	17.8	16.5
EBITDA ¹⁾	168.8	201.8	158.3
EBITDA, % ¹⁾	13.4	17.5	16.1
Adjusted EBITA ^{*1)}	105.2	141	101.9
Adjusted EBITA, % ^{*1)}	8.4	12.2	10.3
EBITA ¹⁾	95.9	136.7	97.4
EBITA, % ¹⁾	7.6	11.8	9.9
Adjusted operating profit (EBIT) ^{*1)}	73.4	114.4	71.6
Adjusted operating profit (EBIT), % ^{*1)}	5.8	9.9	7.3
Operating profit (EBIT)	33.9	110.1	67.2
Operating profit (EBIT), %	2.7	9.5	6.8
Return on equity (ROE), % ¹⁾	4.1	13.6	8.2
Equity ratio, % ¹⁾	40.2	42.2	42.1
Earnings per share (€)	0.19	0.63	0.36
Net debt	566.6	519	490.9
Gearing, % ¹⁾	95.7	85.2	85.9
Net debt/Adjusted EBITDA ¹⁾	3.2	2.5	3.0
Total assets	1,479.4	1,448.6	1,361.0
Average personnel FTE	6,552	5,643	4,900
Personnel (end of period)	10,933	9,805	8,253

Terveystalo Group, EUR mill.	2022	2021	2020
Private practitioners (end of period)	5,928	5,754	5,057
Adjusted EBITDA, excluding IFRS 16 ^{*1)}	122.2	156.9	118
Net debt, excluding IFRS 16	386.8	340.6	312.4
Net debt/Adjusted EBITDA, excluding IFRS 16 ^{*1)}	3.2	2.2	2.6

* 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), impairment losses, strategic projects and other items affecting comparability.

¹⁾ Alternative performance measure. Terveystalo presents alternative performance measures as additional information to financial measures defined in IFRS. Those are performance measures that the company monitors internally, and they provide management, investors, securities analysts and other parties with significant additional information related to the company's results of operations, financial position and cash flows. These should not be considered in isolation or as a substitute to the measures under IFRS.

The calculation formulas and principles for the key figures are presented in the Financial Statements.

Share related key figures

	2022	2021	2020
Equity per share, EUR	4.7	4.8	4.5
Earnings per share (€)	0.19	0.63	0.36
Dividend per share, EUR	0.28	0.28	0.26
Dividend payout ratio, %	145.0	44.3	72.3

Revenue

Revenue for 2022 increased by 9.0 percent year-on-year and amounted to EUR 1,259.1 (1,154.6) million. The revenue in Finland increased by 4.3 percent. Acquisitions during the financial year 2022 increased revenue by approximately 18.3 million euros. The revenue of the Sweden and others segment came to EUR 92.8 (36.9) million. The Swedish operations have been consolidated into Terveystalo’s reporting as of 1 July 2021.

Revenue from corporate customers increased by 6.2 percent. Revenue from preventive occupational health services as well as acute infection and other illness-related appointments increased year-on-year. Revenue from private customers increased by 1.9 percent. Shorter care chains and appointments were emphasized in the sales mix. There was strong growth in revenue from insurance companies. Revenue from public sector customers increased by 4.1 percent. Revenue from service sales and occupational healthcare to public sector customers increased by 9.8 percent mainly due to the occupational health business that increased through acquisitions and new agreements. Revenue from staffing services grew by 2.4 percent with demand being strong, but the shortage of physicians restricted the growth. Revenue from the outsourcing business increased by 0.9 percent, mainly driven by the child welfare services business.

The demand for general practitioners’ appointments was at a high level throughout the year, but the growth of revenue was restricted by the limited supply of physicians. Appointments relating to various acute infections and ear, nose, and throat diseases grew substantially year-on-year. Visits to laboratory services decreased substantially year-on-year as COVID testing decreased. A total of approximately 335,000 (500,000) COVID-19 tests were performed during the fourth quarter, a decrease of 33 percent year-on-year¹⁾. During the year, acute medical care and general practitioner services were emphasized in the sales mix. These involve fewer laboratory and diagnostic services than specialist medical services with longer care chains. Revenue from surgical operations grew substantially year-on-year. Revenue from imaging services grew slightly year-on-year. Demand for well-being services remained strong, with revenue increasing by 9 percent to EUR 117.1 (107.9) million. The number of digital appointments²⁾ grew by 29 percent to approximately 1.4 (1.0) million appointments. There were 253 (253) working days in 2022.

¹⁾Excludes sample collection services
²⁾Does not include the digital appointments of the Sweden and others segment.

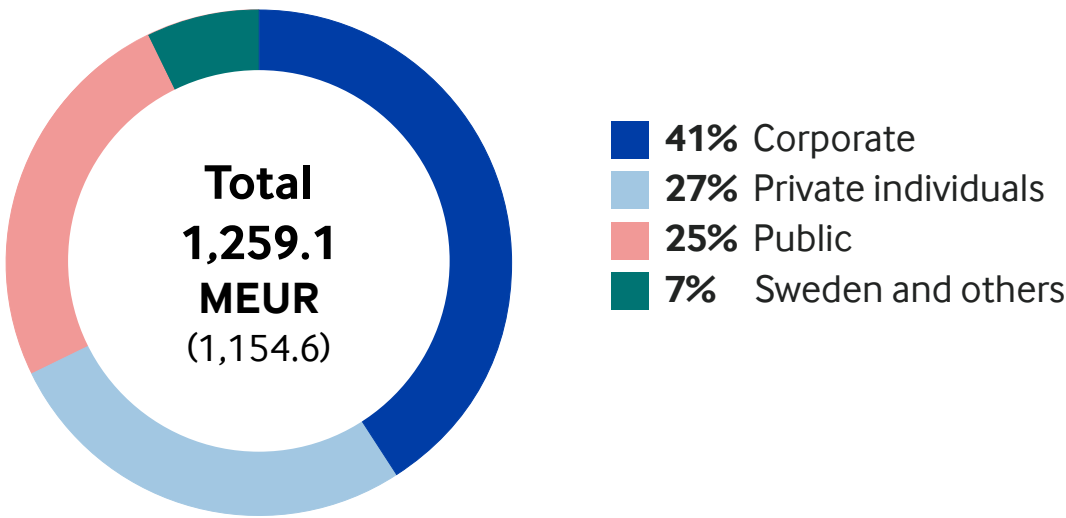
Revenue breakdown

MEUR	2022	2021	Change, %
Corporate customers	511.7	481.7	6.2
Private customers	339.4	333.2	1.9
Public sector customers	315.2	302.8	4.1
Outsourcing	122.2	121.1	0.9
Staffing services	89.8	87.6	2.4
Service sales, occupational health, and others	103.3	94.0	9.8
Finland in total	1,166.2	1,117.7	4.3
Sweden and others*	92.8	36.9	151.3
Total	1,259.1	1,154.6	9.0

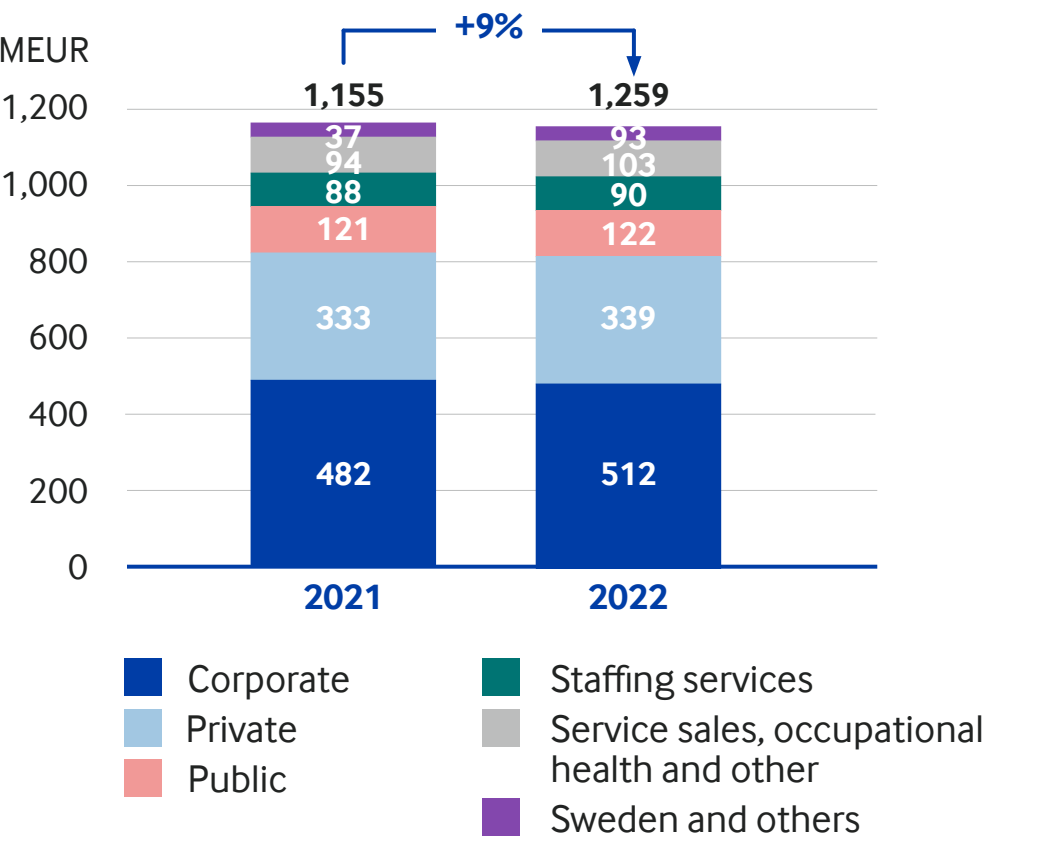
*Consists of the Group’s business operations in Sweden, Estonia, and the Netherlands. Feelgood (Sweden) was consolidated on 1 July 2021. Estonia and the Netherlands did not have a significant effect on revenue during the reporting period.

Revenue breakdown

% of total revenue 2022



Revenue breakdown 2021 and 2022



Revenue breakdown

Corporate customers

Corporate customers constitute Terveystalo’s largest customer group. Terveystalo’s corporate customers consist of the company’s occupational health customers, excluding municipal occupational healthcare customers, which are included in the public sector customer group. The company provides statutory occupational health services and other occupational health and well-being services for corporate customers of all sizes. Terveystalo is the largest provider of occupational health services in Finland in terms of revenue and the number of end users. Terveystalo provides occupational healthcare services for over 27,000 companies in Finland, which have approximately 670,000 occupational health customers.

Revenue from corporate customers for 2022 increased by 6.2 percent and amounted to EUR 511.7 (481.7) million. Revenue from preventive occupational health services¹⁾ as well as acute infection and other illness-related appointments increased year-on-year. The revenue from laboratory services declined substantially year-on-year as COVID-19 testing decreased. Approximately 265,000 (350,000) COVID-19 tests were performed for corporate customers during the year, a decrease of 25 percent year-on-year. The average prices of tests decreased year-on-year. The revenue from surgical operations and imaging services grew year-on-year. The revenue for well-being services²⁾ increased by approximately 10 percent year-on-year. The growth continued to be the strongest in mental well-being services. Digital occupational health appointments grew by 39 percent year-on-year and exceeded 1,100,000 (793,000) appointments. The number of end customers in occupational healthcare increased year-on-year.

¹⁾ The statutory task of occupational healthcare is to prevent work-related adverse health effects. Preventive services include, for example, workplace surveys to examine the conditions and exposures at the workplace; health examinations; suggested measures to improve work conditions and to promote the employees’ ability to work; guidance and counselling; participation in the planning and implementation of measures that maintain workability promotion of coping at work and, when necessary, referrals to rehabilitation in case of reduced work ability; guidance in first aid preparedness at the workplace; and assessment and monitoring of the quality and impact of occupational healthcare activities.

²⁾ Well-being services include, for example, physiotherapy, mental well-being services (psychologists and psychotherapists), nutritional therapy, workability coaching, and massage services.

Private customers

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

Revenue from private sector customers for 2022 increased by 1.9 percent year-on-year and amounted to EUR 339.4 (333.2) million. The number of appointments grew year-on-year. Short care chains, acute medical care, and general practitioner services were emphasized in the sales mix during the year. The growth of revenue was restricted by limited supply. Appointments relating to various acute infections and ear, nose, and throat diseases grew year-on-year. The revenue from specialist medical services in fields such as orthopedics, gynecology, and dermatology grew year-on-year. The revenue from laboratory services declined substantially year-on-year as COVID-19 testing decreased. Approximately 23,000 (86,000) COVID-19 tests were performed for private customers during the year, a decrease of 73 percent year-on-year. The revenue from imaging services was flat year-on-year. The revenue from surgical operations grew substantially year-on-year due to strong revenue from insurance companies. The revenue from well-being services, such as mental well-being and physical therapy services, grew by 5 percent year-on-year. Demand for oral health services returned to growth during the second half of the year and revenue grew slightly year-on-year. The number of digital appointments decreased by 22 percent year-on-year and was approximately 84,000 (108,000).

Public sector customers

Terveystalo’s s public sector customer group consists of Finnish public sector organizations. Terveystalo’s broad nationwide platform, digital offering, good reputation, and established brand, as well as its thorough expertise and experience in healthcare services throughout the chain of care, make Terveystalo an attractive partner for the public sector. The services offered to public sector customers include full and partial outsourcing, healthcare staffing services, specialized care services, other healthcare services as well as occupational health services for municipalities, municipal federations, and hospital districts. Occupational health services covered approximately 90,000 persons.

Revenue from public sector customers for 2022 increased by 4.1 percent year-on-year and amounted to EUR 315.2 (302.8) million.

Revenue from the outsourcing business increased by 0.9 percent to EUR 122.2 (121.1) million. The revenue growth came mainly from the child welfare services business.

Revenue from staffing services increased by 2.4 percent to EUR 89.8 (87.6) million. The demand for staffing services remained strong, but the growth of revenue was restricted by the limited supply of physicians. The demand for nurse staffing services also remained strong, even though the demand for services related to COVID-19 decreased.

Revenue from service sales, as well as services provided for municipal occupational health customers and other public sector customers, increased by 9.8 percent to EUR 103.3 (94.0) million mainly due to the occupational health business that increased through acquisitions and new agreements. Sales of COVID-19-related services decreased year-on-year. Approximately 49,000 (65,000) COVID-19 tests¹⁾ were performed for public sector customers during the year, a decrease of 26 percent year-on-year. In addition to testing, Terveystalo served as a partner to public healthcare services in sample collection. Digital appointments grew by 38 percent to almost 184,000 (133,000) appointments. Revenue from well-being services grew by 11 percent year-on-year.

¹⁾Excludes sample collection services

Sweden and others

In 2021, Terveystalo expanded its operations to the Swedish market by acquiring Feelgood and becoming one of the leading occupational health operators in Sweden. Terveystalo has approximately 780 employees in Sweden, serving customers digitally and in person at approximately 155 locations. The company provides occupational health, management development, and substance abuse prevention services as well as digital private healthcare and well-being services. Terveystalo serves approximately 8,300 corporate customers in Sweden and has approximately 1.2 million employees covered by occupational health. In addition to Sweden, Terveystalo operates on a small scale in Estonia and the Netherlands.

The external revenue of the Sweden and others segment for 2022 amounted to EUR 92.8 (36.9) million. Demand continued to be strong, particularly in consultation for organizational management and harmful use. Revenue increased mainly because of acquisitions. The Swedish operations were consolidated into Terveystalo’s reporting as of July 1, 2021.

Financial performance

The Group’s 2022 adjusted operating profit before interest, taxes, amortization, and impairment losses (EBITA) decreased by 25.4 percent to EUR 105.2 (141.0) million, representing 8.4 percent (12.2) of revenue. Profitability was reduced year-on-year due to the decline in COVID testing, change in the sales mix towards a larger share of appointments, and increased costs. Material expenses and service purchases increased by 7.5 percent year-on-year and amounted to EUR 525.7 (488.9) million. Employee benefit expenses increased by 20.3 percent year-on-year and amounted to EUR 455.0 (378.2) million. Expenses were increased by personnel costs attributable to acquisitions (including Feelgood). Personnel expenses also increased due to substantially higher sickness absences compared to the comparison period, recruitment, and an increase in appointment visits, as well as salary increases. Other operating expenses increased by 25.9 percent to EUR 112.3 (89.2) million mainly due to acquisitions (including Feelgood), and higher costs related to IT, marketing, M&A, and premises.

Adjusted EBITDA decreased by 13.6 percent year-on-year to EUR 178.0 (206.1) million. The adjusted operating profit (EBIT) amounted to EUR 73.4 (114.4) million. Operating profit (EBIT) came to EUR 33.9 (110.1) million. Operating profit (EBIT) was significantly impacted by an approximately EUR 29 million impairment loss relating to other intangible assets. Terveystalo is modernizing its basic IT systems in stages. The basic IT system development project portfolio contains several sub-projects in different stages of readiness, some of which were decided to be suspended. These projects are not expected to go into production, as earlier planned and related impairment was considered necessary. Other intangible assets capitalized in the balance sheet relating to these projects have been impaired. The impairment loss has no effect on the company's cash flow or adjusted operating profit (EBIT).

Net financial expenses decreased to EUR 2.9 (9.0) million mainly due to an increase in the fair value of interest rate hedges. Profit before tax was EUR 30.9 (100.7) million. Income tax expenses amounted to EUR 6.5 (20.3) million. Profit for the period was EUR 24.4 (80.4) million, and earnings per share were EUR 0.19 (0.63). Cash flow from operating activities decreased to EUR 140.9 (195.2) million. Lower profit, decrease in accounts payable and other working capital-related payables and higher taxes paid had a negative effect on the cash flow from operating activities while the change in trade receivables had a positive effect. Cash flow from investing activities was EUR -93.9 (-108.1) million. The difference vs. the comparison period is mainly due to the fewer acquisitions, the effect of which was reduced by an increase in investments in tangible and intangible assets. Cash flow from financing activities amounted to EUR -44.6 (-126.1) million. The change from the comparison period was mainly due to the differences in withdrawals and repayments of long-term and short-term loans, related to e.g. the loan withdrawn from The Nordic Investment Bank (NIB), as well as acquisitions of non-controlling interests and own shares during the comparison period.

The Sweden and others segment's 2022 adjusted earnings before interest, taxes, amortization, and impairment losses (EBITA) amounted to EUR 2.8 (0.8) million, representing 3.0 (2.1) percent of revenue. Revenue growth improved profitability, while costs related to professional resources and other activities, increased by inflation and rapid growth, had a negative impact on profitability.

Financial position

Terveystalo's liquidity position is good. Cash and cash equivalents at the end of the financial period amounted to EUR 40.2 (38.1) million. The total assets of the Group amounted to EUR 1,479.4 (1,448.6) million.

Equity attributable to owners of the parent company totalled EUR 592.0 (608.9) million. The decrease was mainly due to the payment of dividends. The dividends paid by Terveystalo for the 2021 financial period totalled EUR 0.28 per share (or approximately EUR 35.4 million), and they were paid in two equal tranches on 20 April 2022 and 19 October 2022. Gearing (including lease liabilities) was 95.7 (85.2) percent and net debt amounted to EUR 566.6 (519.0) million.

The average maturity of Terveystalo's loans was 2.3 (2.0) years, and the average interest rate was 1.2 (1.0) percent at the end of 2022. During the financial period, the company fulfilled the covenant requirement included in its financing agreements reflecting relative indebtedness.

During the third quarter, the company signed an agreement for a long-term loan of EUR 120 million. The loan has been drawn and the company's short-term loan of EUR 70 million has been repaid during the fourth quarter. The loan is a bullet loan with a three-year maturity.

During the second quarter, The Nordic Investment Bank (NIB) and Terveystalo agreed on a long-term loan of EUR 50 million for financing the company's investments in its digital healthcare services and applications during 2022–2025. The loan has been drawn in full by the end of the review period.

During the first quarter, the company signed an agreement for a EUR 100 million domestic commercial paper program and issued its first commercial papers under the program. During the second quarter, the company expanded the program to a EUR 200 million multi-bank program. Under the program, the company may issue commercial papers with a maturity of less than one year. During the first quarter, the company also signed a financing agreement that includes a credit facility of EUR 40 million and an uncommitted credit facility of EUR 80 million.

At the end of the financial period, the unused part of credit based on financing agreements and bank accounts with a credit facility amounted to EUR 99.6 (55.5) million.

Return on equity for the financial period was 4.1 (13.6) percent. The equity ratio was 40.2 (42.1) percent.

Seasonal variation and the impact of the number of business days

Terveystalo's revenue from corporate and private customers has typically been lower during the vacation seasons, particularly in July and August. The number of business days influences the revenue and earnings development, particularly when comparing quarterly performance. Because of the seasonal nature of business, the required net working capital varies during the year. Variation is caused by the timing of pension and VAT payments, vacation pay obligations, and service fees related to occupational healthcare, etc.

Investments and acquisitions

Net investments* in January–December 2022, including M&A, amounted to EUR 94.1 (125.4) million. The Group's net capital expenditure, excluding M&A, amounted to EUR 60.0 (42.6) million. The investments consisted mainly of investments in digital application and service development, IT system projects, medical equipment, and the network. The relative share of intangible investments in gross investments decreased year-on-year.

Terveystalo made several acquisitions to complement its business portfolio during 2022 by acquiring Vantaan Työterveys Oy, Suomen Fysiogeriatría Oy and its subsidiaries (physiotherapy and occupational therapy), Lapin Liikuntaklinikka Oy (physiotherapy), OMT-Klinikka Kokkola Oy (physiotherapy), Into Terveys Oy (physiotherapy), Kunnon Syke Oy (physiotherapy) and FysioProfessionals Oy's operations (physiotherapy), Hammasrasti's operations (oral health), Ludus Oy Tutkimus- ja Kuntoutuspalvelut (rehabilitation), Hymyn paikka Oy's operations (oral health), Saimaan Urheilufysioterapia Oy (physiotherapy) and Somia Reality Oy (chat and video connection solutions) in Finland. In Sweden, Feelgood acquired Länshälsan Uppsala AB (occupational health), Nämndemansgården AB and its subsidiaries (addiction treatment), and Jobbhälsan i Norr AB:n (occupational health).

* Net investments do not include increases in right-of-use assets related to leases for business premises. Net investments include the acquisition of non-controlling interests.

Development expenses

Capitalized development expenses in 2022 were EUR 16.4 (9.7) million and were included in other intangible assets.

Personnel

The number of Terveystalo’s employed staff on 31 December 2022 was 10,933 (9,805). In addition to acquisitions, the number of personnel was increased through the recruitment of various healthcare professionals. In FTEs, the average number of personnel was 6,552 (5,643). The number of private practitioners was 5,928 (5,754).

Personnel	2022	2021	Change, %
Average personnel, (FTEs*)			
Finland	5,865	5,338	9.9
Sweden and others	687	305	125.2
Total	6,552	5,643	16.1
Personnel (end of period)			
Finland	10,100	9,131	10.6
Sweden and others	833	674	23.6
Total	10,933	9,805	11.5
Private practitioners (end of period)			
Finland	5,822	5,644	3.2
Sweden and others	106	110	-3.6
Total	5,928	5,754	3.0

Profit improvement program and change in operating model

Terveystalo announced on 14 October 2022 that it strengthens the implementation of its growth strategy by launching a program to speed up the achievement of strategic and financial goals. The program consists of strategic and operational initiatives to increase revenue and improve profitability in line with the company's financial targets. Terveystalo’s financial targets are intact: The company is aiming for at least 5 percent revenue growth and an adjusted EBITA margin of 12–13 percent.

To strengthen long-term value creation, the focus on high medical quality, and the execution of the program, Terveystalo has changed its operating model and organizational structure. The implemented changes clarify roles and responsibilities, strengthen the independent and efficient management of separate businesses, and strengthen the implementation of intact care pathways and high-quality care.

The new organization came into force at the beginning of 2023, and it consists of three business areas: Healthcare Services, Portfolio Businesses, and Swedish business. In Healthcare Services, Terveystalo targets high profitability and growth exceeding the market growth. In Portfolio Businesses, the company aims for independent value creation. In Sweden, Terveystalo seeks strong, profitable growth in the medium term.

Program content and goals

The program aims for an inflation-adjusted, annualized (run-rate) EBITA improvement of at least 50 million euros by the end of 2024. Most of the targeted benefits are estimated to be realized already in 2023.

The costs related to the program are estimated to be 25-30 million euros. The costs are related to restructuring and advisory fees. Advisory fees are tied to the results achieved by the program. The costs of the program are treated as items affecting comparability.

The measures implemented by the end of 2022 are estimated to have an annual run-rate impact on the profitability of around 11 million euros. The costs of the program treated as items affecting comparability were 4.9 million euros.

Related party information

Terveystalo Plc has provided a guarantee for the subsidiaries' financial institution loans.

Statement of non-financial information

Terveystalo is the largest private health care service provider in Finland in terms of revenue and network. Terveystalo is also a leading occupational health provider in the Nordic region. The company offers a wide variety of primary health care, specialized care, and well-being services for corporate and private customers and the public sector. Terveystalo’s digital services are available 24/7, regardless of time and place. Health and well-being services are also provided by Terveystalo’s over 370 clinics across Finland. In Sweden, Terveystalo offers occupational health services at 155 clinics. Terveystalo employs in total more than 16,800 health and well-being professionals. Terveystalo is listed on the Helsinki Stock Exchange and has predominantly Finnish ownership. In 2022, Terveystalo had 1.3 million individual customers in Finland and some 8.5 million customer visits were made, of which a quarter took place in remote channels.

Terveystalo reports on its sustainability work as part of the Annual Report. This section summarizes the key themes, targets and results.

Terveystalo’s sustainability efforts are guided by the company Code of Conduct, values, and strategic goals as well as the sustainability themes that are essential to Terveystalo stakeholders. The results of Terveystalo’s sustainability efforts are monitored regularly. Terveystalo is committed to promoting the principles of the UN Global Compact initiative and sustainable development goals. The company respects all internationally recognized human rights.

Terveystalo’s systematic sustainability management aims to ensure that the company achieves its sustainability targets. The continuous improvement model ensures that Terveystalo’s services will continue to create value for customers in the future.

The most significant risks related to material sustainability themes are assessed and sought to be mitigated as part of the company's overall risk management process. There is a constant shortage of educated professionals in the industry, while the need and demand for health and well-being services are growing. The main risks are related to the availability of health care professionals and thus the access to care. The aim is to mitigate these risks by, among other things, automating routine tasks, utilizing technology, and allocating resources according to the need for care. In addition, the company continues to strive to strengthen its position as the most attractive workplace in the industry by developing, among other things, multi-professional cooperation, and leadership.

The table below is a summary of the key aspects, targets, and achievements of Terveystalo’s sustainability efforts in its Finnish operations in 2022.

Targets and achievements

 Good health and well-being

Area	Target	Indicator	Target	2022	2021	2020	SDG
Quality index: High clinical and experienced quality, access to care and preventive care	Use of the WHO Surgical Safety Checklist in over 99% of surgical operations	Use of the WHO Surgical Safety Checklist in surgical operations	>99%	98.9%	99.8%	97.8%	3
	Prescriptions for drugs affecting the central nervous system in relation to visits to a physician below 3.5%	Prescriptions for drugs affecting the central nervous system in relation to visits to a physician	<3.5%	4.0%	4.3%	4.6%	
	Duration of sickness absence issued on the day of the operation (median), repair of the rotator cuff and the anterior cruciate ligament <28 days	Duration of sickness absence issued on the day of the operation (median), repair of the rotator cuff and the anterior cruciate ligament	<28	30	32	36	
	Percentage of preventive work of occupational health appointments over 60%	Percentage of preventive work of occupational health appointments	>60%	69.6%	70.2%	67.8%	
	Days until next available appointment, clinics (T3) below 1.00	T3, i.e. the third available appointment	<1.00	1.93	1.61	1.17	
	Appointment NPS over 74	Appointment NPS	>74	82.7	83.0	82.8	
	eNPS at least 31 by 2025	eNPS	>31	29	32	18	
	Quality index total	Quality index, %	100	92.2	94.6	94.2	
Access to care, public services	Days until next available appointment (T3) public services < 7 for a physician, < 1 for a nurse	T3, i.e. the third available appointment with a physician	<7	12.0	6.5	5.6	
		T3, i.e. the third available appointment with a nurse	<1	2	1	1	
Patient safety		Reimbursed patient claims / appointments with a physician		0.0016%	0.0019%	0.0021%	
		Near misses/hazardous incidents		56.9%	50.0%	57.0%	

The figures include Terveystalo's operations in Finland.

 Ethical business

Area	Target	Indicator	Target	2022	2021	2020	SDG
Employees who have completed orientation training on the Code of Conduct and correct action	100% of our employees have completed the training	Percentage of employees who have completed the training relative to all employees ¹⁾	100%	69.2%	66.0%	52.3%	16
Suppliers who have approved the Supplier Code of Conduct	100% of our suppliers have approved the Supplier Code of Conduct	Percentage of suppliers who have approved the Supplier Code of Conduct relative to all suppliers (of suppliers representing 80% of total purchases)	100%	80%	80%	80%	

¹⁾ The training periods have been of different lengths. The figures for 2022 also include performances during the second half of 2021, which is why the figures are not fully comparable. The figures include Terveystalo's operations in Finland.

 Responsible work

Area	Target	Indicator	Target	2022	2021	2020	SDG
Occupational safety	Accident rate below the sector average	Accident rate	< 34 (sector average)	15	20	25	8
Personnel’s well-being	Reducing sickness absences	Sickness absences	-	5.2%	4.4%	3.8%	
Employer recommended by the personnel	Improving the employee promoter score	eNPS	31 by 2025	29	32	18	

The figures include Terveystalo's operations in Finland.

 Sustainable economic growth

Area	Target	Indicator	Target	2022	2021	2020	SDG
Tax footprint	We openly disclose our tax footprint annually	Tax footprint, EUR million	-	235.7	191.0	152.3	8
Revenue growth	Minimum annual growth 5%	Revenue growth, %	5 %	9.0%	17.1%	-4.3%	
The people we employ	We create jobs	Employee benefit expenses, EUR million	-	455.0	378.2	310.2	

 Sustainable consumption and climate action

Area	Target	Indicator	Target	2022	2021	2020	SDG
Reducing the carbon footprint	Zero emissions from own operations in 2030. ¹⁾ Between 2023 and 2030, we will compensate for any remaining greenhouse gas emissions by investing in certified carbon dioxide emission compensation projects.	Reduction of direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions compared to 2018 (6,316.8 tCO ₂)	-100% by 2030	-61%	-89%	-66%	13
	We will reduce direct and indirect CO ₂ emissions (Scope 1 and Scope 2) by 80% by 2025 (using 2018 as the baseline)	Direct (scope 1) and indirect (scope 2) greenhouse gas emissions, tCO ₂	-80% by 2025	2,476.3	664.0	2,165.4	
Energy consumption	We will purchase 100% green electricity by 2025 ²⁾	Share of green electricity of all purchased electricity, %	100% by 2025	50%	89%	62%	
Waste recovery ⁴⁾	We will minimize waste in all of our operations and forward all waste to be recovered	The recovery rate of waste generated at Terveystalo units, % ³⁾	100% by 2025	100%	100%	99%	12
		The recycling rate of waste generated at Terveystalo units, % ³⁾	100% by 2025	67%	64%	61%	
		Mixed waste intensity (mixed waste [metric tons] relative to total revenue [100 million])	Annual reduction	5.8	6.4	6.0	

¹⁾ Between 2023 and 2030, we will compensate for any remaining greenhouse gas emissions by investing in certified carbon dioxide emission compensation projects. Our aim is to eventually discontinue compensation measures and to achieve zero emissions in our own operations by 2030. In 2022 emissions were not compensated due to cost savings. The calculation of Scope 2 emissions is market-based. The exceptional electricity market disturbances forced Terveystalo to change its electricity supplier in the middle of the year, and because of the high market price of electricity, no green electricity was purchased for the rest of the year. The calculation of the market-based figure is based on the emission factor of the electricity purchased by Terveystalo in Finland, while the location-based figure is calculated according to a factor based on the source distribution of local energy production. The amount of green electricity from the electricity purchased in Sweden has been calculated according to the average share of green electricity in the Swedish market, since supplier-specific information is not available. The energy consumption and carbon footprint figures for 2022 also include operations in Sweden. Comparison years only include Finland.

²⁾ In the units where we purchase electricity ourselves.

³⁾ Excludes waste fractions, such as hazardous waste, that cannot be recycled or recovered under any circumstances.

⁴⁾ Includes Terveystalo's operations in Finland.

Good health and well-being

Quality is an inseparable part of Terveystalo's corporate responsibility. The entire Terveystalo staff is responsible for ensuring that our customers receive appropriate, effective, and safe high-quality care. The cornerstones of Terveystalo's quality assurance system are patient safety and the national legislation governing the industry. Quality comprises clinical, operational, customer, and professional experienced quality. Our quality assurance system is a management system that provides a framework for managing quality and effectiveness at all levels of the organization.

The strategic priority areas, joint processes, and measurability guide towards consistent high quality. Continuous improvement of operations is an essential part of our quality efforts. The quality work aims to ensure the availability of our services, safeguard and improve patient safety, provide an excellent and constantly improving customer experience, implement data protection and information security, comply with recommendations, and develop the effectiveness of treatment. The quality steering group monitors the achievement of the quality objectives quarterly using quality indicators.

Patient safety is the foundation for quality in health care

Clinical quality is a key element of Terveystalo's quality efforts that is continuously monitored and developed. Clinical quality refers to the patient receiving the right treatment at the right time and in the right manner, and that treatment has no avoidable adverse effects. Service quality, safety, customer orientation, and productivity are ensured through consistent operating methods, the continuous training of experts as well as modern premises and technology. Patient safety is managed by monitoring the number of procedures and clinic-specific post-surgery infections, hazardous events, official requests for clarifications, and the decisions of the Patient Insurance Center, among other measures. Terveystalo ensures the safety and effectiveness of the provided pharmacotherapy through medication plans, operating guidelines, and a basic range of drugs. In 2022 reimbursed patient claims / appointments with a physician were 0.0016 (0.0019) percent and near misses/hazardous incidents were 56.9 (50.0) percent.

Each year, the themes, priorities, and strategy of patient safety at Terveystalo are chosen by the Group's patient safety team and confirmed by the quality steering group. In 2022, the patient safety themes were unacknowledged laboratory results, drug maintenance permits and drug treatment plans, faster identification, and notification of hazardous incidents, and sharing information on the handling of and actions related to hazardous incidents.

The clear structures and strategy of patient safety are aimed at effective cooperation to improve patient safety within clinics, throughout the organization, with the supervisory authorities, and particularly in practical work with patients.

A good patient safety culture means an open atmosphere in which employees can highlight any shortcomings or hazards (near misses/hazardous incidents) they observe in their work treating patients, without fear of sanctions or blame. Shortcomings and hazardous incidents are addressed openly and carefully to ensure that the issue does not reoccur. In 2022, Terveystalo launched a new patient and customer safety online course. The course is mandatory for all employees working with patient care and persons in positions with responsibility for patient safety. The course is also recommended for private practitioners working in Terveystalo.

The quality index measures clinical and experienced quality

Terveystalo continuously develops its services, the quality, and effectiveness of provided care, and the service experience of customers. Clinical, experienced, and process results are measured based on international best practices. Terveystalo uses a quality index that consists of four components: high clinical quality, availability of care, preventive care, and experienced quality from the professional's perspective and the patient's perspective. Terveystalo's quality index is comprised of seven key indicators: use of the WHO Surgical Safety Checklist in surgical operations, prescriptions for drugs affecting the central nervous system relative to the number of physician's appointments, duration of sickness absence issued on the day of operation for repair of the rotator cuff and the anterior cruciate ligament, percentage of preventive work of occupational health appointments, availability of care as measured by T3 (the third available appointment), Net Promoter Score (NPS) for appointments, employee Net Promoter Score (eNPS).

In 2022, Terveystalo continued to develop the quality and effectiveness of the reporting. Terveystalo publishes a set of [quality indicators](#), which is updated continuously on the company's website.

Use of the WHO Surgical Safety Checklist in surgical operations

Terveystalo performs surgeries in its network of 18 hospitals. The WHO Surgical Safety Checklist is systematically applied before the start of each procedure. It is a standard list of questions to check safety issues relevant for the operation. In 2022, the WHO Surgical Safety Checklist was used in 98.9 (99.8) percent of the operations performed.

Prescriptions for drugs affecting the central nervous system relative to the number of physician’s appointments

When used appropriately, drugs affecting the central nervous system are effective and necessary. However, because of their adverse effects, their use requires careful discretion by a physician. Terveystalo has a special project aimed at promoting the safe use of drugs affecting the central nervous system according to clinical guidelines in patient care. To harmonize prescription practices, detailed guidelines for prescribing drugs affecting the central nervous system have been prepared based on legislation, Current Care Guidelines, Smart to Avoid Recommendations, guidelines issued by the National Supervisory Authority for Welfare and Health, and operating models proven in clinical work. In 2022, at Terveystalo clinics prescriptions for drugs affecting the central nervous system were written for 4.0 (4.3) percent of visits to a physician.

Duration of sickness absence issued on the day of operation for repair of the rotator cuff and the anterior cruciate ligament

Terveystalo’s surgical operations aim to provide swift high-quality care pursuant to care criteria to quickly restore the patient’s functional capacity and ability to work. Terveystalo systematically develops the treatment chain for its surgery patients. The aim is to enable faster recovery and return to work. Correctly prepared surgery implemented without delay as well as a plan for early rehabilitation and return to work play a key role in this. The average length of sickness absence issued on the day of operation for surgical repair of the rotator cuff and the anterior cruciate ligament was 30 (32) days in 2022.

Percentage of preventive work of occupational health appointments

Work not carried out is expensive for Finnish companies. Therefore, it pays to invest in work ability management through preventive measures. Effective work ability management requires that organizations know what kinds of risks to work ability they manage. To support management, Terveystalo surveys the organisation's health and work ability risks through targeted health examinations. As part of occupational health examinations, an electronic, scientifically validated health survey is always carried out as a self-assessment of employees. Based on the survey, possible risks related to health and work ability can be identified. With the survey, measures can be targeted particularly to those with significant risks. In 2022, preventive work accounted for 69.6 (70.2) percent of Terveystalo's occupational health check-ups.

Availability of care as measured by T3 (the third available appointment), clinics

Terveystalo continuously develops the availability of care by managing the balance between supply and demand as well as by developing digital services and the work of professionals. The availability of care is measured by the T3 indicator, which is the number of days until the third available non-urgent appointment at Terveystalo clinics. The T3 indicator for appointments with a physician was 1.93 (1.61) in 2022. In addition to physical appointments, the availability of care is enhanced by digital general practitioner appointments available 24/7, with an average waiting time of seconds. In addition, digital mental well-being services also lower the threshold for seeking treatment.

Net Promoter Score (NPS) for appointments

Terveystalo aims to stand out by providing an excellent experience in all customer encounters. The company develops its services by listening to customers and utilizing technology. NPS (Net Promoter Score) is used as the most important indicator of customer satisfaction. Terveystalo collects feedback with SMS and browser-based surveys and is continuously adding NPS measurements at new customer encounter points. In 2022, the NPS for Terveystalo’s appointments was 82.7 (83.0). The NPS for hospital services remained at a high level of 95.1 (94.7). In 2022, the collection of personal customer feedback was started in addition to unit-specific feedback.

Employee Net Promoter Score (eNPS)

Terveystalo aims to be the most attractive workplace for professionals. The professional survey is one of Terveystalo’s most important tools for improving internal procedures and supervisor work. The survey is aimed at all of Terveystalo’s professionals, including private practitioners. In the employee survey, the employee Net Promoter Score (eNPS) is used as a key indicator of well-being and coping at work. The eNPS figure indicates the proportion of employees and private practitioners who would recommend Terveystalo as a workplace to others. In the 2022 professional survey, the eNPS recommendation index was 29 (32). Among the strengths of Terveystalo are the activities of work communities and cooperation in teams, as well as the work of immediate supervisors. In the development of professional experience, the aim is to nurture these identified strengths. The aim is to have an eNPS recommendation index of 31 by 2025.

Terveystalo's care pathways support the customer's self-care

Science-based care guidance is developed at Terveystalo with the help of common care pathways. Care pathways are defined by Terveystalo as ways of treating the disease or condition for which the customer has sought treatment based on the Current Care Guidelines and other generally accepted treatment guidelines.

The aim is to support professionals and customers in designing and implementing more effective care by making the choices in accordance with the care pathway easy in everyday life. Care pathways support the customer's self-care and care progress. The first care pathways defined by Terveystalo were introduced in 2021. At the end of 2022, there were care pathways for the treatment of non-specific lower back pain, depression and anxiety, insomnia, reflux, vitreous detachment, and children's lower respiratory tract infection, and a total of 360,000 care pathways were activated in the Terveystalo app.

Excellent availability of primary health services

Fast and timely access to care is one of the biggest challenges of Finnish primary health care. Terveystalo has developed health centres' operating models over the longer term to ensure easy access to care. The goal is a health centre with no queues, one that maintains a high level of clinical quality while delivering a good customer and employee experience.

Terveystalo's expertise includes all the service areas of public primary health care: health centre services, services for families with children and the elderly, oral health services, and services for adults and special interest groups. Terveystalo has systematically improved the access to care and the quality of care and regularly monitors operational data at the health centres where services are provided by Terveystalo.

Terveystalo produced the health centre services of 16 municipal health centres in 2022. In 2022, the average T3 time (the third available appointment) describing the availability of non-urgent appointments to a physician in our health centres was 12.0 (6.5) days and the T3 time to a nurse was 2.0 (1.0) days. The target is less than 7 days to see a physician and less than 1 day to see a nurse. The availability of care was excellent nationwide at our health centres throughout the year. Queues for oral health care have also remained at a good level in Terveystalo's 12 outsourced dental clinics. The average T3 time for non-urgent dentist appointments was 35 (35) days. NPS, which measures the customer satisfaction of health centres, was 80 (80).

Ethical business

Values and ethics are emphasized in Terveystalo's work through the requirements of the sector. Terveystalo's business is guided by legislation governing the sector and private health care services as well as the requirements set by authorities. The work of healthcare professionals is also guided by the ethical standards of professional groups. In addition, Terveystalo's own Code of Conduct provides an overarching guideline that is shared by everyone at Terveystalo. The Code of Conduct addresses a wide range of topics, including anti-corruption and bribery, compliance with fair competition and environmental requirements, privacy protection, patient safety, employee equality, non-discrimination, and freedom of association.

Training to comply with the Code of Conduct and ethical requirements

Terveystalo constantly develops its compliance program and the related processes and controls, so that they respond to changes in our operating environment. During 2022, Terveystalo also strengthened its compliance resources. Terveystalo has online training on ethical guidelines for everyone at the company. There are separate online training courses tailored for those in administrative work and clinical work, taking into account their different operating environments. The online training was last updated in the fall of 2021, and it is mandatory for all Terveystalo employees. Terveystalo is currently renewing the training package by, among other things, improving the user experience of the learning platform and the interactivity of the training, as well as tailoring the contents in a targeted manner. The new compliance training is planned to be introduced during 2023. The purpose of the courses is to build an understanding of why compliance and ethical responsibility are important and how they are related to the day-to-day actions and decisions of everyone at Terveystalo. A further goal of the training is to create a better understanding of key compliance themes related to ethics, including fair competition, the avoidance of conflicts of interest, the prevention of bribery, data protection, and reporting misconduct, as well as to further develop our compliance culture. In 2022, 9,031 Terveystalo employees (6,993 salaried employees, 2,038 private practitioners) completed the training and received a passing grade. The goal is that 100 percent of employees complete the Code of Conduct training.

Anti-corruption and anti-bribery

In the area of anti-corruption and anti-bribery, Terveystalo complies with the law and other applicable regulations. Terveystalo is also committed to the UN Global Compact initiative and its anti-corruption principles. Terveystalo's operations are also guided by the company's Code of Conduct. The prevention of corruption is included in Terveystalo's Code of Conduct, which addresses the giving and accepting of gifts and hospitality, sponsorships, accepting and making donations, understanding and avoiding conflicts of interest as well as the rules pertaining to lobbying. At Terveystalo, gifts or other benefits that could affect business decisions or have considerable personal or financial value are not offered, given, requested, or accepted. Terveystalo does not make financial contributions to political parties or fund the election campaigns of individual candidates. No incidents of corruption were reported in 2022. Terveystalo continues to develop its anti-corruption and anti-bribery compliance program and related processes to reflect the changes that have occurred in our environment. Terveystalo also works to ensure compliance with sanctions laws and regulations. In 2022, Terveystalo introduced new controls that support third-party risk management.

Respecting human rights

Terveystalo does not tolerate any form of discrimination, harassment, bullying, racism, or inappropriate treatment, nor does Terveystalo condone the use of child labour, any form of forced labour or other human rights violations in its own operations or its supply chain. Terveystalo respects the human rights set out in the UN Declaration of Human Rights as well as the workers' rights defined by the International Labour Organization (ILO) and related international conventions. The company is committed to the UN Global Compact initiative and its principles pertaining to human rights and labour rights. Terveystalo's suppliers are also expected to comply with these principles and respect internationally recognized human rights. Principles related to human rights are included in Terveystalo's Code of Conduct and Supplier Code of Conduct.

The responsibility of suppliers is ensured by the Supplier Code of Conduct

Each year, Terveystalo buys services, materials, and supplies for its clinics from approximately 4,000 suppliers. Consequently, the network of service providers and suppliers of goods – and good supplier cooperation – play a key role in our operations. Terveystalo wants contractual service providers and suppliers of goods to be aware of Terveystalo's significant role in society. Terveystalo also wants suppliers to commit to taking responsibility for the economic, social, and environmental impacts of their operations. To ensure the responsible conduct of suppliers, contractual suppliers and suppliers participating in tendering processes have to approve the Supplier Code of Conduct, which includes guidelines and requirements pertaining to anti-corruption and bribery, human rights, fundamental rights at work, occupational health and safety, taxation, and environmental responsibility. At the end of 2022, 80 (80) percent of suppliers representing 80 percent of Terveystalo's total procurement volume had approved the Supplier Code of Conduct.

Ensuring data protection and information security for patients

Privacy protection is a core value for Terveystalo. At Terveystalo, everyone's privacy is respected. Special attention is paid to the appropriate and legally compliant processing of personal data. The company provides its personnel with training and instructions on the processing of personal data and emphasizes the particular confidentiality and protection of patient data. The realization of data protection is the responsibility of everyone who works for Terveystalo.

The digitalization of health care presents significant opportunities for improving the availability and effectiveness of care as well as the early identification of risks. Terveystalo has made significant investments in the development of digital services and tools. As digital services increase in importance and change the industry, the requirements concerning data protection and information security increase accordingly.

Terveystalo stores patient information in information security-certified patient information systems. Terveystalo's patient information systems used in Finland are category A systems and they have undergone information security certification in accordance with the regulations related to providing Kanta services. In addition, Terveystalo's data protection and information security are regularly audited internally and by a third party according to the ISO 9001:2015 certification.

Terveystalo applies the appropriate physical, technical, and administrative protection measures to protect data from misuse. These measures include, among others, control and filtering of network traffic, use of encryption techniques and safe data centres, appropriate access control, controlled granting of access rights and supervision of their use, giving instructions to staff participating in personal data processing and risk management related to the planning, implementation, and maintenance of our services. Terveystalo chooses its subcontractors carefully and uses agreements and other arrangements to ensure that they process data in compliance with the law and good data protection practices.

Responsible work

Competent and committed personnel form the foundation for Terveystalo's operations. There are shortages of competent professionals in many places, and the most significant risks in the line of operation related to personnel are related to the availability and retention of competent professionals. To manage these risks, the company offers diverse career and development opportunities in a wide range of jobs and supports the well-being and work performance of its professionals. The objective is to be the most attractive employer in the industry for physicians as well as other professionals. Equality, fairness, and non-discrimination are important principles that Terveystalo is committed to observing.

At the end of 2022, Terveystalo's Finnish operations employed 10,100 (9,131) employees and 5,822 (5,644) independent private practitioners. In 2021, Terveystalo expanded to Sweden with the acquisition of Feelgood, a local occupational health operator. In Sweden, Terveystalo employed 833 (674) employees and 106 (110) private practitioners at the end of 2022.

Terveystalo's goal is to be the best and most attractive employer in our industry. Terveystalo has worked systematically towards this goal for several years, and studies show that Terveystalo is the most popular employer in the industry in Finland among professionals in the field. One of the key indicators of well-being and coping at work in Terveystalo is the employee Net Promoter Score (eNPS) (which also includes private practitioners). The eNPS figure indicates the proportion of our employees and private practitioners who would recommend Terveystalo as a workplace to others. In the 2022 professional survey, the eNPS recommendation index was 29 (32). Among the strengths of Terveystalo are the activities of work communities and cooperation in teams, as well as the work of immediate supervisors. In the development of professional experience, the aim is to nurture these identified strengths. Terveystalo's target is to have an eNPS recommendation index of 31 by 2025.

The health and safety of employees

Permanent and fixed-term employees are covered by statutory insurance with respect to workplace accidents and occupational diseases. In addition to observing the statutory requirements, Terveystalo provides a comprehensive range of primary healthcare, specialized healthcare, and well-being services to employees, such as direct access to physiotherapy and digital services to support mental well-being. Low-threshold services to support mental well-being provide employees with the opportunity to confidentially discuss anything they might have on their minds. Brief psychotherapy is also included in Terveystalo's occupational health services. Terveystalo aims to recognize challenges related to work ability and occupational health at an early stage and seek solutions to these challenges through effective

cooperation with occupational health services. Terveystalo Occupational Healthcare provides occupational health services for personnel throughout Finland. Terveystalo Occupational Healthcare holds the ISO 9001:2015 Quality System Certificate awarded by Labquality Oy. All of our employed staff in Finland are covered by statutory pension security and parental leave benefits.

During the COVID-19 pandemic, occupational health has invested heavily in upholding the personnel's work ability and medical care in a state of emergency. Sickness absences of personnel increased from the previous year, and the sickness absence percentage in Finland was 5.2 (4.4) percent of hours worked. In Sweden, the corresponding figure was 5.5 (4.0).

There were no fatal accidents or accidents leading to serious injuries at Terveystalo in 2022. Terveystalo's accident frequency in Finland was 15 (20) in 2022, which is clearly below the average in the health care industry (34).

Competence development

The systematic and business-driven development of our personnel is especially important for Terveystalo's future success. Smooth work and appropriate, responsible supervisory work ensure the personnel's well-being, which in turn benefits customers through better care and a positive customer experience. Terveystalo provides professional training and opportunities for learning on the job. Terveystalo has invested particularly in the development of leadership and supervisory work as well as supporting on-the-job self-study by increasing online learning, for example.

The growth of digital health has been strong in recent years. Terveystalo has invested in training its personnel in the use of digital tools and channels, as well as their use in customer work. Terveystalo provides training for physicians and nurses in the use of different types of remote services.

In 2022, Terveystalo continued the development project aimed at streamlining the work of occupational health nurses and strengthening well-being at work. New operating models were implemented, which support a consistent quality of service for the customers and strengthen work management and job satisfaction. According to the results of the professional survey, occupational health nurses' coping at work has improved thanks to the new operating models.

In addition, training courses aimed at different professions and supporting professional development were organized during the year. Terveystalo also trained its personnel on data protection and security, as well as on operations in compliance with requirements and ethical guidelines. In 2022, the company organized training in Finland for a total of 69,733 (79,847) hours, which corresponds to 7.0 (8.7) hours per employee.

In addition to internal training, Terveystalo engages in research and education cooperation with several universities and promotes youth employment with trainee programs.

Promoting diversity, equality, and non-discrimination

Terveystalo observes the principles of equality, fairness, and non-discrimination. At Terveystalo no one is discriminated based on race, age, ethnic or national origin, nationality, language, religion, belief, opinions, health status, disability, sexual orientation, or other personal reasons or circumstances. In recruitment, Terveystalo focuses on the person’s professional competence, the ability to take responsibility, and the will to improve the company’s operations and themselves. To realize these principles, Terveystalo Plc and its subsidiaries in Finland prepare company-specific personnel plans, training plans, equality, and non-discrimination plans, and define targets for improvement.

In accordance with the diversity policy of the Board of Directors, the objective is to have a balanced gender distribution in the Board of Directors. At the end of 2022, two of the five members of the Board of Directors were women. Four of the eight Management Group members were women.

The remuneration of Terveystalo’s personnel is based on the principles of performance, equal treatment, and competitiveness. For jobs that fall under collective agreements, such as nurses, the pay categories correspond to the classifications specified in the collective agreements. Pay is also influenced by job-specific responsibility supplements and the employee’s years of experience. For senior salaried employees, pay is determined based on the position and the demands of the job as well as other factors, including competence, experience, performance, and results. The company-specific equality plans are focused on the equality of remuneration and are aimed at promoting equal pay. Gender, for example, cannot be a factor that influences pay.

Sustainable economic growth

A responsible business is also financially profitable and sustainable. Terveystalo creates value for customers, society, and shareholders by continuously developing the clinical, operational, and experienced quality of its work, enabling faster access to treatment, reducing sickness absences, and employing, directly and indirectly, more than 16,800 people. Terveystalo is a significant employer, taxpayer, and provider of health services in Finland.

Terveystalo creates economic added value not only for its customers but also for other key stakeholders, such as personnel, private practitioners, material and service suppliers, and society. Terveystalo’s most significant cash flows consist of revenue from service sales, purchases from suppliers of goods and services, salaries paid to personnel, fees paid to private practitioners, taxes, investments, and dividends paid to the shareholders.

In 2022, Terveystalo’s revenue and other operating income totalled EUR 1,261.8 (1,158.0) million. The goods, materials and services purchased from suppliers amounted to EUR 525.7 (488.9) million. Salaries and remuneration amounted to EUR 381.5 (315.9) million. Net financial expenses to creditors amounted to EUR 2.9 (9.0) million. Dividends paid to our shareholders in 2022 based on the results of the previous fiscal year amounted to EUR 35.4 (33.1) million. Terveystalo invested a total of EUR 58.5 (42.6) million to business development.

In 2022, Terveystalo’s tax footprint totalled EUR 235.7 (191.0) million. In addition, a total of EUR 340.6 (316.3) million was paid to private practitioners, who pay their individual taxes independently. Private practitioners' taxes are not included in Terveystalo’s own tax footprint.

Sustainable consumption and climate action

Terveystalo is committed to the targets agreed upon in international climate summits for the mitigation of climate change. Terveystalo’s goal is zero emissions from its own operations in 2030. The conservation and sustainable use of natural resources in Terveystalo’s supply chains are promoted by reducing plastic consumption, recycling waste, increasing the efficiency of material management, and reducing the number of small orders. Medical waste at Terveystalo’s units is also being reduced. Digital services enable simultaneously improving access to care and reducing customers’ travel times and the emissions generated by travel.

In line with Terveystalo’s environmental policy, Terveystalo builds a sustainable relationship with the environment. The environmental policy is guided by Terveystalo’s values and strategy, which the management and personnel have undertaken to comply with. Terveystalo operates in line with the principles of sustainable development to reduce and eliminate environmental risks. Terveystalo complies with all applicable laws, regulations, and procedures in place in the industry to ensure patient safety.

Terveystalo’s environmental goals are as follows:

- Development of environmental management and awareness at all organizational levels
- Identification, anticipation, and monitoring of direct and indirect environmental impacts
- Reduction of environmental impacts in our day-to-day operations
- Development of practices that promote sustainable development

Adverse environmental impacts are prevented by, for example:

- reducing energy consumption and transitioning to carbon-neutral energy,
- reducing the volume of waste created in our operations and increasing our recycling rate,
- optimizing the life cycle of health care equipment, with due consideration for technological development,
- taking environmental perspectives into account in our travel and car policy,
- developing digital services,
- planning and implementing pharmaceutical services in an up-to-date manner,
- taking environmental perspectives into account in centralized procurement and ensuring efficient inventory management, and
- taking sustainable development and environmental perspectives into account in our network and business premises projects.

Terveystalo’s environmental program covers all clinics in Finland and its appropriateness is evaluated in quality management and environmental management system audits. Some of the clinics are ISO 14001:2015 certified. Feelgood, Terveystalo’s subsidiary operating in Sweden, also has ISO 14001:2015 Environmental Management System certification.

Terveystalo’s goal is to reduce the carbon footprint so that zero emissions in its own operations will be achieved in 2030. Between 2023 and 2030, any remaining greenhouse gas emissions will be compensated by investing in certified CO₂ emission compensation projects. The aim is to eventually discontinue compensation measures and to achieve zero emissions in its own operations by 2030. A further goal is to reduce direct and indirect CO₂ emissions (Scope 1 and Scope 2) by 80 percent by 2025 (using 2018 as the baseline). As regards energy consumption, the target is for green electricity to account for 100 percent of the electricity purchased for Terveystalo’s operations. The recycling and recovery of waste is another key theme in Terveystalo’s environmental responsibility, with the goal being to minimize waste in all operations. The indicators used for this are the mixed waste intensity and the recovery rate and recycling rate of waste generated at Terveystalo’s units.

In 2022, Terveystalo’s carbon footprint from Scope 1 and Scope 2 emissions (market-based) in Finland totalled 2,334.1 (644.0) metric tons of carbon dioxide equivalent (tCO₂e). Scope 2 emissions (market-based) from purchased electricity quadrupled from the previous year. This was due to the exceptional electricity market disturbances, which forced Terveystalo to change its electricity supplier in the middle of the year, and because of the high market price of electricity, no green electricity could be purchased for the rest of the year. In Sweden, Scope 1 and 2 emissions from Feelgood’s operations totalled 142.2 tCO₂e. Terveystalo’s carbon footprint consists mainly of the production of the electricity consumed by properties, emissions generated by transport and travel as well as the waste generated in hospitals and clinics. The emissions generated by Terveystalo’s operations are reduced, for example, by increasingly transitioning to green electricity and prioritizing low-emission vehicles.

Emissions

Terveystalo reports the direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions arising from our operations – and part of our indirect Scope 3 emissions – in accordance with the GHG standard. The emissions from Swedish operations are reported for the first time for the year 2022.

Scope 1

As the company does not, for the most part, own or control the properties at which it operates, the greenhouse gas emissions mostly consist of the emissions from the company’s fleet of cars and the trucks used for imaging operations. The emissions arising from own driving and driving under the company’s direct control are calculated based on fuel consumption. In 2022, Scope 1 CO₂ emissions in Finland totalled 134,5 (245.5) metric tons of carbon dioxide equivalent (tCO₂e). In Sweden, Scope 1 emissions totalled 39,9 tCO₂e.

Scope 2

Indirect Scope 2 greenhouse gas emissions arise from the production of electricity purchased by Terveystalo and the production of district heating consumed at properties controlled by Terveystalo. In 2022, electricity purchases for properties controlled by Terveystalo totalled 15,841 (14,159) MWh. Since January 2020, the company’s electricity portfolio (electricity purchased for properties) has been zero-CO₂ green electricity. Zero-CO₂ electricity purchased for 2022 in Finland totalled 7,730.4 (12,696) MWh, representing approximately 49 (89) percent of the company’s electricity consumption in Finland. The remainder, 8,111 (1,499) MWh, corresponds to 2,199.6 (418.5) metric tons of CO₂ equivalent (tCO₂e, market-based). The exceptional electricity market disturbances forced Terveystalo to change its electricity supplier in the middle of the year, and because of the high market price of electricity, no green electricity was purchased for the rest of the year. In Sweden, electricity purchases for properties controlled by Feelgood totalled 1,328 MWh, of which 67 percent was zero-CO₂ green electricity. As regards energy consumption, our target is for green electricity to account for 100 percent of the electricity we purchase

Scope 3

For indirect Scope 3 emissions, Terveystalo reports emissions arising from work-related travel by employees and waste created by the company’s operations.

At Terveystalo, unnecessary work-related travel is aimed to be avoided by encouraging the use of remote meetings whenever possible. In 2022, Terveystalo’s personnel in Finland flew a total of 0.7 (0.3) million kilometres in work-related travel, equalling 84.1 39.9) tCO₂e. Regarding reimbursable work-related travel, Terveystalo’s personnel in Finland travelled a total of 2.6 (1.9) million kilometres, equalling 440.8 (322.1) tCO₂e. Terveystalo encourage our personnel to choose low-emissions vehicles as company cars. The average emissions of the company cars used by the Group in Finland amount to 72 (92) g CO₂e/km. In Sweden, personnel is encouraged to use trains instead of flying and to favour remote meetings when possible. Terveystalo’s personnel in Sweden flew a total of 0.31 million kilometres, resulting in emissions of 45.1 tCO₂e. A total of 262.6 tCO₂e were emitted from all the work-related trips of the Swedish personnel.

The indirect emissions arising from waste in Finland totalled 41.7 (36.6) tCO₂e in 2022. In Sweden, emissions from waste are very low since the amount of waste generated from operations is small and is mainly generated in offices. The emissions arising from waste in Sweden totalled 2.1 tCO₂e.

Terveystalo’s CO₂ emissions intensity is low due to the nature of the Group’s operations. In 2022, Terveystalo’s emissions intensity (Scope 1 and Scope 2, market-based) relative to revenue amounted to 1.8 (0.6) gCO₂e/EUR. Relative to the number of employees, the emissions intensity was 0.4 (0.12) tCO₂e. Figures for 2022 also include operations in Sweden.

Waste

Terveystalo’s goal is to minimize mixed waste in all operations and forward as large a share of the waste as possible to be recovered. The indicators used for this are the mixed waste intensity and the recovery rate and recycling rate of waste generated at Terveystalo’s units. In 2022, the mixed waste intensity of Finnish operations was 5.8 (6.4), the recovery rate of waste 100 percent and the recycling rate of waste 67 percent.

According to the company's assessment, there are no significant risks associated with environmental aspects due to the nature of the company's operations.

EU taxonomy

The EU taxonomy is a classification system for sustainable finance that seeks to establish criteria for determining environmentally sustainable business. The regulation, which entered into force in July 2020, lays the foundations for the EU's taxonomy by setting out the general conditions that economic activity must meet to be classified as sustainable from climate perspective. Large companies must report the share of sustainable business in their business in accordance with taxonomy criteria.

At present, EU taxonomy mainly concerns the economic activities that play the most important role in mitigating and adapting to climate change. As a result, many industries, such as health care services, are almost completely excluded from the scope of the current taxonomy.

Terveystalo has determined its taxonomic eligibility by examining its activities in relation to the economic activities listed in the taxonomy and their NACE codes. Only one of Terveystalo’s businesses is classified in taxonomy (12.1 Residential care activities, NACE code Q87).

After this, Terveystalo has evaluated the taxonomy alignment of the operation. The activity is classified as aligned with the taxonomy if the taxonomy's criteria are met: 1. The activity essentially supports the achievement of at least

one environmental goal, 2. it does not have significant adverse effects from the perspective of other environmental goals, and 3. the activity complies with the minimum social safeguards defined in the taxonomy (Minimum safeguards). Based on this assessment, Terveystalo's activities listed in the taxonomy (12.1 Residential care activities) cannot be considered taxonomy-aligned, because the activities, due to their nature, do not target or support the achievement of the taxonomy's environmental goals.

As a result of the assessment, it has been found that the significance of Terveystalo’s taxonomic functions is negligible in terms of indicators. The key figures are the share of taxonomy-eligible and taxonomy-aligned operations (percent) in terms of net sales, operating costs, and investments. According to the company's estimate, 1 percent of Terveystalo’s revenue, operating costs and investments are eligible with the current taxonomy and 99 percent are non-eligible. Furthermore, 0 percent of Terveystalo’s revenue, operating costs and investments are taxonomy-aligned, and 100 percent are non-taxonomy-aligned.

Terveystalo strives to minimize the environmental impact of its operations and to promote the digitalisation of health care, but these measures are not included in the current taxonomy. Terveystalo’s environmental sustainability is described in the Sustainability section of Annual Report and in the Board of Directors' report.

Share of revenue, OPEX and CAPEX from services associated with Taxonomy eligible and aligned activities 2022

A. Taxonomy eligible economic activities	Code	Absolute revenue, MEUR	Share of revenue, %	Absolute CAPEX, MEUR	Share of CAPEX, %	Absolute OPEX, MEUR	Share of OPEX, %
A.1 Environmentally sustainable (taxonomy aligned) activities							
-		0	0%	0	0%	0	0%
A.2 Taxonomy eligible, but not environmentally sustainable (other than taxonomy aligned) activities							
Residential care activities/Child welfare	12.1	11	1%	1	1%	10	1%
Total A1+A2		11	%	1	1%	10	1%
B. Taxonomy non-eligible economic activities		Absolute revenue, MEUR	Share of revenue, %	Absolute CAPEX, MEUR	Share of CAPEX, %	Absolute OPEX, MEUR	Share of OPEX, %
Taxonomy non-eligible economic activities		1,248	99%	57	99%	1,083	99%
Total A+B		1,259	100%	58	100%	1,093	100%

Shares, shareholders, and Board authorizations

At the end of 2022, Terveystalo’s market value was EUR 794 (1,516) million and the closing price was EUR 6.25 (11.84). In 2022, the highest price of Terveystalo’s share on Nasdaq Helsinki Ltd was EUR 11.94 (12.56), the lowest price was EUR 6.06 (10.10), and the average price was EUR 9.41 (11.34). A total of 29.5 (32.0) million shares were traded in 2022. At the end of the reporting period, the number of Terveystalo shares registered in the Trade Register was 127,036,531 (128,036,531). The following tables list the largest shareholders, distribution of ownership, and owner groups.

The largest registered shareholders on 31 December 2022

Name	Number of shares	% of shares	Votes	% of votes
Varma Mutual Pension Insurance Company	22,151,945	17.44	22,151,945	17.44
Rettig Group AB	21,153,191	16.65	21,153,191	16.65
Pohjola Insurance Ltd	10,530,332	8.29	10,530,332	8.29
Hartwall Capital	8,231,690	6.48	8,231,690	6.48
OP Life Assurance Company Ltd	7,136,652	5.62	7,136,652	5.62
Ilmarinen Mutual Pension Insurance Company	5,736,817	4.52	5,736,817	4.52
Elo Mutual Pension Insurance Company	2,834,734	2.23	2,834,734	2.23
Local Tapiola Mutual Insurance Company	2,600,000	2.05	2,600,000	2.05
Åbo Akademi University Foundation	1,816,242	1.43	1,816,242	1.43
The State Pension Fund of Finland	1,300,000	1.02	1,300,000	1.02
Ten largest in total	83,491,603	65.72	83,491,603	65.72

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 in total 2.74 (3.34) percent of all shares.

Distribution of ownership 31 December 2022

Number of shares	Number of shareholders	% of shareholders	Number of securities	% of securities	Number of votes	% of votes
1-100	14,173	45.81	660,697	0.52	660,697	0.52
101-,500	11,739	37.94	2,969,880	2.34	2,969,880	2.34
501-1,000	2,670	8.63	2,066,923	1.63	2,066,923	1.63
1,001-5,000	1,909	6.17	3,970,022	3.13	3,970,022	3.13
5,001-10,000	199	0.64	1,432,937	1.13	1,432,937	1.13
10,001-50,000	171	0.55	3,793,301	2.99	3,793,301	2.99
50,001-100,000	25	0.08	1,914,641	1.51	1,914,641	1.51
100,001-500,000	33	0.11	7,715,245	6.07	7,715,245	6.07
500,001-	19	0.06	102,512,885	80.70	102,512,885	80.70
Total	30,938	100.00	127,036,531	100.00	127,036,531	100.00
of which nominee-registered	12	0.04	13,244,454	10.43	13,244,454	10.43
Non-transferred, total	0		0	0	0	0
In general account			0	0	0	0
In special accounts, total			0	0	0	0
Total issued			127,036,531	100.00	127,036,531	100.00

Shareholder groups, 31 December 2022

Shareholders by sector	Number of shares	% of shares
Households	12,416,744	10.91
Public entities	32,304,419	28.39
Financial and insurance institutions	28,261,793	24.84
Companies	16,328,943	14.35
Non-profit institutions	3,256,792	2.86
Foreign owners	21,223,386	18.65
Total	113,792,077	100.00
Of which nominee-registered	13,244,454	10.43

Management shareholding, 31 December 2022

Name	Position	Number of shares	% of shares	of votes %
Kari Kauniskangas	Chairman of the Board of Directors	16,532	0.01%	0.01%
Matts Rosenberg	Member of the Board of Directors	11,366	0.01%	0.01%
Carola Lemne	Member of the Board of Directors	2,627	0.00%	0.00%
Kristian Pullola	Member of the Board of Directors	5,075	0.00%	0.00%
Katri Viippola	Member of the Board of Directors	8,954	0.01%	0.01%
Ville Iho	President and CEO	5,000	0.00%	0.00%
Juuso Pajunen	Chief Financial Officer	12,000	0.01%	0.01%
Petri Bono	Chief Medical Officer	7,587	0.01%	0.01%
Siina Saksi	Chief Operating Officer, Healthcare Services	60,380	0.05%	0.05%
Marja-Leena Tuomola	Chief Commercial Officer, Healthcare Services	1,000	0.00%	0.00%
Kati Sulin	Senior Vice President, Digital Business	0	0.00%	0.00%
Mikko Tainio	Senior Vice President, Portfolio Businesses	518	0.00%	0.00%
Minttu Sinisalo	Senior Vice President, Human Resources	0	0.00%	0.00%
Management shareholding in total		131,039	0.10%	0.10%
Number of shares total		127,036,531	100%	100%

Notifications of major shareholdings

In 2022, Terveystalo Plc did not receive any notifications pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act.

The Board's authorizations

The Board has been authorized to resolve 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 the issuance of shares and special rights entitling to shares as referred to in Chapter 10, Section 1 of the Finnish Companies Act. Authorizations were not used during the financial period.

Dividend Policy and distribution of profits for 2022 proposed by the Board

The objective of Terveystalo's Dividend Policy is to distribute a minimum of 40 percent of earnings per share in dividends. The current financial performance, development potential, financial position, and capital requirements are taken into account. In 2022, earnings per share were EUR 0.19 (0.63).

The parent company's distributable funds totalled EUR 530.8 (542.6) million, of which EUR 23.7 (43.8) million is profit for the financial year. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.28 (0.28) per share totalling EUR 35.4 (35.4) million be paid based on the balance sheet adopted for the financial year ended 31 December 2022. The dividend would be paid in two installments as follows:

The first dividend installment of EUR 0.14 per share would be paid to the shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the first dividend installment on 27 March 2023. The Board of Directors proposes that the first dividend installment would be paid on 3 April 2023.

The second dividend installment of EUR 0.14 per share would be paid to shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the second dividend installment on 2 October 2023. The Board of Directors proposes that the second dividend installment would be paid on 9 October 2023. The Board of Directors also proposes that the Annual General Meeting would authorize the Board of Directors to resolve, if necessary, on a new record date and date of payment for the second dividend installment should the rules of Euroclear Finland Ltd or statutes applicable to the Finnish book-entry system change or otherwise so require.

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 2022 and the first Board meeting

The Annual General Meeting of Terveystalo Plc was held on 7 April 2022 in Helsinki, Finland. The Annual General Meeting adopted the financial statements for the financial year 2021 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting approved the remuneration report for governing bodies and decided to support the amended remuneration policy for governing bodies which was presented to the Annual General Meeting.

The Annual General Meeting decided, in accordance with the proposal of the Board of Directors, that a dividend of EUR 0.28 per share (totalling approximately EUR 35.6 million with the current number of shares) be paid based on the balance sheet adopted for the financial year ended 31 December 2021. The dividend was paid in two installments as follows. The first dividend installment of EUR 0.14 per share was paid to the shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the first dividend installment on 11 April 2022.

The first dividend installment was paid on 20 April 2022. The second dividend installment of EUR 0.14 per share was paid to shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the second dividend installment on 10 October 2022. The second dividend installment was paid on 19 October 2022. The Annual General Meeting also authorized the Board of Directors to resolve, if necessary, on a new record date and date of payment for the second dividend installment should the rules of Euroclear Finland Ltd or statutes applicable to the Finnish book-entry system change or otherwise so require.

The number of members of the Board of Directors was confirmed to be six (6). Dag Andersson, Kari Kauniskangas, Kristian Pullola and Katri Viippola were re-elected as members of the Board and Carola Lemne and Matts Rosenberg were elected as new members of the Board for a term that ends at the end of the Annual General Meeting 2023.

KPMG Oy Ab was re-elected as the Company's auditor. KPMG Oy Ab has notified that Henrik Holmbom, APA, would be acting as the principal auditor.

As proposed by the Board of Directors, the Annual General Meeting resolved to authorize the Board of Directors to resolve on the repurchase and/or on the acceptance as pledge of the Company's own shares using the unrestricted equity of the Company. The authorization covers a maximum of 12,803,653 shares, which corresponds to approximately 10 percent of all shares in the Company. In addition, as proposed by the Board of Directors, the Annual General Meeting resolved to authorize the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act. The authorization covers a maximum of 12,803,653 shares, which corresponds to approximately 10 percent of all shares in the Company. These authorizations are effective until the end of the next Annual General Meeting, however no longer than until 30 June 2023.

As proposed by the Board of Directors, the Annual General Meeting resolved to authorize the Board of Directors to decide on donations in a total maximum of EUR 150,000 for charitable or corresponding purposes. In addition, the Annual General Meeting resolved to authorize the Board of Directors to decide on the donation recipients, purposes of use, and other terms of the donations. The authorization will remain effective until the end of the next Annual General Meeting 2023, however no longer than for a period of 18 months from the date of the resolution of the Annual General Meeting.

The new Board elected Kari Kauniskangas as Chairman of the Board and Matts Rosenberg as Vice Chairman of the Board. Kristian Pullola was elected Chairman of the Audit Committee and Matts Rosenberg and Katri Viippola were elected members. Kari Kauniskangas was elected Chairman of the Remuneration Committee and Dag Andersson and Carola Lemne were elected members of the Committee.

Change in the Board of Directors and Remuneration Committee

On 14 October, 2022, Terveystalo Oyj's Board of Directors elected Katri Viippola as a new member of the Remuneration Committee to replace Dag Andersson, who passed away suddenly in September. Katri Viippola is independent of the company. The Remuneration Committee is chaired by Kari Kauniskangas and Carola Lemne is the other member.

Information on the compliance with the Corporate Governance Code can be found in the Corporate Governance Statement.

Change in the charter and composition of Terveystalo's Shareholders' Nomination Board

At its meeting held on 13 June 2022, the Shareholders' Nomination Board of Terveystalo Plc made a technical amendment to its charter. From now on, a shareholder entitled to appoint a member to the Nomination Board is entitled to change his or her representative on the Nomination Board even after the publication of the Nomination Board's proposals to the Annual General Meeting. The key parts of the Nomination Board's charter are available at: <https://www.terveystalo.com/en/company/investors/corporate-governance/shareholders-nomination-board/>. Rettig Group announced that it will appoint Tomas von Rettig as its representative on the Nomination Board as of 13 June 2022. Prior to the change, Rettig Group was represented by Matts Rosenberg.

The composition of the Shareholders' Nomination Board of Terveystalo Plc included, after the change of the Board's term of office on 13 September 2022, Risto Murto from Varma Mutual Pension Insurance Company, Tomas von Rettig from Rettig Group, Timo Ritakallio from Pohjola Insurance and Peter Therman from Hartwall Capital, as well as Kari Kauniskangas, Chairman of the Board of Directors of Terveystalo Plc. The Nomination Board is chaired by Risto Murto.

Changes in Terveystalo's Executive Team and operating model

Terveystalo announced on 14 October 2022 that it strengthens long-term value creation, customer focus, and the execution of the profit improvement program announced on 14 October 2022, Terveystalo is planning to change its operating model and organizational structure. The changes clarify roles and responsibilities, strengthen the independent and efficient management of separate businesses, and strengthen the implementation of intact care pathways and high-quality care. The new organization came into force at the beginning of 2023 and it consists of three business areas: Healthcare Services, Portfolio Businesses, and Swedish business.

Changes in Terveystalo's Executive Team

With the new operating model and organizational changes, the responsibilities of the members of the management team changed as follows:

- Siina Saksi, Chief Operating Officer, Healthcare Services
The organization is responsible for the operational functions of Healthcare Services.
- Marja-Leena Tuomola, Chief Commercial Officer, Healthcare Services
The organization is responsible for the commercial operations of Healthcare Services in all customer segments.
- Mikko Tainio, Senior Vice President, Portfolio Businesses
Portfolio Businesses include outsourcing, staffing, digital services for the public sector, oral health, rehabilitation, child protection as well as massage services and training. The change strengthens the independent development and management of these businesses.

In addition to the above-mentioned executives, Terveystalo's new Executive team includes Chief Medical Officer Petri Bono, Chief Financial Officer Juuso Pajunen (started 28 November 2022), Senior Vice President, Digital Business Kati Sulin, and Senior Vice President, People, and Careers Minttu Sinisalo. All the above report to CEO Ville Iho. Elina Saviharju continues in her role as the General Counsel of Terveystalo.

In the new operating model, the role of the consumer business changes, and Veera Siivonen, Senior Vice President, Consumer Business decided to leave the company after a very successful and productive career in the company.

Terveystalo will change the structure of its financial reporting in accordance with the new operating model and will publish the comparison data of the new segments for 2022 before publishing the results of the first quarter of 2023.

Corporate governance

Terveystalo Plc’s Corporate Governance Statement, Remuneration Policy, and Remuneration Report for 2022 have been published as separate documents from the Board of Directors' Report and as part of the Annual report on pages 71-95, and are also available on the company's website.

Activities following the end of the reporting period

Terveystalo Plc's Board of Directors has approved a new performance period covering years 2023–2025 of the long-term share-based incentive plan for key personnel

The Performance Share Plan is based on a rolling three-year performance period structure, with a new performance period starting at the beginning of each year if so decided by the Board. The Board decides on the participants, performance measures, and targets as well as earning opportunities on an annual basis. The purpose of the program is to align the objectives of shareholders and key personnel to increase the company's value in the long term, and to commit key personnel to implement Terveystalo's strategy by offering them a competitive, share-based incentive program. The establishment of the program and its main terms were announced in a stock exchange release published on 3 December 2020.

Performance Period 2023–2025 of the Performance Share Plan (PSP)

During the performance period 2023–2025, the performance indicators on the basis of which share rewards may be paid are absolute Total Shareholder Return (TSR) and relative TSR (compared to the OMX HKI benchmark CAP GI index). Terveystalo's Board of Directors confirms the total amount of shares earned after the end of the performance period. The share rewards that may be paid based on the 2023–2025 earning period will be paid in Terveystalo Plc shares after the end of the performance period, provided that the performance targets set for the program by the Board are achieved. The maximum number of shares to be paid based on this plan is 640,000 shares. Taxes and tax-like payments to the recipient are deducted from the share reward, after which the remaining net amount is paid to the participants in shares. No more than approximately 70 people selected by the Board are eligible to participate in the program, including members of Terveystalo's Executive Team. Terveystalo applies a share ownership requirement to the members of the Executive Team. Each member of the Executive Team is expected to retain at least 50 percent of the net shares received under the long-term incentive plan until his or her shareholding in Terveystalo is at least equal to his or her annual gross base salary.

Performance Period 2023-2025 of the Restricted Share Plan (RSP)

The purpose of the Restricted Share Plan is to act as a supplementary structure for separately selected key personnel of Terveystalo in special situations. The share rewards will be paid in Terveystalo Plc shares after the end of the performance period, provided that the individual participants are still employed by Terveystalo. The maximum number of shares to be paid based on this plan is 64,000 shares.

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

- Achieving the targeted financial effects of the launched profit improvement program is necessary to combat the impact of high inflation and to achieve the financial targets set by the company.
- The company’s business operations rely on its capacity to identify, recruit, and retain competent and professional healthcare professionals, employees, and executives. The increased supply of services and increased competition may affect the availability of healthcare professionals, particularly in major cities. Turnover in key employees involves the risk of losing knowledge and expertise.
- Weak general economic performance and high inflation in Finland and their effects on the financial circumstances of private individuals, employers, and public entities may adversely affect Terveystalo’s business and results of operations by decreasing the demand for Terveystalo’s services, as well as may adversely affect the availability of financing.
- The development and implementation of information system projects and services, service products, and operating models involve risks. The company develops new digital customer solutions, which increases the overall risk related to information systems. A failure in the development of digital systems may expose Terveystalo to potential technical faults and disturbances.
- 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.

Annual General Meeting 2023

Terveystalo Plc's Annual General Meeting (AGM) is planned to be held on Thursday 23 March 2023.

Capital Markets Day 2023

Terveystalo will arrange Capital Markets Day on 10 May 2023 in Helsinki.

Terveystalo Plc
Board of Directors

- Terveystalo’s expansion to new geographical locations involves several risks, and failure to identify expansion opportunities, recruit new employees, and achieve estimated benefits may adversely affect Terveystalo’s business and the results of operations.
- 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 a decline in customer satisfaction.
- Endangered information security or privacy can lead to losses and claims for damages and endanger reputation.
- The COVID-19 pandemic and other potential pandemics or epidemics and related restrictive measures may adversely affect the business operations of Terveystalo through, among other things, demand for certain healthcare services and challenges in the supply chain.
- 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.
- Terveystalo is exposed to changes in demand for occupational healthcare services due to demographic trends; aging and shrinking working-age population.
- The Social Welfare and Healthcare Reform in Finland and its legal interpretations may have impacts on Terveystalo’s business and results of operations.
- Changes in compensation systems for healthcare services may adversely affect Terveystalo’s business, financial position, and results of operations.
- Failures or deficiencies in the operational risk management, medical quality, and internal control processes may result in failure of quality control, including medical quality, or otherwise adversely affect Terveystalo's profitability and reputation.
- Terveystalo’s operations could be subject to labour disruptions or disputes.
- The company is a party to, and may become a party to, legal action or administrative procedures initiated by the authorities, patients, or third parties. According to the company’s opinion, its currently pending legal obligations and court cases are not significant in nature.

Consolidated financial statements, IFRS

Consolidated statement of comprehensive income

EUR mill.	Note	1.1.–31.12.2022	1.1.–31.12.2021
Revenue	4, 5	1,259.1	1,154.6
Other operating income	6	2.7	3.4
Materials and services	7	-525.7	-488.9
Employee benefit expenses	8	-455.0	-378.2
Depreciation, amortization and impairment losses	9	-134.9	-91.7
Other operating expenses	10	-112.3	-89.2
Operating profit		33.9	110.1
Financial income	11	7.5	0.8
Financial expenses	11	-10.4	-9.9
Net finance expenses		-2.9	-9.0
Share of results in associated companies		-0.1	-0.3
Profit before taxes		30.9	100.7
Income tax expense	12	-6.5	-20.3
Profit for the period		24.4	80.4
Profit attributable to			
Owners of the parent company		24.4	80.5
Non-controlling interests		0.0	0.0

EUR mill.	Note	1.1.–31.12.2022	1.1.–31.12.2021
Other comprehensive adjustments			
Items that may be reclassified to profit or loss			
Translation differences from foreign operations		-5.3	-0.8
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	28	0.2	0.1
Other comprehensive income for the period, net of tax		-5.1	-0.6
Total comprehensive income		19.3	79.8
Total comprehensive income attributable to:			
Owners of the parent company		19.3	79.8
Non-controlling interest		0.0	0.0
Earnings per share for profit attributable to the shareholders of the parent company, in euro			
Basic earnings per share	13	0.19	0.63
Diluted earnings per share	13	0.19	0.63

The notes are an integral part of the Consolidated financial statements.

Consolidated statement of financial position

EUR mill.	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Property, plant and equipment	14	82.0	72.0
Right-of-use assets	14	173.9	172.5
Goodwill	15, 16	879.5	848.6
Other intangible assets	15	145.2	175.2
Investment properties	17	0.5	0.5
Investments in associates	18	0.0	0.6
Loan receivables	20	0.3	0.1
Deferred tax assets	12	7.7	5.4
Other non-current assets	20	0.8	0.8
Total non-current assets		1,289.8	1,275.8
Current assets			
Inventories		6.6	6.4
Trade and other receivables	22	142.9	128.3
Cash and cash equivalents	23	40.2	38.1
Total current assets		189.7	172.8
TOTAL ASSETS		1,479.4	1,448.6

EUR mill.	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		0.1	0.1
Invested non-restricted equity reserve		492.8	492.8
Treasury shares		-15.8	-18.0
Retained earnings		114.9	134.0
Equity attributable to equity holders of the Company total		592.0	608.9
Non-controlling interest		0.0	0.0
TOTAL EQUITY		592.0	608.9
Non-current liabilities			
Non-current financial liabilities	20, 21, 25	383.1	257.9
Non-current lease liabilities	14, 21, 25	133.2	131.4
Deferred tax liabilities	12	29.5	28.5
Provisions	27	8.3	8.5
Other liabilities		16.2	15.6
Total non-current liabilities		570.3	441.9
Current liabilities			
Current financial liabilities	20, 21, 25	44.2	120.9
Current lease liabilities	14, 21, 25	46.5	47.1
Current tax liabilities		0.0	13.3
Provisions	27	3.2	2.5
Trade and other payables	26	223.2	214.1
Total current liabilities		317.1	397.9
TOTAL LIABILITIES		887.4	839.7
Total equity and liabilities		1,479.4	1,448.6

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

Consolidated statement of cash flows

EUR mill.	Note	1.1.–31.12.2022	1.1.–31.12.2021
Cash flows from operating activities			
Profit before income taxes		30.9	100.7
Adjustments for			
Non-cash transactions			
Depreciation, amortization and impairment losses	9	134.9	91.7
Change in provisions	27	0.5	0.9
Other non-cash transactions		-4.1	1.3
Gains and Losses on sale of property, plant, equipment and other changes		-0.3	-0.1
Net finance expenses	11	2.9	9.0
Changes in working capital			
Trade and other receivables		1.6	-17.0
Inventories		-0.2	0.6
Trade and other payables		0.4	28.4
Interests received		0.3	0.3
Income taxes paid		-26.0	-20.7
Net cash from operating activities		140.9	195.2

EUR mill.	Note	1.1.–31.12.2022	1.1.–31.12.2021
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	3	-34.9	-65.3
Acquisition of property, plant and equipment		-30.2	-21.0
Acquisition of intangible assets		-29.0	-22.1
Proceeds from the disposal of associates		0.1	-
Proceeds from sale of financial assets		-	0.0
Acquisition of business operations, net of cash acquired	3	-0.7	-0.1
Proceeds from sale of property, plant and equipment		0.7	0.5
Dividends received		0.0	0.0
Net cash from investing activities		-93.9	-108.0
Cash flows from financing activities			
Acquisition of non-controlling interests	3	-0.0	-12.7
Acquisition of treasury shares	24	-	-11.3
Proceeds from non-current borrowings	25	169.5	-
Repayment of non-current borrowings	25	-40.0	-41.9
Proceeds from current borrowings	25	41.0	77.0
Repayment of current borrowings	25	-116.7	-46.5
Payment of lease liabilities	25	-49.3	-42.4
Payment of hire purchase liabilities	25	-5.3	-5.9
Interests and other financial expenses paid		-8.4	-9.3
Dividends paid		-35.4	-33.1
Net cash from financing activities		-44.6	-126.1
Net change in cash and cash equivalents		2.3	-39.0
Cash and cash equivalents at 1 January		38.1	77.1
Exchange rate differences		-0.3	-0.1
Cash and cash equivalents at 31 December		40.2	38.1

The notes are an integral part of these Consolidated financial statements.

Consolidated statement of changes in equity

EUR mill.	Equity attributable to owners of the parent company					Non-controlling interests	Total equity
	Share capital	Invested non-restricted equity reserve	Treasury shares	Retained earnings	Total		
Equity 1 Jan 2022	0.1	492.8	-18.0	134.0	608.9	0.0	608.9
Comprehensive income							
Profit for the period	-	-	-	24.4	24.4	0.0	24.4
Other comprehensive income	-	-	-	-5.1	-5.1	-	-5.1
Transactions with owners							
Share-based payments	-	-	2.2	-3.0	-0.8	-	-0.8
Dividends	-	-	-	-35.4	-35.4	-	-35.4
Transactions with non-controlling interests							
Transactions with non-controlling interest	-	-	-	-	-	0.0	0.0
Equity 31 Dec 2022	0.1	492.8	-15.8	114.9	592.0	0.0	592.0

Accumulated translation differences on 31 December 2022 were EUR -5,3 million.

	Equity attributable to owners of the parent company						
		Invested non-restricted equity reserve	Treasury shares	Retained earnings		Non-controlling interests	Total equity
EUR mill.	Share capital				Total		
Equity 1 Jan 2021	0.1	492.8	-6.7	85.3	571.4	0.0	571.4
Comprehensive income							
Profit for the period	-	-	-	80.5	80.5	0.0	80.4
Other comprehensive income				-0.6	-0.6	-	-0.6
Transactions with owners							
Acquisition of treasury shares	-	-	-11.3	-	-11.3	-	-11.3
Share-based payments	-	-	-	1.9	1.9	-	1.9
Dividends	-	-	-	-33.1	-33.1	-	-33.1
Transactions with non-controlling interests							
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	12.8	12.8
Transactions with non-controlling interest	-	-	-	0.1	0.1	-12.8	-12.7
Equity 31 Dec 2021	0.1	492.8	-18.0	134.0	608.9	0	608.9

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

1. Corporate information

Terveystalo Plc is a Finnish public limited liability company organized under the laws of Finland and domiciled in Helsinki, Finland. The parent company, Terveystalo Plc, is listed on the Nasdaq Helsinki. Terveystalo Group (“the Group”, “Terveystalo”) consists of the parent company and 33 subsidiaries. More information on subsidiaries is presented in note 31. A copy of the consolidated financial statements is available at the Group’s website www.terveystalo.com, from Terveystalo Oyj / Corporate Communications, Jaakonkatu 3, 00100 Helsinki, Finland, or via e-mail at investors@terveystalo.com.

Terveystalo is a leading private healthcare service provider in Finland. The company offers general practice and specialist medical care, diagnostic services, outpatient surgery, dental services and other adjacent services to corporate, private and public sector customers.

In its meeting on 9 February 2023, the Board of Directors of Terveystalo Plc approved the publishing of these consolidated financial statements. According to the Finnish Limited Liability Companies Act, shareholders have the right to approve or reject the financial statements in the Annual General Meeting held after the publication of the financial statements. The Annual General Meeting also has the right to make a decision to amend the financial statements.

2. Accounting policies for the consolidated financial statements

2.1 Basis of preparation

The consolidated financial statements of Terveystalo have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements have been prepared in compliance with the IAS and IFRS standards as well as the SIC and IFRIC interpretations in force on 31 December 2022. The consolidated financial statements also comply with the regulations of Finnish accounting and company legislation complementing the IFRSs.

The consolidated financial statements are presented in millions of euro and have been prepared under the historical cost basis, unless otherwise stated in the accounting principles. All figures presented have been rounded, and consequently the sum of individual figures may deviate from the presented aggregate figure. Key figures have been calculated using exact figures.

2.2 Application of new and amended IFRSs and new IFRIC agenda decisions

New and amended standards applied in the financial year 2022

The Group has applied as from 1 January 2022 the following new and amended standards that have come into effect:

Amendments to IAS 37 – Onerous Contracts

When an onerous contract is accounted for based on the costs of fulfilling the contract, the amendments clarify that these costs comprise both the incremental costs and an allocation of other direct costs. The impacts of the amendments on Terveystalo’s consolidated financial statements have not been significant.

Annual Improvements to IFRS Standards 2018–2020

IFRS 9: The amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

IFRS 1: The amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter later than its parent.

IFRS 16: The amendment removes the illustration of payments from the lessor relating to leasehold improvements. The example was not clear as to why such payments are not a lease incentive.

IAS 41: The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

The annual improvements have no impacts on Terveystalo’s consolidated financial statements.

Amendments to IAS 16 – Proceeds before Intended

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognized in profit or loss, together with the costs of producing those items. The amendments have no impacts on Terveystalo’s consolidated financial statements.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendment updates a reference in IFRS 3 and made further amendments to avoid unintended consequences of updating the reference. The impacts of the amendments on Terveystalo's consolidated financial statements have not been significant.

Adoption of new and amended standards and interpretations applicable in future financial years

* = not yet endorsed for use by the European Union as of 31 December 2022.

IFRS 17 Insurance Contracts (to be applied from 1 January 2023)

The new standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. This standard replaces the IFRS 4 standard. The impact of the standard on Terveystalo's consolidated financial statements is not expected to be significant.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current* (effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments are to promote consistency in application and clarify the requirements on determining if a liability is current or non-current. The impacts of the amendments on Terveystalo's consolidated financial statements are not expected to be significant.

Amendments to IAS 1 – Disclosure of Accounting Policies (effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments clarify the application of materiality to disclosure of accounting policies to help companies provide useful accounting policy disclosures. The impacts of the amendments on Terveystalo's consolidated financial statements are not expected to be significant.

Amendments to IAS 8 – Definition of Accounting Estimates (effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The impacts of the amendments on Terveystalo's consolidated financial statements are not expected to be significant.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations which give rise to equal and offsetting temporary differences. The impacts of the amendments on Terveystalo's consolidated financial statements are not expected to be significant.

Amendments to IFRS 17 – Comparative Information (effective for financial years beginning on or after 1 January 2023)

Amendment to IFRS 17 to alleviate mismatches in comparative information arising from the different transition requirements of IFRS 9 and IFRS 17. The impacts of the amendments on Terveystalo's consolidated financial statements are not expected to be significant.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (available for optional adoption, effective date deferred indefinitely)

The amendments address the conflict between the existing guidance on consolidation and equity accounting and require the full gain to be recognised when the assets transferred meet the definition of a 'business' under IFRS 3 Business Combinations.

2.3 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make certain estimates and assumptions that are based on management's best view of the circumstances prevailing at the reporting date, prior experience and assumptions about future events related, among other things, to the expected development of the Group's economic environment in terms of sales and cost level. However, it is possible that the realized outcomes differ from the estimates and assumptions used in the financial statements. In addition, the application of the accounting policies requires judgement, especially when the current IFRS standards have alternative accounting, valuation and presentation methods.

The Group monitors the realization of the estimates and assumptions and changes in the underlying factors on a regular basis together with the operating units by using several internal and external information sources. Changes in estimates or assumptions are recognized in the period when the estimate or assumption is revised, and in the future periods if the change affects the subsequent periods.

The critical issues requiring management's judgement are presented below:

Intangible assets in connection with business combinations

IFRS 3 requires the acquirer to recognize intangible assets separately from goodwill, if certain criteria are met. Recognizing intangible assets separately at fair value requires management to estimate the expected future cash flows. Management has used available market information when possible in determining the fair values. If no market information of the asset has been available, the measurement of the intangible asset is based on the historical yield of the asset and the planned use in operations. The valuations are based on discounted cash flows and estimated disposal or replacement prices, and the valuation requires management to make estimates of the future use of the asset and impact on the company's financial position.

Management believes that the used estimates and assumptions are reasonable for measurement of fair values. In addition, the Group's property, plant and equipment and intangible assets are assessed to determine whether there is any indication of impairment at least at each reporting date.

The valuation of contingent considerations

Management makes discretionary decisions and estimates when determining the valuation of deferred contingent considerations in business combinations. Judgement is applied especially when estimating the expected amount of payments and is based on potential scenarios for future returns, amounts paid under different scenarios and the probability of each scenario.

Lease contracts

Terveystalo's lease contracts include both termination and extension options. Group uses the options in managing lease contracts to ensure the flexible use of premises in the Group's businesses. Management uses judgement to determine the use of termination and extension options and assesses the lease termination dates and lease terms. Based on management's judgement, the termination options which relate to perpetual lease contracts for premises that are significant will not be used and such lease contracts are recognized as long-term lease contracts.

Impairment testing

Impairment testing for cash-generating units to which goodwill has been allocated is carried out at least annually. Besides goodwill, the Group has no other intangible assets with an indefinite useful life. The recoverable amounts of cash generating units are estimated based on the calculations of their value in use. Preparation of these calculations requires use of estimates. Even though management believes that the used estimates and assumptions are appropriate, the estimated recoverable amounts may differ from the actual results.

Provisions

The most significant provisions in the statement of financial position relate mainly to loss-making contracts as well as retirement obligations related to some leased premises. Management makes estimates mainly concerning the total loss of the loss-making contracts.

2.4 Principles of consolidation

Subsidiaries

The consolidated financial statements include the parent company Terveystalo Plc and all its subsidiaries where over 50 percent of the voting rights are controlled by the parent company or the parent company otherwise controls the company. The Group controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity.

The subsidiaries are included in the consolidated financial statements starting from the date on which control commences until the date on which control ceases.

All subsidiaries are consolidated by using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprise assets transferred, liabilities incurred, and the equity interests issued by the Group measured at fair value. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. On an acquisition-by-acquisition basis, non-controlling interest in the acquiree is measured either at fair value or at value which equals the proportional share of the non-controlling interest in the identifiable net assets acquired.

All acquisition costs, except costs related to issue of debt or equity securities, are recognized as an expense as incurred. Transactions treated separately from the acquisition are recognized through the income statement and are not included in the consideration transferred. Any contingent consideration is measured at fair value and it is classified either as a liability or equity. Contingent consideration classified as a liability is measured at fair value at the end of reporting period and the resulting profit or loss is recognized in the statement of income. Contingent consideration classified as equity is not remeasured.

If the Group gains control in stages in the acquiree, the existing interest will be measured at fair value through profit or loss.

Goodwill arising from an acquisition is recognized as the excess of the aggregate of the consideration transferred, the amount of non-controlling interests in the acquiree and previously held equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the resulting gain is recognized in profit or loss.

Intra-group transactions, receivables, liabilities and unrealized gains, as well as the distribution of profits within the Group are eliminated in the preparation of the consolidated financial statements. Accounting policies of subsidiaries have been aligned where necessary to correspond to the Group's principles.

Transactions with non-controlling interests that do not result in the loss of control are treated as equity transactions – in other words, as transactions with owners when they are acting as owners. The difference between the fair value of the consideration paid or received and the book value of the portion of the net assets acquired or disposed is recognized in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is measured at fair value through profit or loss.

Associates

Associates are entities over which the Group has significant influence. Significant influence generally arises when the Group holds over 20 percent of the voting rights, or otherwise has significant influence, but no control over the entity.

Associates are consolidated using the equity method. They are initially recognized at cost, which includes transaction cost. If the Group's share of the associated company's losses exceeds the carrying amount of the investment, the investment is recognized at zero value in the consolidated statement of financial position. Recognition of further losses exceeding the carrying amount is discontinued, unless the Group has incurred legal or constructive obligations on behalf of the associate.

Unrealized gains resulting from the transactions between the Group and associates are eliminated according to the Group's share of ownership. Goodwill relating to an associate is included in the carrying amount of the investment. The Group's share of the associated company's profit or loss for the period is separately disclosed below net finance expenses. Adjustments have been made when necessary to the associate's accounting policies to align to those of the Group.

At each reporting date, the Group reviews the carrying amounts of the investments in associates to determine whether there is any objective indication of impairment. If any such evidence of impairment exists, then the impairment loss is determined. An impairment loss is the amount by which the carrying amount of an investment in associate exceeds its recoverable amount. An impairment loss is recognized in the statement of income.

If the Group's ownership interest in an associate is reduced, but significant influence is retained, only the relative portion of previously recognized amounts in other comprehensive income and the value of the investment in the consolidated financial statements are recognized in the statement of income as part of the gain or loss.

2.5 Foreign currency transactions

The consolidated financial statements are presented in euros which is the functional and presentation currency of the parent company. Transactions in foreign currencies are translated into respective functional currency at the exchange rate prevailing on the transaction date. Gains and losses arising from transactions denominated in foreign currency and from translation of monetary items are recognized in profit or loss as financial income or expenses.

The functional currency of the Feelgood subgroup is Swedish krona which differs from Group's presentation currency, and thus its statement of income, statement of cash flows and statement of financial position have been translated into presentation currency as follows:

- Statement of income and statement of cashflows are translated at average exchange rates
- Statement of financial position is translated at the closing exchange rate at the reporting date
- All resulting exchange differences are recognized in other comprehensive income

2.6 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is recognized on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated.

The estimated useful lives are as follows:

Magnetic resonance imaging equipment	10 years
Buildings	10–40 years
Machinery and equipment	2–7 years
Improvements to office premises	2–10 years
Right-of-use assets	1–16 years

- Premises used in operations are depreciated on a straight-line basis over a 40 year depreciation period. Property, plant and equipment also includes artwork which is not depreciated.
- Right-of-use assets are depreciated over the shorter of the useful life or lease term. If the use of call option is certain, right-of-use asset is depreciated over the useful life.
- Gains and losses on the sale and disposal of property, plant and equipment are presented in other operating income or other operating expenses.
- Maintenance expenditure are not included in the carrying amounts of property, plant and equipment. When parts of the magnetic resonance imaging equipment are replaced, the Group capitalizes the replacement costs as a separate item.
- The residual values and useful lives of property, plant and equipment are reviewed at each reporting date.

2.7 Investment properties

Investment property refers to properties held by the Group in order to earn rental income or for capital appreciation or both. Apartments, which are not used in business operations, are mainly accounted for as investment properties. Investment properties are measured at acquisition cost and depreciated on a straight-line basis over a 40-year depreciation period.

2.8 Goodwill and other intangible assets

Goodwill

- Goodwill arising in a business combination is recognised as the excess of the aggregate of the consideration transferred, the amount of non-controlling interests in the acquiree and previously held equity interest in acquiree over the fair value of the Group’s share of the identifiable net assets acquired.
- Goodwill is not amortised but tested for impairment annually. For impairment testing, goodwill is allocated to cash generating units or groups of cash generating units. Goodwill is measured at cost less accumulated impairment losses. An impairment loss in respect of goodwill is not reversed.
 - Gain or loss on disposed unit includes also the carrying amount of goodwill.

Other intangible assets

- Other intangible assets include software and licenses, as well as acquired companies’ customer relationships, trademarks and other intangible assets. Intangible assets are recognised initially at cost if the cost of the asset can be measured reliably and if it is probable that the future economic benefits attributable to the asset will flow to the Group.
- Cloud computing arrangements which meet the definition of an intangible asset are recognized as intangible assets. Configuration and customisation costs which do not meet the definition of an intangible asset and which are distinct from the cloud computing arrangement, are recognised as an expense as the service is received. Configuration and customisation costs which are not distinct from the cloud computing arrangement, are recognised as prepaid expenses in the statement of financial position and expensed over the expected duration of the cloud computing arrangement.
 - Intangible assets acquired in a business combination are recognised at fair value at the acquisition date separately from goodwill if the assets meet the definition of an asset, are identifiable or rise from contractual or legal rights.
 - Other intangible assets are measured at cost and amortised on a straight-line basis over the known or estimated useful lives.
 - The Group has no intangible assets with indefinite useful life except for goodwill.

Amortisation periods used for intangible assets are as follows:

Immaterial rights	3–7 years
Other intangible assets	3–5 years
Software	5 years
Customer agreements and related customer relationships	2–12 years
Trademarks	20 years or shorter useful life

Research and development

Research expenditure are recognized as an expense as incurred in the statement of income. Development expenditure are capitalized as intangible assets when certain capitalization criteria are met. Development expenditure that do not qualify for the capitalization are recognized as an expense. The estimated useful lives of capitalized development expenditure are 3–5 years.

2.9 Impairment

Tangible and intangible assets

At the end of each reporting period, the Group assesses whether there are any indications of impairment. If any indications of an impairment exist, the recoverable amount of the asset is determined. For goodwill and intangible assets not yet available for use, the recoverable amount is determined annually, irrespective of whether there is any evidence of impairment. Evidence of impairment is assessed at the level of the Group’s operating segments, i.e at the lowest unit level, which is largely independent of the other units and whose cash flows can be distinguished from the cash flows of equivalent units.

The recoverable amount of an asset is the higher of its fair value less costs to sell or value in use. The value in use is the amount of future cash flows of an asset or cash generating unit discounted to present value. The discount rate used is the pre-tax discount rate which reflects the market view on the time value of money and specific risks related to the asset.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognized in the statement of income. If impairment loss is related to a cash generating unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit, and

then to reduce the carrying amounts of the other assets on a pro rata basis. The useful life of an asset, which is subject to depreciation or amortization, is reassessed when an impairment loss is recognized. The impairment loss recognized for other assets than goodwill is reversed if there has been a change in estimates used to determine the recoverable amount. The reversal of the impairment loss cannot exceed the carrying amount of the asset if impairment loss had not been recognized. Impairment loss recognized for goodwill is not reversed.

Financial assets

At the end of each reporting period the Group evaluates indicators of potential impairment of a single financial asset or a group of financial assets.

The Group recognizes an expected credit loss for trade receivables and contract assets based on a simplified approach. Expected credit loss rates have been calculated using historical information of actual impairment losses, and the current conditions and the Group’s view of the economic conditions over the expected lives of the receivables have been taken into account.

2.10 Leases

Group as a lessee

The Group assesses whether a contract is or contains a lease at the inception of a contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. A lessee recognizes a right-of-use asset and a lease liability on statement of financial position at the lease commencement date.

A lease term is determined as the non-cancellable period of a lease. The lease term includes periods covered by an option to extend or terminate the lease, if the Group is reasonably certain to exercise the extension option or not to exercise the termination option. Perpetual lease contracts related to significant premises are accounted for as long-term lease contracts, as, according to management judgement, the termination options for such contracts will not be used. The lease term for such contracts is determined based on the Group’s strategy and network plan.

The Group does not recognize short-term leases (a lease that has a lease term of 12 months or less) and leases for which the underlying asset is of low value. The lease payments associated with such leases are expensed on a straight-line basis.

Initially a right-of-use asset is measured at cost, which comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives, any initial direct

costs incurred by the Group, and an estimate of restoration costs to be incurred by the Group. If a lease contains several lease components, they are accounted for separately.

Subsequently right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurements of the lease liability. A right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group is reasonably certain to exercise the purchase option, the right-of-use asset is depreciated over its useful life.

The book value and useful life of a right-of-use asset are reviewed where necessary but at least annually and an impairment loss is recognized if there is a change in expectations of the future economic benefits.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The Group uses incremental borrowing rate as the discount rate. A lease liability includes fixed payments, including in-substance fixed payments; variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee, and the exercise price under a purchase option that Terveystalo is reasonably certain to exercise.

Subsequently a lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Terveystalo’s estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-to-use asset or is recorded in the statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

2.11 Financial assets and liabilities

Financial assets

The Group’s financial assets are classified at fair value through the statement of income or, at amortized cost. Classification is based on the purpose of the acquisition of the item and is made upon initial recognition.

Financial assets at fair value through the statement of income comprise of derivate assets, non-quoted equity instruments and loan receivables. Realized or unrealized gains and losses arising from changes in fair values are recognized in the statement of income in the period in which they are incurred.

Financial assets at amortized cost consist of trade receivables and other receivables. They are measured at amortized cost and they are included in non-current assets unless the Group has an intention to hold the instrument for less than 12 months from the reporting date, in which case they are included in current assets.

The Group has not had financial assets at fair value through other comprehensive income during the periods 2021 or 2022.

The Financial asset is derecognized when the contractual rights to the cash flows expire, or the financial asset is transferred to another party and the Group substantially transfers all the risks and rewards of ownership to another party.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits available on demand, and other short-term highly liquid investments. Items included in cash and cash equivalents have original maturities of three months or less from the acquisition date.

Financial liabilities

The Group’s financial liabilities are measured at fair value through the statement of income or at amortized cost.

Financial liabilities at fair value through the statement of income comprise derivative liabilities and contingent considerations. Realized or unrealized gains and losses arising from changes in fair values are recognized the statement of income in the period in which they are incurred.

Financial liabilities at amortized cost include loans from financial institutions, lease liabilities, hire purchase liabilities and trade and other payables. They are initially recognized at fair value which is based on the consideration received. Transaction costs are included in the initial amount recognized and subsequently the financial liability is measured at amortized cost using the effective interest method.

Financial liabilities are included in non-current and current liabilities and they can be either interest-bearing or non-interest-bearing. Financial liabilities are classified as current liabilities, unless the Group has an unconditional right to postpone the payment of the liability to at least 12 months from the reporting date.

The Group has not had financial liabilities at fair value through other comprehensive income during the periods 2021 or 2022.

Financial liability is derecognized when the Group either settles the liability or has been legally discharged from the obligation related to the liability either through a legal process or by the borrower.

2.12 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined by using FIFO (first in, first out) method. Net realizable value is the cost of inventory less obsolescence allowance.

2.13 Employee benefits

Pension benefits

Pension plans are classified as either defined contribution plans or defined benefit plans. In defined contribution plans, the Group makes fixed contributions into the plan. The Group has no legal or constructive obligation to make additional payments if the pension insurance company is unable to pay pension benefits earned by employees in the reporting period or in previous periods. Contributions made into defined contribution plans are recognized through profit or loss in the reporting period to which they relate.

A defined benefit plan is a pension plan under which the Group itself has the obligation to pay retirement benefits and bears the risk of change in the value of plan liability and assets. The liability recognized on the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets. The pension liability is presented in other non-current liabilities in the statement of financial position. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate or government bonds with approximating terms to maturity and that are denominated in the currency in which the benefits are expected to be paid.

Actuarial gains and losses related to remeasurements of a defined benefit plan are recognized directly in the other comprehensive income. Interest and other expenses related to defined benefit plans are recognized directly in the statement of income. If a plan is amended or curtailed, the portion of the changed benefit related to past service by the employees, or the gain or loss on curtailment, is recognized directly in the statement of income when the plan amendment or curtailment occurs.

Share-based payment transactions

The benefits granted in accordance with the incentive plan are measured at fair value at the grant date and are expensed on a straight-line basis over the vesting period. The share-based payments settled with equity instruments are not revalued subsequently, and cost from these arrangements is recognized as an increase in equity. The cash-settled share-based incentives are valued at fair value at each reporting date until the settlement date and recognized as a liability.

The expensed amount of the benefits is based on the Group's estimate of the amount of benefits to be paid in accordance with the fulfilment of service and performance-based vesting conditions at the end of the vesting period. Market conditions are considered in determining the fair value of the benefit. Instead, the non-market criteria, like profitability, are not considered in measuring the fair value of the benefit but are taken into account when estimating the final amount of benefits. The estimate is updated at each reporting date and changes in estimates are recorded through the statement of income.

2.14 Provisions and contingent liabilities

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are recognized at the present value of the expenditure required to fulfil the obligation. If the obligation can be partially compensated by a third party, the compensation is treated as a separate asset, but only when it is virtually certain that the compensation will be received.

A provision is recognized for contracts when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A contingent liability is a possible obligation arising as a result of past events, and whose existence will be confirmed only when an uncertain future event takes place, not wholly within control of the entity. Also, a present obligation which probably does not require a cash settlement or on which the value cannot be reliably estimated is considered as a contingent liability. Contingent liabilities are disclosed in the notes.

2.15 Revenue recognition

The Group's revenue consists mainly of occupational healthcare services, general practice and clinic hospital operations, dental services as well as diagnostic services. The Group also provides diverse primary healthcare, special healthcare and child welfare services for public sector as well as massage and rehabilitation services. The Group's customer contracts include primarily one performance obligation, which is typically a single appointment, and the transaction prices are mainly fixed. In some cases, the transaction price includes a variable consideration such as a discount or penalty. Possible variable considerations are assessed at each reporting date and are allocated to one or more performance obligations. The terms of payment and payment periods in customer contracts vary, but payment time is nonetheless clearly below one year. Consequently, customer contracts do not include a significant financing component. Revenue is recognized to the extent that the Group expects to be entitled to in exchange for the goods and services taking into account the terms and conditions of the customer contracts and business practices.

Revenue from individual appointments is recognized at a point in time as the service has been completed. For long-term contracts for predetermined services or a bundle of services, revenue is recognized as Terveystalo fulfils the performance obligation by performing the promised service. The Group's long-term contracts are assessed to include a single performance obligation where the services provided by the Group are integrated into a single bundle of services. The customer simultaneously receives and consumes the benefits from the service and, consequently, the criteria for recognizing revenue over time is met. For long-term contracts, Terveystalo measures the progress towards complete satisfaction of the performance obligation by applying the input method, in which the revenue is recognized based on time elapsed. The Group views that the used method best describes the transfer of control for the services provided. Estimated costs and revenues will be re-assessed regularly during performing the services. Revisions in profit estimates as well as projected potential losses on contracts are charged through the statement of income in the period in which they become known. The Group has not incurred any substantial costs for obtaining customer contracts.

Regarding private practitioners, Terveystalo acts as the principal and recognizes revenue on a gross basis. Fees related to purchasing these services are recognized in materials and services expenses.

2.16 Segment information

The Group's business in Finland is divided into three regions which are the Group's operating segments: Capital region, Central Units and Regional Units. During 2021, a fourth operating segment, Sweden and other, was formed in the Group due to the acquisition of Feelgood group. The operating segment consists of the Group's operations in Sweden, Estonia and the Netherlands. Monitoring of profitability is primarily based on geographical areas. In addition to the regional structure, the Group functions include finance and administration, HR and legal, IT, communication, marketing and investor relations, business development and digitalization, as well as medical quality and service management. Terveystalo's chief operating decision maker is the CEO.

2.17 Government grants

Government grants are presented in other operating income as far as they do not relate to acquired assets. Grants are recognized when there is reasonable assurance that grants will be received, and the Group will comply with the conditions associated with the grants.

2.18 Operating profit

IAS 1 standard does not define operating profit. The Group has defined it as follows: operating profit is calculated by adding other operating income to revenue, deducting costs related to materials and services, deducting costs related to employee benefits, depreciation, amortization and impairments as well as other operating expenses.

2.19 Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the financial period. The Group's share-based incentive plan has a dilution effect related to the earnings per share.

2.20 Income taxes

Income taxes primarily include current and deferred taxes. Tax related to items recognized directly in equity or in other comprehensive income is also recognized in equity or in other comprehensive income. Current tax assets and liabilities are measured at the amount expected to be received from or paid to taxation authorities, using the rates and laws that have been enacted by the date of the statement of financial position. Income taxes include any adjustment to tax in respect of previous years.

Deferred tax is recognized in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts in taxation. Deferred tax is not recognized in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss at the date of the transaction. Deferred tax is not recognized for non-tax-deductible goodwill or for subsidiaries' retained earnings to the extent that it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxes relate primarily to the difference between the book value and tax base of capitalized customer relationships and trademarks, and to provisions related primarily to loss making contracts.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which they can be used and using the losses is considered probable.

Deferred taxes are calculated using tax rates enacted by the reporting date.

3. Business Combinations

During the year 2022, the Group has made 12 corporate acquisitions and 3 business acquisitions.

- On 1 February 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the occupational health provider Vantaan Työterveys Oy.
- On 1 February 2022 Feelgood Företagshälsovård AB acquired 100 percent of the Swedish occupational health provider Länshälsan Uppsala AB.
- On 31 March 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the physiotherapy service provider Lapin Liikuntaklinikka Oy.
- On 31 March 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the physiotherapy service provider OMT Klinikka Kokkola Oy.
- On 31 March 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the physiotherapy and occupational therapy service provider Suomen Fysiogeriatría Oy and an indirect 100 percent ownership in its subsidiaries Aktiivi-Fysioterapia Tampere Oy, Mimmin Terapia Oy and toi.minna Oy.
- On 1 May 2022 Feelgood Företagshälsovård AB acquired 100 percent of the shares of the Swedish occupational health provider Jobbhälsan i Norr AB.
- On 1 May 2022 Feelgood Svenska AB acquired 100 percent of the shares of the Swedish addiction treatment provider Nämndemansgården AB and its subsidiaries.
- On 31 May 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the physiotherapy service provider Into Terveys Oy.
- On 30 June 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the physiotherapy service provider Kunnon Syke Oy.
- On 31 August 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the therapy service provider Ludus Oy Tutkimus- ja Kuntoutuspalvelut.
- On 31 August 2022 Suomen Terveystalo Oy acquired the dental clinic business of Hammasrasti.
- On 31 August 2022 Suomen Terveystalo Oy acquired the physiotherapy and therapy businesses of FysioProfessionals.
- On 30 September 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the physiotherapy service provider Saimaan Urheilufysioterapia Oy.
- On 30 September 2022 Suomen Terveystalo Oy acquired the dental clinic business of Hymyn Paikka.
- On 31 October 2022 Terveystalo Healthcare Oy acquired 100 percent of the shares of the chat and video connection solution provider Somia Reality Oy.

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

Consideration transferred

EUR mill.		
Purchase price, payable in cash		37.8
Contingent consideration		5.1
Total consideration transferred		42.9

Identifiable assets acquired and liabilities assumed

EUR mill.		
Cash and cash equivalents		4.4
Intangible assets		6.0
Property, plant and equipment		1.1
Right-of-use assets		4.4
Deferred tax assets		0.2
Inventories		0.2
Trade and other receivables		5.2
Financial liabilities		-0.5
Lease liabilities		-4.4
Trade and other payables		-6.2
Deferred tax liabilities		-1.1
Interest bearing liabilities		-0.1
Total identifiable net assets acquired		8.9
Goodwill		34.0

As a result of these business combinations, a preliminary goodwill amounting to EUR 34.0 million was recognized. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. EUR 1.0 million of the recognized goodwill is deductible in taxation. Cashflow impact of the acquisitions made during 2022 was EUR 32.9 million.

In these business combinations, the Group has acquired customer relationships and technology-related 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 value of technology has been determined using the estimated replacement cost.

The fair value of the acquired trade and other receivables amounted to EUR 5.2 million, for which the risk of impairment has been deemed as non-significant.

The Group has incurred acquisition-related expenses of EUR 1.3 million related to transfer tax, consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

The contributed revenue recognized from the acquisitions during the year 2022 was EUR 18.3 million and loss was EUR 1.0 million.

If the acquisition had occurred on 1 January 2022, management estimates that the Group’s consolidated revenue in 2022 would have been EUR 1 268.0 million and the consolidated result for the period would have been EUR 23.3 million.

Business combinations 2021

During the year 2021, the Group made ten corporate acquisitions and one business acquisitions. The acquisition of Feelgood Svenska AB group is presented separately, whereas other smaller acquisitions are disclosed in aggregate.

Acquisition of Feelgood Svenska AB group

On 14 June 2021 Terveystalo Healthcare Oy acquired 72.14 percent of the shares of Feelgood Svenska AB (publ) which is the parent company of the Swedish Feelgood group. At the same time, Terveystalo Healthcare announced a recommended mandatory cash offer for all the remaining shares of Feelgood for a consideration of SEK 5.70 (approximately EUR 0.57) in cash per share. The cash offer ended on 26 July 2021 and through the cash offer Terveystalo ownership in Feelgoods shares and votes reached 97.42 percent. In August 2021, Terveystalo has initiated a mandatory redemption procedure for the remaining shares in Feelgood, and Feelgood’s shares were delisted from Nasdaq Stockholm on 6 August 2021.

Feelgood is one of Sweden’s leading healthcare companies. Feelgood employs approximately 700 employees who serve customers both digitally and physically on 120 locations in Sweden. Feelgood offers services within occupational

healthcare, organization and leadership, substance abuse in the workplace, as well as digital private healthcare and well-being services. Feelgood was listed on Nasdaq Stockholm. The acquisition is Terveystalo’s first step in expanding its presence and services to the Swedish market. The deal brings together two industry leading platforms that complement each other in terms of people, service offering and geographical network and provides significant potential for value creation.

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

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

Consideration transferred

EUR mill.	
Purchase price, payable in cash	47.2
Total consideration transferred	47.2

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

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

Cash flow impact of the acquisition

EUR mill.	
Cash paid	47.2
Less: cash and cash equivalents acquired	-2.7
Cash flow impact at the acquisition date	44.5
Acquisition of non-controlling interests	12.7
Total cash flow impact of the acquisition	57.2

The non-controlling interest from the acquisition has been recognized at fair value. The fair value of the non-controlling interest was determined based on the consideration of SEK 5.70 offered by Terveystalo Healthcare in the cash offer and the number of shares held by the minority at the acquisition date. After the acquisition date, Terveystalo has acquired the remaining non-controlling interests and reached a 100 percent ownership in Feelgood in December 2021. In 2022, no measurement period adjustments have been made to Feelgood acquisition.

Customer relationships, trademarks and technology-related intangible assets were recognized in the determination of fair values and the combined fair value of these assets was measured at EUR 18.0 million. A deferred tax liability of EUR 3.7 million was recognized for the beforementioned assets. The fair values of customer relationships and trademarks have been determined through the use of an income approach, which requires an estimate or forecast of expected future cash flows. The fair value of technology has been determined using the estimated replacement cost. The acquisition resulted in a goodwill amounting to EUR 41.4 million. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. The recognized goodwill is not deductible for tax purposes.

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

The Group incurred acquisition-related expenses of EUR 1.5 million related to consulting and valuation services. The expenses have been included in other operating expenses in the consolidated statement of income.

The revenue recognized from the acquisition during the year 2021 was EUR 36.9 million and the impact to the result of the period was EUR -0.7 million.

If the acquisition had occurred on 1 January 2021, management estimates that the Group’s consolidated revenue during the year 2021 would have been EUR 1,194.1 million and the consolidated result for the period would have been EUR 80.7 million.

Other acquisitions

- On 28 February 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the therapy service provider Attentio Oy.
- On 28 February 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the dental clinic Espoon Keskuksen Hammaslääkärit Oy.
- On 31 March 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the advanced child welfare service provider Keltaisen Kartanon Kuntoutus Oy.
- On 30 April 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the medical clinic Helsinki Hospital Oy.
- On 31 August 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the therapy service provider Sivupersoon Oy.
- On 31 August 2021 Suomen Terveystalo Oy acquired the business of Fysiopiste Mervi Nivukoski.
- On 1 September 2021 Feelgood Företagshälsovård AB acquired 100 percent of the Swedish occupational health provider Dalarnas Företagshälsa AB.
- On 1 October 2021 Terveystalo Healthcare Oy acquired 100 percent of the shares of the advanced child welfare service provider Hoitokoti Ankkuri Oy and an indirect 100 percent ownership in Ankkurin Huoltamo Oy, Jyväskylän Lastensuojelupalvelut Oy, Terapiatelakka Oy ja Lastensuojelupalvelut Väylä Oy.
- On 29 October Suomen Terveystalo Oy acquired 94 percent of the shares of the medical clinic Medimar Skandinavia Ab. A non-controlling interest of EUR 15 thousand was recognized in the acquisition. The non-controlling interest is measured based on the proportionate share of the acquired identifiable net assets.
- On 30 November Terveystalo Healthcare Oy acquired 100 percent of the shares of the Suomen Hierojakoulut Oy.

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

Consideration transferred

EUR mill.	
Purchase price, payable in cash	24.0
Contingent consideration	7.3
Total consideration transferred	31.4

Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	3.6
Intangible assets	5.5
Property, plant and equipment	0.9
Right-of-use assets	7.2
Inventories	0.2
Trade and other receivables	3.5
Financial liabilities	-0.8
Lease liabilities	-7.2
Trade and other payables	-6.6
Deferred tax liabilities	-1.0
Total identifiable net assets acquired	5.4
Goodwill	26.0

As a result of these business combinations, a goodwill amounting to EUR 26.0 million was recognized. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. EUR 0.4 million of the recognized goodwill is deductible in taxation. The cash flow impact of the acquisitions was EUR 20.3 million.

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

The fair value of the acquired trade and other receivables amounted to EUR 3.5 million, for which the risk of impairment has been deemed as non-significant.

The Group has incurred acquisition-related expenses of EUR 0.9 million related to transfer tax, consulting, valuation or equivalent services. The expenses have been included in other operating expenses.

The contributed revenue recognized from the acquisitions during 2021 was EUR 15.7 million and the impact to the profit for the period was EUR 0.7 million.

If the acquisition had occurred on 1 January 2021, management estimates that the Group’s consolidated revenue in 2021 would have been EUR 1,176.6 million and the consolidated result for the period would have been EUR 79.2 million.

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 27,000 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.

Dissagregation of revenue

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
Corporate	511.7	481.7
Private	339.4	333.2
Public	315.2	302.8
Outsourcing	122.2	121.1
Staffing services	89.8	87.6
Service sales, occupational health and others	103.3	94.0
Finland	1,166.2	1,117.7
Sweden and other *	92.8	36.9
Total	1,259.1	1,154.6

* Consists of Group’s operations in Sweden, Estonia and the Netherlands. The impact of Estonia and the Netherlands to the revenue of the financial year has not been material.

Timing of satisfying performance obligations

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
At a point in time	1,134.4	1,030.1
Over time	124.6	124.5
Total	1,259.1	1,154.6

Balances in the statement of financial position

EUR mill.	31 Dec 2022	31 Dec 2021
Contract assets	12.8	15.0
Contract liabilities	10.3	6.1

The Group will satisfy performance obligations related to the contract liabilities within one year.

5. Segment information

Terveystalo’s operating segments are Capital region, Central units, Regional units and Sweden and other. The Group reports the operating segments in Finland as one reportable segment based on the IFRS 8 aggregation criteria, as the same services are offered in all Finnish regions, customer types are similar, methods used to provide services are similar and the regulatory environment and operational risks are the same. Terveystalo’s reportable segments are:

- Finland
- Sweden and other

Segment information

1.1–31.12.2022 EUR mill.	Finland	Sweden and other	Internal eliminations	Total
Revenue				
Revenues from external customers	1,166.2	92.8	-	1,259.1
revenues from transactions with other operating segments of the same entity	0.0	0.2	-0.2	-
Total revenue	1,166.2	93.0	-0.2	1,259.1
Adjusted EBITA	102.3	2.8	-	105.2
Depreciations	66.2	6.6	-	72.8

Segment information

1.1–31.12.2021 EUR mill.	Finland	Sweden and other	Internal eliminations	Total
Revenue				
Revenues from external customers	1,117.7	36.9	-	1,154.6
revenues from transactions with other operating segments of the same entity	0.1	0.2	-0.3	-
Total revenue	1,117.7	37.2	-0.3	1,154.6
Adjusted EBITA	140.2	0.8	-	141.0
Depreciations	62.3	2.8	-	65.1

Reconciliation of the total of the reportable segment's adjusted EBITA to the Group's profit before taxes

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
Profit before taxes	30.9	100.7
Share of profits in associated companies	0.1	0.3
Net finance expenses	2.9	9.0
Amortisation and impairment losses	62.0	26.6
Adjustments*	9.2	4.3
Adjusted EBITA	105.2	141.0

*Addittional information on adjustment is presented in the note 34.

Non-current assets by geographical areas

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

EUR mill.	31 Dec 2022	31 Dec 2021
Finland	1,206.3	1,197.8
Sweden and other	74.8	71.6
Total	1,281.1	1,269.4

6. Other operating income

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
Rental income	1.1	1.2
Gains on sale of property, plant and equipment	0.3	0.2
Other items	1.2	2.1
Total	2.7	3.4

7. Materials and services

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
Purchases of materials	-44.1	-34.8
Change in inventories	0.2	-0.6
External services	-481.8	-453.4
Total	-525.7	-488.9

8. Employee benefit expenses

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
Wages and salaries	-379.5	-314.1
Share-based payments	-2.0	-1.9
Pension expenses - defined contribution plans	-61.0	-50.6
Other social security costs	-12.5	-11.7
Total	-455.0	-378.2
Number of personnel at the end of the reporting period	10,933	9,805

9. Depreciation, amortization and impairment

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
Depreciation and amortization by asset type		
Intangible assets		
Trademarks	-4.5	-4.5
Customer relationships	-4.8	-10.0
Other intangible assets	-20.9	-10.8
Total	-30.1	-25.3
Property, plant and equipment		
Buildings	-0.0	-0.0
Machinery and equipment	-14.6	-13.6
Improvement to premises	-5.9	-5.5
Total	-20.5	-19.2
Right-of-use assets	-52.4	-45.9
Investment property	-0.0	-0.0
Depreciation and amortization total	-103.0	-90.3
Impairment losses by asset groups		
Other intangible assets	-30.5	-0.0
Machinery and equipment	-0.8	0.0
Other property, plant and equipment	-	-0.0
Improvement to premises	-0.2	-0.0
Associated companies	-0.4	-1.2
Impairment total	-31.9	-1.3
Total depreciation, amortization and impairment losses	-134.9	-91.7

10. Other operating expenses

Specification of other operating expenses

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
External services	-3.7	-3.0
Operating and maintenance expenses for premises and equipment	-22.6	-19.2
ICT expenses	-39.7	-31.7
Non-statutory personnel expenses	-7.1	-4.8
Leases and charges	-5.1	-4.1
Travel expenses	-6.5	-4.3
Marketing and communication	-8.5	-7.3
Acquisition-related expenses	-1.6	-2.3
Other costs	-17.4	-12.3
Total	-112.3	-89.2

Auditor's fees

In thousands of EUR	1.1.–31.12.2022	1.1.–31.12.2021
Audit and auditor's statements based on laws and regulations		
Audit, KPMG	-387.9	-302.5
Auditor's statements based on laws and regulations, KPMG	-13.4	-4.6
Total	-401.4	-307.1
Non audit services		
Tax services, KPMG	-2.8	-2.2
Other services, KPMG	-49.5	-34.5
Total	-52.3	-36.7
Auditor's fees total	-453.6	-343.8

Auditor's fees have been presented excluding value-added tax. Non-audit services paid for the parent company's auditor, KPMG Oy Ab, were 52 (37) thousand euros in total.

11. Financial income and expenses

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
Interest income on loans and other receivables	0.3	0.3
Dividend income	0.0	0.0
Change in fair value of interest rate derivatives, no hedge accounting	7.1	0.6
Total financial income	7.5	0.8
Interest expense on loans from financial institutions	-5.9	-5.5
Interest expenses on lease liabilities	-3.9	-3.9
Other financial expenses	-0.5	-0.5
Total financial expenses	-10.4	-9.9
Net finance expenses	-2.9	-9.0

12. Taxes

12.1 Income taxes

Income taxes in the statement of income

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
Current tax for the reporting year	-8.3	-23.4
Income taxes for previous periods	0.0	-0.0
Change in deferred taxes	1.8	3.1
Total income taxes	-6.5	-20.3

Reconciliation of the Group's tax rate to the Finnish tax rate

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
Profit or loss before taxes	30.9	100.7
Tax using the parent company's tax rate	-6.2	-20.1
Tax rates in foreign jurisdictions	-0.0	0.0
Tax exempt income	0.2	0.2
Non-deductible expenses	-0.5	-0.8
Share of profit in associated companies	-0.0	-0.1
Recognition of previously unrecognized tax losses	0.2	0.1
Tax losses for which no deferred taxes are recognized	-0.2	0.0
Taxes from previous periods	0.0	0.1
Other	0.0	0.3
Total income taxes in the statement of income	-6.5	-20.3

12.2 Deferred tax assets and liabilities

Deferred tax assets 2022

EUR mill.	1 Jan 2022	Business combinations	Recognized in the statement of income	Translation differences	31 Dec 2022
Provisions	1.5	-	0.1	-	1.6
Tax losses carried forward	0.0	-	1.8	-	1.8
Leases	1.4	0.0	0.0	-0.0	1.4
Interest rate derivatives	0.2	-	0.4	-	0.7
Other temporary differences	2.3	-	-0.2	-0.0	2.1
Total	5.4	0.0	2.0	-0.0	7.7

Deferred tax liabilities 2022

EUR mill.	1 Jan 2022	Business combinations	Recognized in the statement of income	Translation differences	31 Dec 2022
Reversal of goodwill amortization	2.9	-	0.1	-	3.0
Business combinations	23.5	1.2	-3.4	-0.1	21.1
Depreciation difference	1.3	-	1.2	-	2.5
Loan withdrawal expense	0.1	-	-0.0	-	0.1
Interest rate derivatives	0.1	-	1.9	-	2.0
Other temporary differences	0.6	-	0.2	-0.0	0.8
Total	28.5	1.2	-0.1	-0.1	29.5

The Group has no material deductible temporary differences, unused tax losses or unused tax credits for which no deferred tax asset has been recognized.

Deferred tax assets 2021

EUR mill.	1 Jan 2021	Business combinations	Recognized in the statement of income	Translation difference	31 Dec 2021
Provisions	1.4	-	0.2	-	1.5
Leases	1.2	0.0	0.1	-0.0	1.4
Interest rate derivatives	0.2	-	0.0	-	0.2
Other temporary differences	1.6	0.0	0.6	-0.0	2.3
Total	4.4	0.1	0.9	-0.0	5.4

Deferred tax liabilities 2021

EUR mill.	1 Jan 2021	Business combinations	Recognized in the statement of income	Translation difference	31 Dec 2021
Reversal of goodwill amortization	2.8	-	0.1	-	2.9
Business combinations	22.4	4.2	-3.1	-0.0	23.5
Depreciation difference	0.6	-	0.8	-	1.3
Loan withdrawal expense	0.2	-	-0.1	-	0.1
Interest rate derivatives	-	-	0.1	-	0.1
Other temporary differences	0.1	0.5	0.0	-0.0	0.6
Total	26.0	4.6	-2.2	-0.0	28.5

The Group has no material deductible temporary differences, unused tax losses or unused tax credits for which no deferred tax asset has been recognized.

13. Earnings per share

	1.1.–31.12.2022	1.1.–31.12.2021
Result attributable to the equity holders of the company, EUR mill.	24.4	80.5
Weighted average number of outstanding shares, in thousands	126,508	127,180
Diluted average number of outstanding shares, in thousands	127,037	127,700
Basic earnings per share for result attributable to the equity holders of the company, EUR	0.19	0.63
Diluted earnings per share for result attributable to the equity holders of the company, EUR	0.19	0.63

14. Property, plant and equipment

2022 EUR mill.	Land and water, buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1 Jan 2022	2.1	144.4	55.0	3.0	204.4
Business combination	0.2	0.4	0.5	0.0	1.1
Additions	-	20.0	4.9	6.1	31.0
Disposals	-	-0.4	-	-0.0	-0.4
Translation differences	-0.0	-0.2	-0.0	-0.0	-0.2
Transfers between items	-	1.0	4.0	-4.9	0.1
Acquisition cost 31 Dec 2022	2.3	165.1	64.4	4.2	236.0
Accumulated depreciation and impairment losses 1 Jan 2022	-1.1	-101.7	-29.6	-	-132.4
Depreciation	-0.0	-14.6	-5.9	-	-20.6
Impairment losses	-	-0.8	-0.2	-	-1.0
Translation differences	0.0	0.1	0.0	-	0.1
Accumulated depreciation and impairment losses 31 Dec 2022	-1.2	-117.1	-35.8	-	-154.0
Carrying amount 1 Jan 2022	1.0	42.6	25.4	2.9	72.0
Carrying amount 31 Dec 2022	1.2	47.9	28.7	4.2	82.0

2021 EUR mill.	Land and water, buildings and constructions	Machinery and equipment	Improvement to premises	Other tangible assets and advances paid	Total
Acquisition cost 1 Jan 2021	2.1	127.4	49.5	1.8	180.8
Business combination	-	2.6	0.4	0.0	3.0
Additions	-	13.5	1.7	5.8	21.1
Disposals	-	-0.4	-0.0	-	-0.5
Translation differences	-	-0.0	-0.0	-	-0.0
Transfers between items	-	1.3	3.4	-4.7	-
Acquisition cost 31 Dec 2021	2.1	144.4	55.0	3.0	204.4
Accumulated depreciation and impairment losses 1 Jan 2021	-1.1	-88.1	-24.1	-	-113.3
Depreciation and impairment losses	-0.0	-13.6	-5.5	-	-19.2
Accumulated depreciation and impairment losses 31 Dec 2021	-1.1	-101.7	-29.6	-	-132.4
Carrying amount 1 Jan 2021	1.0	39.3	25.5	1.8	67.6
Carrying amount 31 Dec 2021	1.0	42.6	25.4	2.9	72.0

14.1 Right of-use-assets

2022 EUR mill.	Premises	Other right- of-use assets	Total
Acquisition cost 1 Jan 2022	278.7	41.1	319.8
Business combination	4.4	-	4.4
Additions	54.5	0.8	55.3
Disposals	-4.7	-0.3	-5.0
Translation differences	-1.3	-	-1.3
Acquisition cost 31 Dec 2022	331.7	41.5	373.1
Accumulated depreciation and impairment losses 1 Jan 2022	-119.0	-28.3	-147.3
Depreciation for the reporting period	-48.8	-3.5	-52.3
Translation differences	0.3	0.0	0.3
Accumulated depreciation and impairment losses 31 Dec 2022	-167.5	-31.8	-199.3
Carrying amount 1 Jan 2022	159.7	12.7	172.5
Carrying amount 31 Dec 2022	164.2	9.7	173.9

2021 EUR mill.	Premises	Other right- of-use assets	Total
Acquisition cost 1 Jan 2021	234.9	38.9	273.8
Business combination	17.3	0.6	17.9
Additions	29.7	1.8	31.5
Disposals	-3.0	-0.2	-3.2
Translation differences	-0.1	-0.0	-0.1
Acquisition cost 31 Dec 2021	278.7	41.1	319.8
Accumulated depreciation and impairment losses 1 Jan 2021	-76.8	-24.6	-101.4
Depreciation for the reporting period	-42.2	-3.7	-45.9
Accumulated depreciation and impairment losses 31 Dec 2021	-119.0	-28.3	-147.3
Carrying amount 1 Jan 2021	158.1	14.3	172.4
Carrying amount 31 Dec 2021	159.7	12.7	172.5

14.2 Lease liabilities

2022 EUR mill.	Premises	Other lease liabilities	Total
Non-current lease liabilities	124.2	9.0	133.2
Current lease liabilities	43.7	2.8	46.5
Total lease liabilities	167.9	11.8	179.8

2021 EUR mill.	Premises	Other lease liabilities	Total
Non-current lease liabilities	120.0	11.4	131.4
Current lease liabilities	43.4	3.7	47.1
Total lease liabilities	163.3	15.1	178.5

15. Intangible assets

2022 EUR mill.	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
Acquisition cost 1 Jan 2022	916.6	166.5	88.8	111.0	1,282.9
Business combination	34.4	2.0	-	4.1	40.4
Additions	-	-	-	26.1	26.1
Reclassifications	-	-	-	-0.1	-0.1
Translation differences	-3.5	-0.7	-0.1	-0.9	-5.2
Acquisition cost 31 Dec 2022	947.5	167.8	88.7	140.2	1,344.2
Accumulated amortizations and impair- ment losses 1 Jan 2022	-68.0	-107.4	-33.7	-50.0	-259.1
Amortization	-	-10.2	-4.8	-15.1	-30.1
Impairment losses*	-	-	-	-30.5	-30.5
Translation differences	-	0.1	0.0	0.1	0.2
Accumulated amortizations and impair- ment losses 31 Dec 2022	-68.0	-117.5	-38.5	-95.6	-319.6
Carrying amount 1 Jan 2022	848.6	59.1	55.1	61.0	1,023.8
Carrying amount 31 Dec 2022	879.5	50.3	50.2	44.6	1,024.7

*Includes approx. EUR 29 million impairment related to discontinued sub-project of the basic IT system development.

2021 EUR mill.	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
Acquisition cost 1 Jan 2021	849.8	154.2	82.9	80.9	1,167.8
Business combination	67.3	12.3	6.0	5.1	90.6
Additions	-	-	-	25.1	25.1
Disposals	-	-	-	-0.0	-0.0
Translation differences	-0.4	-0.1	-0.1	-0.0	-0.5
Acquisition cost 31 Dec 2021	916.6	166.5	88.8	111.0	1,282.9
Accumulated amortizations and impair- ment losses 1 Jan 2021	-68.0	-97.3	-29.2	-39.3	-233.9
Amortization and impairment losses for the reporting period	-	-10.0	-4.5	-10.8	-25.3
Accumulated amortizations and impair- ment losses 31 Dec 2021	-68.0	-107.4	-33.7	-50.0	-259.1
Carrying amount 1 Jan 2021	781.8	56.9	53.6	41.6	933.9
Carrying amount 31 Dec 2021	848.6	59.1	55.1	61.0	1,023.8

15.1 Development expenditure

Other intangible assets include development expenditure as follows:

2022 EUR mill.	
Acquisition cost 1 Jan 2022	18.2
Business combination	0.1
Additions	16.4
Translation differences	-0.2
Acquisition cost 31 Dec 2022	34.5
Accumulated amortizations and impairment losses 1 Jan 2022	-5.2
Amortization and impairment losses	-7.8
Accumulated amortizations and impairment losses 31 Dec 2022	-13.0
Carrying amount 1 Jan 2022	12.8
Carrying amount 31 Dec 2022	21.6

2021 EUR mill.	
Acquisition cost 1 Jan 2021	6.4
Business combination	2.1
Additions	9.7
Acquisition cost 31 Dec 2021	18.2
Accumulated amortizations and impairment losses 1 Jan 2021	-2.9
Amortization	-2.6
Accumulated amortizations and impairment losses 31 Dec 2021	-5.5
Carrying amount 1 Jan 2021	3.5
Carrying amount 31 Dec 2021	12.8

16. Impairment testing of cash-generating units including goodwill

Goodwill is not amortized but it is tested for impairment at least annually.

Goodwill arising from business combinations has been allocated to cash-generating units as shown in the table below. Geographical areas consist of units with their own budgets and performance measurement, but they use shared resources and are centrally managed.

31 Dec 2022			31 Dec 2021		
EUR mill.	Goodwill	%	EUR mill.	Goodwill	%
Regional units	386.4	43.9%	Regional units	385.2	45.4%
Capital region	256.7	29.2%	Capital region	237.0	27.9%
Central units	193.1	22.0%	Central units	184.1	21.7%
Sweden and other	43.3	4.9%	Sweden and other	42.3	5.0%
Total	879.5	100.0%	Total	848.6	100.0%

In financial years 2021 and 2022 there were four cash generating units. The fourth cash generating unit, Sweden and other, was formed in the Group due to the Feelgood acquisition in 2021. The recoverable amounts of the cash-generating units are based on value-in-use calculations which have been calculated using discounted cash flow projections. The key assumptions used in the calculations are terminal period revenue growth rate, profitability (EBIT%) and the discount rate. The projections are based on the budgets and estimates for the years 2023–2026, including the long-term growth, which have been approved by the management.

The assumptions used in impairment calculations in 2022	Regional units	Capital region	Central units	Sweden and other
The length of impairment testing period	4 years	4 years	4 years	4 years
Terminal period revenue growth rate	2.0%	2.0%	2.0%	2.0%
Profitability (EBIT%) during the terminal period	9.2%	11.9%	11.4%	4.7%
Discount rate (Pre-tax WACC)	8.0%	8.0%	8.0%	6.8%
Discount rate (Post-tax WACC)	6.8%	6.8%	6.8%	5.8%

The assumptions used in impairment calculations in 2021	Regional units	Capital region	Central units	Sweden and other
The length of impairment testing period	4 years	4 years	4 years	4 years
Terminal period revenue growth rate	2.0%	2.0%	2.0%	2.0%
Profitability (EBIT%) during the terminal period	9.7%	11.7%	10.1%	5.4%
Discount rate (Pre-tax WACC)	6.5%	6.5%	6.5%	6.1%
Discount rate (Post-tax WACC)	5.6%	5.6%	5.6%	5.2%

Revenue growth during the terminal period is based on a flat growth factor which corresponds to long-term target inflation of the European Central Bank. Profitability during the terminal period is based on the assumed organic growth under normal market situation, general development in health care services market and long-term estimates by the Group’s management.

The discount rate used in impairment testing has been Pre-tax WACC of which the components are risk-free interest rate, risk premiums, industry-specific beta, industry-specific cost of debt, and industry specific equity / debt ratios.

Based on the impairment testing, there is no need for recognition of impairment losses. All cash generating units’ value in use exceeded their carrying amount.

Sensitivity analysis

The Group has assessed the sensitivity of the impairment testing to the effect of the most critical assumptions used in the calculation. The table below shows the required change in a single assumption that the recoverable amount would fall below the carrying amount.

Variable	2022	2021
Terminal period revenue growth rate		
Regional Units	Decrease over 2.4 percentage points	Decrease over 4.1 percentage points
Capital Regions	Decrease over 9.3 percentage points	Decrease over 12.4 percentage points
Central Unit	Decrease over 12.7 percentage points	Decrease over 15.1 percentage points
Sweden and other	Decrease over 4.5 percentage points	Decrease over 3.7 percentage points
Profitability (EBIT%) during the terminal period		
Regional Units	Decrease over 3.3 percentage points	Decrease over 5.6 percentage points
Capital Regions	Decrease over 8.4 percentage points	Decrease over 9.7 percentage points
Central Unit	Decrease over 8.9 percentage points	Decrease over 8.7 percentage points
Sweden and other	Decrease over 2.3 percentage points	Decrease over 2.8 percentage points
Discount rate (Pre-tax WACC)		
Regional Units	Increase over 2.6 percentage points	Increase over 4.4 percentage points
Capital Regions	Increase over 9.0 percentage points	Increase over 10.9 percentage points
Central Unit	Increase over 11.7 percentage points	Increase over 12.8 percentage points
Sweden and other	Increase over 3.9 percentage points	Increase over 3.5 percentage points

When assessing the recoverable amounts of cash generating units, management believes that no reasonably possible change in any of the key variables used would lead to a situation where the recoverable amount of the cash generating units would fall below their carrying amount.

17. Investment properties

Carrying amount of investment properties

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
Carrying amount at the beginning of the period	0.5	0.5
Depreciation	-0.0	-0.0
Carrying amount at the end of the period	0.5	0.5

Income and expenses related to investment properties

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
Rental income from investment properties	0.1	0.1
Operating expenses for investment properties	-0.0	-0.0
Total	0.1	0.1

Income and expenses relating to investment properties are presented based on the Group's ownership in the investment properties. There are no other contractual obligations related to investment properties.

Fair values of investment properties

Investment	m2	Value per m2 (In thousands of euro)	
Koy Jyväskylän Väinönkatu 30	1,348	0.4–0.5	556–679

The value of Kiinteistö Oy Jyväskylän Väinönkatu has been determined based on the Group's share of ownership (16.81%).

18. Associated companies

Terveystalo has the following associated companies which are all consolidated using the equity method. The Group has no individually material associates.

Associated companies 31. Dec 2022	Domicile	Ownership	Voting rights
Terveysten Tuottajat Oy	Finland	0.0%	48.2%

Summarized financial information on associated companies

EUR mill.	2022	2021
Carrying amount	0.0	0.6
Group's share of total comprehensive income	-0.1	-0.3

19. Share-based payments

Performance Share Plan 2021

Performance Share Plan is targeted to Terveystalo’s key employees. The long-term share-based payment plan is based on a rolling 3-year performance period structure, with a new performance period starting each year, if so decided by the Board. The Board decides on the participants, performance measures and targets as well as earning opportunities on an annual basis. Rewards are conditional on the fulfilment of a three-year service condition and performance conditions tied to financial targets that are set separately. The reward is granted as a gross number of Terveystalo shares, including a cash portion for taxes and tax-related expenses arising from the reward to the employee. The reward is settled as net shares. The plan is fully accounted for as an equity settled share-based payment. Under the plan, two (2) performance periods 2021-2023 and 2022-2024 have been launched. The impact of the Performance Period 2021-2023 to the result for the period has been EUR 0.9 million and the expected total cost of the plan is EUR 3.4 million. 45 persons are included in the arrangement the Performance Period 2021-2023. The impact of the Performance Period 2022-2024 to the result for the period has been EUR 0.6 million and the expected total cost of the plan is EUR 2.3 million. 63 persons are included in the arrangement for the Performance Period 2022-2024.

Performance Share Plan 2021	2022–2024	2021–2023
Grant date	1 Apr 2022	1 Apr 2021
Maximum number of share awards	683,085	642,000
Outstanding at 1 Jan 2022	-	598,000
Granted share awards during the period	683,085	14,556
Forfeited share awards during the period	105,221	126,000
Exercised share awards during the period	-	-
Outstanding at 31 Dec 2022	577,864	486,556
Fair value of the share award at grant date	9.2	12.6
End of the performance period	28 Feb 2025	29 Feb 2024
End of the vesting period, expected	31 Mar 2025	31 Mar 2024
Vesting conditions	Service condition. total Shareholder Return (TSR)	Service condition, total Shareholder Return (TSR), productivity and digital sales
Exercised	In shares and cash	In shares and cash

Bridge Plan

Bridge Plan is targeted for President and CEO. Rewards are conditional on the fulfilment of a two-year service condition and performance conditions tied to financial targets that are set separately. The reward is granted as a gross number of Terveystalo shares including a cash portion for taxes and tax-related expenses arising from the reward to the employee. The reward is settled as net shares. The plan is fully accounted for as an equity settled share-based payment. The plan’s impact to the result for the period has been EUR 0.3 million and the expected total cost of the plan is EUR 0.5 million.

Bridge Plan	2021–2022
Grant date	24 May 2021
Maximum number of share awards	58,600
Outstanding at 1 Jan 2022	-
Granted share awards during the period	58,600
Forfeited share awards during the period	-
Exercised share awards during the period	-
Outstanding at 31 Dec 2022	58,600
Fair value of the share award at grant date	14.1
End of the performance period	28 Feb 2023
End of the vesting period, expected	31 Mar 2023
Vesting conditions	Service condition, total Shareholder Return (TSR), productivity and digital sales
Exercised	In shares and cash

Performance Share Plan 2018-2020

Performance Share Plan 2018–2020 is targeted to Terveystalo’s key employees. The plan consists of three vesting periods which consists of a one-year performance period and a two-year waiting period. The performance periods are calendar years 2018, 2019 and 2020. Rewards are conditional on the fulfilment of a three-year service condition and performance conditions tied to financial targets that are set separately. The reward is granted as a gross number of Terveystalo shares, including a cash portion for taxes and tax-related expenses arising from the reward to the employee. The reward is settled as net shares. The plan is fully accounted for as an equity settled share-based payment. No rewards were earned on the basis of the performance periods 2018 and 2020. During the reporting period the shares earned from the performance period 2019 were paid to the participants at the end of a 2-year vesting period. The plan’s impact to the result for the period has been EUR 0.3 million. 68 persons were included in the arrangement until the plan end.

Performance Share Plan 2018-2020	2020	2019	2018
Grant date	30 April 2020	27 March 2019	30 Jan 2018
Maximum number of share awards	660,836	943,000	943,000
Outstanding at 1 Jan 2022	-	519,674	-
Granted share awards during the period	-	-	-
Forfeited share awards during the period	-	-	-
Exercised share awards during the period	-	519,674	-
Outstanding at 31 Dec 2022	-	-	-
Fair value of the share award at grant date	8.8	9.0	6.9
End of the performance period	31 Dec 2020	31 Dec 2019	31 Dec 2018
End of the vesting period	Not applicable	8 Mar 2022	Not applicable
Vesting conditions	Service condition, total Shareholder Return (TSR) and profitability		
Exercised	In shares and cash		

Restricted Share Plan

Restricted Share Plan offers individually selected employees an opportunity to earn a fixed number of shares after a vesting period. Rewards are conditional on the fulfilment of a service condition during the vesting period. The reward is granted as a gross number of Terveystalo shares, including a cash portion for taxes and tax-related expenses arising from the reward to the employee. The reward is settled as net shares. The plan is fully accounted for as an equity settled share-based payment. Two (2) vesting periods have been launched in the plan. At the reporting period end, three (3) persons were included in the arrangement. The impact to the result of the vesting periods 2021-2023 and 2022-2024 has been EUR 0.0 million and the expected total cost of the plan is EUR 0.1 million.

Restricted Share Plan	2022–2024	2021–2023
Grant date	22 Jun 2022	15 Apr 2021
Maximum number of share awards	68,309	64,200
Outstanding at 1 Jan 2022	-	7,000
Granted share awards during the period	3,000	-
Forfeited share awards during the period	-	-
Exercised share awards during the period	-	-
Outstanding at 31 Dec 2022	3,000	7,000
Fair value of the share award at grant date	9.5	11.2
End of the performance period	-	-
End of the vesting period, expected	31 Mar 2025	31 Mar 2024
Vesting conditions	Service condition	Service condition
Exercised	In shares and cash	In shares and cash

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

EUR mill. 31 Dec 2022	Financial assets and liabilities at fair value	Financial assets and liabilities at amortized cost	Carrying amount	Fair value	Fair value hierarchy
Financial assets					
Non-current					
Loan receivables	0.3	-	0.3	0.3	Level 2
Unquoted equity investments	0.8	-	0.8	0.8	Level 3
Current					
Trade receivables	-	106.9	106.9	106.9	
Contract assets	-	12.8	12.8	12.8	
Cash and cash equivalents	-	40.2	40.2	40.2	
Interest rate derivatives	9.9	-	9.9	9.9	Level 2
Total	11.0	159.9	170.9	170.9	
Financial liabilities					
Non-current					
Loans from financial institutions	-	379.2	379.2	379.2	
Hire purchase liabilities	-	3.9	3.9	3.9	
Contingent considerations	5.6	-	5.6	5.6	Level 3
Current					
Loans from financial institutions	-	40.0	40.0	40.0	
Hire purchase liabilities	-	4.2	4.2	4.2	
Trade payables	-	49.0	49.0	49.0	
Contingent considerations	5.0	-	5.0	5.0	Level 3
Interest rate derivatives	3.4	-	3.4	3.4	Level 2
Total	14.0	476.2	490.2	490.2	

Financial assets and liabilities classified at fair value hierarchy level 3 consist of unquoted equity investments and contingent considerations from business combinations. The measurement of unquoted equity investments is based on the managements estimate of future cash flows arising from the investments and the measurement of contingent considerations is based on the amounts specified in purchase agreements and the management estimate on whether the consideration will be realized. The effect on earnings arising from the changes of fair values of financial assets and liabilities classified at fair value hierarchy level 3 has been EUR -2.4 million (2021: EUR 0.5 million).

EUR mill. 31 Dec 2021	Financial assets and liabilities at fair value	Financial assets and liabilities at amortized cost	Carrying amount	Fair value	Fair value hierarchy
Financial assets					
Non-current					
Loan receivables	0.1	-	0.1	0.1	Level 2
Unquoted equity investments	0.8	-	0.8	0.8	Level 3
Current					
Trade receivables	-	103.4	103.4	103.4	
Contract assets	-	15.0	15.0	15.0	
Cash and cash equivalents	-	38.1	38.1	38.1	
Interest rate derivatives	0.6	-	0.6	0.6	Level 2
Total	1.6	156.5	158.1	158.1	
Financial liabilities					
Non-current					
Loans from financial institutions	-	249.8	249.8	249.8	
Hire purchase liabilities	-	8.1	8.1	8.1	Level 2
Contingent considerations	5.4	-	5.4	5.4	Level 3
Current					
Loans from financial institutions	-	115.6	115.6	115.6	
Hire purchase liabilities	-	5.3	5.3	5.3	
Trade payables	-	57.1	57.1	57.1	
Contingent considerations	2.8	-	2.8	2.8	Level 3
Interest rate derivatives	1.2	-	1.2	1.2	Level 2
Total	9.4	435.8	445.2	445.2	

21. Financial risks

21.1 Financial risk management

The Group is exposed to various financial risks in its normal business activities. The objective of the Group’s risk management is to minimize the negative effects of changes in the financial markets on the Group’s result and valuation. The Group’s main financial risks are interest rate risk, credit risk and liquidity risk. The Group’s risk management principles are approved by the Board of Directors and the Group’s financial department is responsible for the implementation of the principles. The Group’s financial department identifies and assesses risks and acquires instruments needed to hedge against them.

21.2 Interest rate risk and currency risk

The Group’s interest rate risk arises from its loans from financial institutions issued at a floating rate. In 2022, the Group’s average interest rate for loans from financial institutions has been 1.2 percent (2021: 0.9 percent). If the interests would have been one percentage point higher it would have caused an increase of EUR 3.9 million in interest expenses during the year 2022. (2021: EUR 3.7 million).

The Group does not apply hedge accounting according to IFRS 9. The Group’s subsidiaries have the following open interest rate derivative contracts at the reporting date:

- Interest rate swap agreements based on which the Group pays fixed 2.94; 0.21; 0.48; 0.19 and 2.92 percent interest rate and receives variable interest on EUR 30.0; 30.0; 50.0; 50.0 and 50.0 million loan capital.

Besides Finland, the Group has operations in Sweden and to a minor extent in Estonia and the Netherlands and is thereby exposed to currency risk arising from Swedish krona. As billing and purchasing of the Group companies is conducted in the local currency, the transaction risk exposure for Terveystalo is insignificant. During the year 2022, the Group incurred foreign exchange losses of EUR 0.1 million (2021: EUR 0.4 million). However, the group is exposed to exchange rate translation differences, which are booked in other comprehensive income that may be reclassified as profit or loss.

21.3 Credit risk

The majority of the Group’s incoming cash flows are payments from established institutions, public sector and companies with appropriate credit rating. However, the Group’s trade receivables include credit risk. Credit risk is managed mainly by monitoring the customer’s credit rating on a regular basis and by co-operating with collection agencies. In addition, the Group’s customers include private people whose invoicing is primarily carried out in connection with the rendering of services.

The Group has no major customer specific risk concentrations and its credit risk is diversified. Credit risk is managed by monitoring the amount, maturity distribution and turnover of trade receivables. Credit risk is also monitored on a client by client basis.

The Group has assessed the potential impact of Covid-19 to credit risk of trade receivables. Based on the assessment, the Group’s view is that the credit risk has not significantly increased.

The Group’s maximum credit risk is equal to the carrying amount of financial assets at the reporting date. The maturity distribution of the Group’s trade receivables is disclosed in note 22 Trade and other receivables.

21.4 Liquidity risk

The Group aims to assess and monitor continuously the amount of funding required by business operations, in order to ensure sufficient liquidity to finance its operations, to repay maturing loans as well as to carry out investments and acquisitions of companies according to the growth strategy. The Group’s cash and cash equivalents comprise cash in bank accounts, cash in hand and cash payments not yet recorded into the Group’s bank accounts (cash in transit) at the reporting date.

The Group manages liquidity risk by monitoring unused liquidity reserves and forecasting future cash flows.

The Group has an overdraft facility and undrawn credit facilities, of which EUR 99.6 million remained unused at the reporting date (2021: EUR 55.5 million).

The table below presents a contractual maturity analysis of financial liabilities. The cash flow figures are undiscounted and they include both interest payments and repayments of principals. Interest payments which are based on variable rates have been presented using variable rates as of the end of the reporting date.

Maturity analysis of liquidity risk

31 Dec 2022

EUR mill.	Carrying amount	Contractual cash flows	1 year	1–2 years	2–5 years	Over 5 years
Loans from financial institutions	419.2	446.9	52.3	220.3	151.5	22.5
Lease liabilities	179.8	191.9	49.9	43.2	74.8	24.0
Hire purchase liabilities	8.0	8.2	4.3	2.6	1.3	-
Trade payables	49.0	49.0	49.0	-	-	-
Interest rate derivatives	3.4	2.9	0.1	1.9	0.9	-
Total	659.4	698.5	155.6	267.9	228.5	46.4

31 Dec 2021

EUR mill.	Carrying amount	Contractual cash flows	1 year	1–2 years	2–5 years	Over 5 years
Loans from financial institutions	365.4	373.5	118.6*	42.8	212.0	-
Lease liabilities	178.5	186.4	48.9	42.0	72.8	22.8
Hire purchase liabilities	13.3	13.7	5.5	4.3	3.8	-
Trade payables	57.1	57.1	57.1	-	-	-
Interest rate derivatives	1.2	1.4	1.1	0.2	0.0	-
Total	615.4	631.9	231.2	89.4	288.6	22.8

21.5 Capital management

The objective of the Group’s capital management is to support business operations and to ensure competitive operating conditions with optimal capital structure, as well as to enable the implementation of the strategy.

In addition to operative cash flows, the capital structure is managed by potential share issues, acquisition of treasury shares by increase or repayment of financial liabilities, possible conversions between equity and financial liabilities, as

well as through operative decisions on investments and growth and potential disposals of assets in order to reduce liabilities.

The development of the Group’s capital structure is monitored, amongst other things, with the following: change in net debt, ratio of net debt to operating margin, and the cash flow forecast.

The Group’s net debt to equity ratio (gearing) was 95.7 percent at the reporting date (2021: 85.2 percent). The ratio is calculated by dividing interest bearing net debt with equity. The net debt includes interest bearing liabilities less interest bearing receivables and cash and cash equivalents. The Group’s interest bearing liabilities were EUR 607.0 million at the reporting date (2021: EUR 557.2 million). A significant part of the interest bearing liabilities consists of loans from financial institutions.

The Group’s loan agreements include a covenant, based on which creditors can demand an immediate repayment of the loans if a certain covenant limit is breached. The covenant relates to the ratio between EBITDA and net debt. The Group has met all covenant terms and conditions during the reporting period and at the reporting date.

22. Trade and other receivables and contract assets

Carrying amounts of trade and other receivables and contract assets

EUR mill.	2022	2021
Non-current		
Loan receivables	0.3	0.1
Total non-current receivables	0.3	0.1
Current		
Trade receivables	106.9	103.4
Other receivables	2.1	2.0
Prepaid expenses	21.0	7.9
Contract assets	12.8	15.0
Total	142.9	128.3

Specification of prepaid expenses

EUR mill.	2022	2021
Derivatives	9.9	0.6
Current tax receivables	4.5	0.1
Other prepaid expenses	6.5	7.3
Total	21.0	7.9

During the reporting period the Group has recognized final credit losses and expected credit losses on trade receivables and contract assets through the statement of income totaling EUR 1.9 million (2021: EUR 1.6 million). Impairment loss provision is based on a simplified approach. Estimated impairment loss rates have been calculated using historical information of actual impairment losses, and the current conditions and the Group’s view of the economic conditions over the expected lives of the receivables have been taken into account.

Based on the Group’s view, the carrying amount of trade receivables corresponds to the maximum credit risk if the contractual parties are unable to meet their obligations related to trade receivables.

The fair value of other receivables and prepaid expenses corresponds with their carrying amount.

Ageing of trade receivables and recognized credit losses

2022 EUR mill.	Trade receivables and contract assets total	Expected credit loss	Recognized expected credit loss	Carrying amount
Contract assets	12.8	0.0%	0.0	12.8
Not past due	95.0	-0.1%	-0.1	95.0
Past due				
Less than 30 days	7.3	-0.4%	0.0	7.3
31–90 days	2.3	-1.2%	0.0	2.3
91–180 days	1.0	-5.9%	-0.1	1.0
Over 180 days	3.2	-55.5%	-1.8	1.4
Total	121.6		-1.9	119.7

Information about credit risk related to trade receivables is stated in note 21 Financial risks.

Ageing of trade receivables and recognized credit losses

2021 EUR mill.	Trade receivables total	Expected credit loss	Recognized expected credit loss	Carrying amount
Contract assets	15.0	-0.1%	-0.0	15.0
Not past due	92.0	-0.1%	-0.1	91.9
Past due				
Less than 30 days	6.5	-0.3%	-0.0	6.5
31–90 days	2.1	-1.1%	-0.0	2.1
91–180 days	1.7	-6.4%	-0.1	1.6
Over 180 days	2.8	-50.9%	-1.4	1.4
Total	120.1		-1.6	118.4

Information about credit risk related to trade receivables is stated in note 21 Financial risks.

23. Cash and cash equivalents

The Group’s cash and cash equivalents on 31 December 2022, amounting to EUR 40.2 million (2021: EUR 38.1 million) consist of cash in hand and bank as well as, cash payments on the bank settlement account at the reporting date.

The carrying amounts in the statement of financial position correspond to the maximum amount of credit risk if the contractual parties are unable to meet their obligations. However, no significant counterparty risks are associated with cash and cash equivalents. The fair value of cash and cash equivalents correspond to their carrying amounts.

24. Share capital and invested non-restricted equity reserve

EUR mill.	Number of outstanding shares, 1.000 pcs	Number of treasury shares, 1.000 pcs	Number of shares total, 1.000 pcs	Share capital	Invested non-restricted equity reserve	Treasury shares	Total
1 Jan 2021	127,307	730	128,037	0.1	492.8	-6.7	486.1
Acquisition of treasury shares	-1,000	1,000	-	-	-	-11.3	-11.3
31 Dec 2021	126,307	1,730	128,037	0.1	492.8	-18.0	474.9
1 Jan 2022	126,307	1,730	128,037	0.1	492.8	-18.0	474.9
Acquisition of treasury shares	241	-241	-	-	-	2.2	2.2
Cancellation of treasury shares		-1,000	-1,000	-	-	-	-
31 Dec 2022	126,548	489	127,037	0.1	492.8	-15.8	477.1

Shares and share capital

On 31 December 2022, the amount of shares is 127,036,531 of which amount of outstanding shares is 126,547,995 and amount of treasury shares is 488,536.

The Company has a single share class. The shares have no nominal value. All shares issued have been paid in full. Each share has one vote at the Annual General Meeting and equal rights to dividend and other distribution of assets.

Terveystalo PLC’s share is listed on Nasdaq Helsinki Oy. The trading code is TTALO. Terveystalo PLC’s shares belong to the book-entry system maintained by Euroclear Finland Oy.

Invested non restricted equity reserve

Invested non-restricted equity reserve consists of other investments similar to equity and the subscription price of shares to the extent that it has not been recorded in share capital according to specific resolution. According to the current Finnish Companies Act subscription price of new shares is recognized in the share capital, unless it has not been according to Issuance Resolution fully or partly recognized in invested non-restricted equity reserve.

Distributable funds

On 31 December 2022, the distributable funds of the parent company totaled EUR 530.8 million including the profit of the financial period 2022 of EUR 23.7 million. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.28 (0.28) per share totaling EUR 35.4 (35.6) million be paid based on the statement of financial position adopted for the financial year ended 31 December 2022. The dividend would be paid in two instalments as follows:

- The first dividend instalment of EUR 0.14 per share would be paid to the shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the first dividend instalment on 27 March 2023. The Board of Directors proposes that the first dividend instalment would be paid on 3 April 2023.
- The second dividend instalment of EUR 0.14 per share would be paid to shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the second dividend instalment on 2 October 2023. The Board of Directors proposes that the second dividend instalment would be paid on 9 October 2023. The Board of Directors also proposes that the Annual General Meeting would authorise the Board of Directors to resolve, if necessary, on a new record date and date of payment for the second dividend instalment should the rules of Euroclear Finland Ltd or statutes applicable to the Finnish book-entry system change or otherwise so require.

The dividend proposed by the Board of Directors to the Annual General Meeting is not deducted from distributable equity until approved by the Annual General Meeting of Shareholders.

No material changes have taken place in the company’s financial position since the end of the financial year. The liquidity of the company is good and the proposed allocation of funds, in the view of the Board of Directors, does not endanger the company's solvency.

25. Financial liabilities

EUR mill.	1 Jan 2022	Cash flows	Non-cash changes			31 Dec 2022
			Business combinations	Other changes	Translation differences	
Loans from financial institutions	365.4	53.8	0.5	-0.2	-0.4	419.2
Hire purchase liabilities	13.3	-5.3	-	-	-	8.0
Lease liabilities	178.5	-49.3	4.4	46.2	-0.0	179.8
Total	557.2	-0.8	4.9	46.0	-0.4	607.0

EUR mill.	1 Jan 2021	Cash flows	Non-cash changes			31 Dec 2021
			Business combinations	Other changes	Translation differences	
Loans from financial institutions	371.9	-11.5	4.8	0.3	-0.0	365.4
Hire purchase liabilities	17.6	-5.9	-	1.6	-	13.3
Lease liabilities	178.5	-42.4	17.1	25.3	-0.0	178.5
Total	567.9	-59.8	21.9	27.1	-0.0	557.2

The Group's loan agreements include a covenant, based on which creditors can demand an immediate repayment of the loans if a certain covenant limit is breached. The covenant relates to the ratio between EBITDA and net debt. The Group has met all covenant terms and conditions during the reporting period and at the reporting date.

26. Trade and other payables

Carrying amounts of trade and other payables

EUR mill.	2022	2021
Trade payables	49.0	57.1
Other payables	81.9	75.9
Contract liabilities	10.3	6.1
Interest rate derivatives	3.4	1.2
Accrued expenses	78.7	73.9
Total	223.2	214.1

Specification of other payables

EUR mill.	2022	2021
Doctor's fee liabilities	48.2	44.6
VAT liabilities	24.0	20.8
Other	9.7	10.6
Total	81.9	75.9

Specification of accrued expenses

EUR mill.	2022	2021
Personnel-related accrued expenses	71.4	67.1
Interest liabilities	1.5	0.2
Other	5.8	6.6
Total	78.7	73.9

27. Provisions

Carrying amounts of provisions

EUR mill.	2022	2021
Non-current provisions	8.3	8.5
Current provisions	3.2	2.5
Total	11.5	11.0

EUR mill.	2022	2021
Onerous contracts	7.1	6.6
Other provisions	4.4	4.4
Total	11.5	11.0

Changes in provisions during the financial year 2022

EUR mill.	Onerous contracts	Other provisions	Total
1 Jan 2022	6.6	4.4	11.0
Increase in provisions	2.2	0.6	2.8
Used provisions	-1.7	-0.6	-2.3
31 Dec 2022	7.1	4.4	11.5

Changes in provisions during the financial year 2021

EUR mill.	Onerous contracts	Other provisions	Total
1 Jan 2021	5.8	4.3	10.1
Increase in provisions	2.0	0.6	2.6
Used provisions	-1.2	-0.5	-1.7
31 Dec 2021	6.6	4.4	11.0

28. Defined benefit plans

The Group has defined benefit plans in Sweden in the Feelgood subgroup. These consists of PSA and PA-KL plans which are closed and for which all the participants have either retired or left the Group. There are no assets related to the Group's defined benefit plans. The defined benefit plans determine the amount of pension to be paid and the benefits to be paid for disability and at termination of employment. The benefits in these plans are usually based on the length of employment and the level of final salary. The weighted average duration of the defined benefit obligations was 8 years at the reporting date.

Summary of the impact of the defined benefit plans in the financial statements

EUR mill.	2022	2021
Present value of the defined benefit obligations	1.3	1.7
Expenses related to defined benefit plans	0.0	0.0
Remeasurements of defined benefit obligations	-0.2	-0.1

Reconciliation of the defined benefit obligation

EUR mill.	2022	2021
1 Jan	1.7	-
Business combinations	-	1.9
Interest expense (+) / income (-)	0.0	0.0
Benefits paid	-0.1	-0.1
Remeasurement of the obligation		
Actuarial gain (-) / loss (+) from change in demographic assumptions	-	-
Actuarial gain (-) / loss (+) from change in financial assumptions	-0.2	-0.1
Experience adjustment gain (-) / loss (+)	-	-
Translation differences	-0.1	-0.0
31 Dec	1.3	1.7

Applied actuarial assumptions

%	2022	2021
Discount rate	3.80	1.20
Inflation	1.90	2.20

The discount rate is determined based on the yield of Swedish housing market bonds which have a length that approximates the Group’s pension obligations.

Sensitivity analysis of the relevant actuarial assumptions’ impact on defined benefit obligation

EUR mill.	2022	2021
0.5%-point increase in the principal assumption		
Discount rate	-0.0	-0.1
Inflation	0.0	0.1
0.5%-point decrease in the principal assumption		
Discount rate	0.0	0.1
Inflation	-0.0	-0.1

An external actuary has performed the sensitivity analysis for one variable at a time while holding all other variables constant and regardless of the actual volatility of the given variable. Consequently, the purpose of the analysis is not to quantify expected change in the defined benefit obligation but to illustrate the sensitivity of the value of the obligation to these variables.

29. Collateral and contingent liabilities

EUR mill.	31 Dec 2022	31 Dec 2021
Business mortgages	11.4	11.4
Total	11.4	11.4
Securities for own debts		
Deposits	0.5	0.2
Guarantees	0.4	0.9
Total	0.9	1.1

30. Related party transactions

Group’s related parties

The Group’s related parties include the parent company as well as subsidiaries and associated companies. In addition, related parties include also the members of the Board of Directors, Group management and the CEO as well as their close family members and entities in which they have control or joint control. Related party transactions which are not eliminated in the preparation of Terveystalo’s consolidated financial statements are presented as related party transactions.

The relationships of the parent company and the subsidiaries are disclosed in note 31 Group companies.

Related party transactions

2022	Sales	Purchases	Receivables	Payables
Associated companies	0.6	10.6	0.3	1.0
Other related parties	-	-	-	-
Total:	0.6	10.6	0.3	1.0

2021	Sales	Purchases	Receivables	Payables
Associated companies	0.7	12.5	0.2	1.1
Other related parties	-	-	-	-
Total:	0.7	12.5	0.2	1.1

Compensation for the key management

Remuneration for CEO, in thousands of euro	2022	2021
Fixed pay	393.6	400.0
Short-term incentives	105.0	433.8
Other benefits	6.4	-
Share-based payments	546.9	306.7
Pensions (statutory)	82.9	136.0
Total	1,134.8	1,276.4

Renumeration for the CEO is presented on an accrual basis.

Remuneration to members of the Executive team(excluding CEO), in thousands of euro	2022	2021
Fixed pay	1,638.5	1,754.1
Other benefits	28.1	41.8
Short-term incentives	146.1	880.2
Share-based payments	730.9	611.6
Termination benefits	305.9	-
Pensions (statutory)	301.6	436.5
Total	3,151.1	3,724.3

Renumeration to members of the Executive team is presented on an accrual basis.

Remuneration to Board of Directors, in thousands of euro	2022				2021			
	Annual fee settled in cash	Annual fee settled in shares	Meeting fees	Other financial benefits*	Annual fee settled in cash	Annual fee settled in shares	Meeting fees	Other financial benefits*
Kari Kauniskangas (Chairman of the board)	52.5	35.0	19.0	0.6	50.5	34.0	15.0	0.5
Kristian Pullola	31.2	20.8	14.2	0.3	30.0	20.2	12.5	0.3
Katri Viippola	24.9	16.6	15.5	0.3	23.9	16.1	15.0	0.3
Carola Lemne**	24.9	16.6	14.7	0.3	-	-	-	-
Matts Rosenberg**	31.2	20.8	10.4	0.3	-	-	-	-
Members of the Board of Directors until 10 October 2022								
Dag Andersson	41.5	0.0	13.8	0.0	23.9	16.1	15.3	0.3
Members of the Board until 7 April 2022								
Niko Morkkila	0.0	0.0	3.8	0.0	23.9	16.1	15.0	0.3
Åse Aulie Michet	0.0	0.0	4.4	0.0	23.9	16.1	16.4	0.3
Tomas Von Rettig	0.0	0.0	5.1	0.0	30.0	20.2	17.0	0.3
Members of the Board of Directors until 25 March 2021								
Lasse Heinonen	-	-	-	-	-	-	3.1	-
Total	206.2	109.8	100.7	1.8	206.0	138.7	109.3	2.2

* Other financial benefits include transfer tax fees for the annual fees paid in shares

** Member of the Board of Directors from 2022

Bonus Scheme

The Company operates a bonus scheme, which is determined by the Board of Directors of the Company upon the recommendation of the Remuneration Committee. The CEO and the members of the Executive Team are eligible to participate in the bonus scheme in accordance with the Company’s bonus policy. Annual bonuses are payable based on the attainment of key performance targets of the Company. The key performance targets of the CEO and the Executive Team are based on the Company’s adjusted EBITA as well as the individual business and performance targets. The individual business and performance targets are set by the manager of the participant in the bonus scheme.

The Board of Directors of Terveystalo Plc has resolved to establish a share-based incentive plan directed to the Group’s key employees. More information on the share-based incentive plan is presented in note 19 Share-based payments.

Management holdings

Name	Position	31 Dec 2022
Kari Kauniskangas	Chairman of the Board of Directors	16,532
Matts Rosenberg	Member of the Board of Directors	11,366
Carola Lemne	Member of the Board of Directors	2,627
Kristian Pullola	Member of the Board of Directors	5,075
Katri Viippola	Member of the Board of Directors	8,954
Ville Iho	President and CEO	5,000
Juuso Pajunen	Chief Financial Officer	12,000
Petri Bono	Chief Medical Officer	7,587
Siina Saksi	Chief Operating Officer, Healthcare Services	60,380
Marja-Leena Tuomola	Chief Commercial Officer, Healthcare Services	1,000
Kati Sulin	Senior Vice President, Digital Business	-
Mikko Tainio	Senior Vice President, Portfolio Businesses	518
Minttu Sinisalo	Senior Vice President, Human Resources	-

31. Group companies

The Group’s parent company is Terveystalo Plc domiciled in Finland.

Subsidiaries as at 31 December 2022

Company name	Domicile	Group's share	Group's voting rights
Alna Sverige AB	Finland	100.0%	100.0%
EAM TTALO Holding Oy*	Finland	0.0%	0.0%
Evalua International Ltd. Oy	Finland	100.0%	100.0%
Evalua Nederland B.V.	Netherlands	100.0%	100.0%
Feelgood Företagshälsa Dalarna AB	Sweden	100.0%	100.0%
Feelgood Företagshälsovård AB	Sweden	100.0%	100.0%
Feelgood Jobbhälsan AB	Sweden	100.0%	100.0%
Feelgood Länshälsan AB	Sweden	100.0%	100.0%
Feelgood Sjukvård AB	Sweden	100.0%	100.0%
Feelgood Svenska AB	Sweden	100.0%	100.0%
Idavallen AB	Sweden	100.0%	100.0%
Kunnon Syke Oy	Finland	100.0%	100.0%
Ludus Oy Tutkimus- ja Kuntoutuspalvelut	Finland	100.0%	100.0%
Länshälsan Skåne AB	Sweden	100.0%	100.0%
Medicin Direkt Östersund AB	Sweden	100.0%	100.0%
Medimar Scandinavia Ab	Finland	100.0%	100.0%
Nämndemansgården i Sverige AB	Sweden	100.0%	100.0%
Rela Estonia OÜ	Estonia	100.0%	100.0%
Rela-hierojat Oy	Finland	100.0%	100.0%
Saimaan Urheilufysioterapia Oy	Finland	100.0%	100.0%
Sauma Lastensuojelupalvelut Oy	Finland	100.0%	100.0%
Sivupersoonaa Oy	Finland	100.0%	100.0%

Company name	Domicile	Group's share	Group's voting rights
Somia Reality Oy	Finland	100.0%	100.0%
Suomen Hierojakoulut Oy	Finland	100.0%	100.0%
Suomen Terveystalo Oy	Finland	100.0%	100.0%
Terveystalo Estonia OÜ	Estonia	100.0%	100.0%
Terveystalo Healthcare Holding Oy	Finland	100.0%	100.0%
Terveystalo Healthcare Oy	Finland	100.0%	100.0%
Terveystalo Julkiset palvelut Oy	Finland	100.0%	100.0%
Terveystalo Kuntaturva Oy	Finland	100.0%	100.0%
Terveystalo Tactus Oy	Finland	100.0%	100.0%
The Drawing Room AB	Sweden	100.0%	100.0%
TT Ålands Tandläkarna Ab	Finland	100.0%	100.0%

*Evli Asset Management holds the ownership and voting rights of EAM TTALO Holding Oy by legal terms, but according to the agreement Terveystalo has control over the company and acts as the principal, whereas EAM is an agent through the holding company. Based on this control arising from contractual terms, the holding company is consolidated into the Group's IFRS financial statements as a structured entity.

31.1 Changes in the Group structure

Financial year 2022

The following mergers took place during the financial year 2022:

- 30.4.2022 Attentio Oy merged with Suomen Terveystalo Oy.
- 1.6.2022 Vantaan Työterveys Oy merged with Suomen Terveystalo Oy.
- 31.8.2022 Lapin Liikuntaklinikka Oy merged with Suomen Terveystalo Oy.
- 31.8.2022 Hierojakoulu Relaxi Oy merged with Suomen Hierojakoulut Oy.
- 31.8.2022 Feelgood Primärvård AB merged with Feelgood Företagshälsovård AB.
- 31.8.2022 Feelgood Online AB merged with Feelgood Företagshälsovård AB.
- 31.8.2022 Feelgood Företagshälsovård Östersund AB merged with Feelgood Företagshälsovård AB.
- 31.8.2022 Feelgood Företagshälsovård Blekinge AB merged with Feelgood Företagshälsovård AB.
- 31.8.2022 Feelgood Företagshälsovård Södra AB merged with Feelgood Företagshälsovård AB.
- 30.9.2022 Jyväskylän lastensuojelupalvelut Oy merged with Jyväskylän Hoitokoti Ankkuri Oy.
- 30.9.2022 Lastensuojelupalvelut Väylä Oy merged with Jyväskylän Hoitokoti Ankkuri Oy.
- 30.9.2022 Ankkurin Huoltamo Oy merged with Jyväskylän Hoitokoti Ankkuri Oy.
- 30.9.2022 Terapiatelakka Oy merged with Jyväskylän Hoitokoti Ankkuri Oy.
- 31.10.2022 OMT-Klinikka Kokkola Oy merged with Suomen Terveystalo Oy.
- 31.10.2022 Aktiivi-Fysioterapia Tampere Oy merged with Suomen Fysiogeriatría Oy.
- 31.10.2022 Mimmin Terapia Oy merged with Suomen Fysiogeriatría Oy.
- 31.10.2022 toi.minna Oy merged with Suomen Fysiogeriatría Oy.
- 1.11.2022 Suomen Fysiogeriatría Oy merged with Suomen Terveystalo Oy.
- 30.11.2022 Keltaisen Kartanon Kuntoutus Oy merged with Jyväskylän Hoitokoti Ankkuri Oy.
- 30.11.2022 Into Terveys Oy merged with Suomen Terveystalo Oy.

Financial year 2021

The following mergers took place during the financial year 2021:

- 31.3.2021 MedInari Oy merged with Suomen Terveystalo Oy.
- 31.5.2021 VitalMed Oy merged with Suomen Terveystalo Oy.
- 31.8.2021 Espoon Keskuksen Hammaslääkärit Oy merged with Suomen Terveystalo Oy.
- 30.9.2021 Helsinki Hospital Oy merged with Suomen Terveystalo Oy.
- 31.12.2021 Rela-group Oy merged with Rela-hierojat Oy.

32. Group's key financial ratios

Terveystalo Group, EUR mill.	2022	2021	2020
Revenue	1,259.1	1,154.6	986.4
Adjusted EBITDA, * ¹⁾	178.0	206.1	162.8
Adjusted EBITDA, % * ¹⁾	14.1	17.8	16.5
EBITDA ¹⁾	168.8	201.8	158.3
EBITDA, % ¹⁾	13.4	17.5	16.1
Adjusted EBITA * ¹⁾	105.2	141.0	101.9
Adjusted EBITA, % * ¹⁾	8.4	12.2	10.3
EBITA ¹⁾	95.9	136.7	97.4
EBITA, % ¹⁾	7.6	11.8	9.9
Adjusted operating profit (EBIT) * ¹⁾	73.4	114.4	71.6
Adjusted operating profit (EBIT), % * ¹⁾	5.8	9.9	7.3
Operating profit (EBIT)	33.9	110.1	67.2
Operating profit (EBIT), %	2.7	9.5	6.8
Return on equity (ROE), % ¹⁾	4.1	13.6	8.2
Equity ratio, % ¹⁾	40.2	42.2	42.1
Earnings per share (€)	0.19	0.63	0.36
Net debt	566.6	519.0	490.9
Gearing, % ¹⁾	95.7	85.2	85.9
Net debt/Adjusted EBITDA ¹⁾	3.2	2.5	3.0
Total assets	1,479.4	1,448.6	1,361.0

Terveystalo Group, EUR mill.	2022	2021	2020
Average personnel FTE	6,552	5,643	4,900
Personnel (end of period)	10,933	9,805	8,253
Private practitioners (end of period)	5,928	5,754	5,057
Adjusted EBITDA, excluding IFRS 16 * ¹⁾	122.2	156.9	118.0
Net debt, excluding IFRS 16	386.8	340.6	312.4
Net debt/Adjusted EBITDA, excluding IFRS 16 * ¹⁾	3.2	2.2	2.6

* 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), impairment losses, strategic projects and other items affecting comparability.

¹⁾Alternative performance measure. Terveystalo presents alternative performance measures as additional information to financial measures defined in IFRS. Those are performance measures that the company monitors internally, and they provide management, investors, securities analysts and other parties 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 a substitute to the measures under IFRS.

33. Calculation of financial ratios and alternative performance measures

Financial ratios

Earnings per share,
(EUR)

=

Profit for the period attributable to owners of the parent company

Average number of shares during the period

Terveystalo presents alternative performance measures as additional information to the 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 a 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.

Return on equity, %

=

Profit/loss for the period (LTM)

Equity (including non-controlling interest) (average)

x 100%

Equity ratio, %

=

Equity (including non-controlling interest)

Total assets - advances received

x 100%

Gearing, %

=

Interest-bearing liabilities - interest-bearing
receivables and cash and cash equivalents

Equity

x 100%

Net debt/Adjusted EBITDA (LTM) *

=

Interest-bearing liabilities - interest-bearing
receivables and cash and cash equivalents

Adjusted EBITDA (LTM)

Net debt/Adjusted EBITDA (LTM),
excluding IFRS 16 *

=

Interest-bearing liabilities excluding lease liabilities -
interest-bearing receivables and cash and cash equivalents

Adjusted EBITDA (LTM), excluding IFRS 16

Alternative performance measures to the statement of income

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

Adjusted EBITDA *

=

Earnings Before Interest, Taxes, Depreciation, Amortisation,
Impairment losses and adjustments

Adjusted EBITDA, % *

=

Earnings Before Interest, Taxes, Depreciation, Amortisation,
Impairment losses and adjustments

Revenue

x 100%

Adjusted EBITA *

=

Earnings Before Interest, Taxes, Amortisation,
Impairment losses and adjustments

Adjusted EBITA, % *

=

Earnings Before Interest, Taxes, Amortisation,
Impairment losses and adjustments

Revenue

x 100%

Adjusted operating profit (EBIT) *

=

Earnings Before Interest, Taxes and Share of profits in
associated companies, and adjustments

Adjusted operating profit (EBIT), % *	=	<div>Earnings Before Interest, Taxes and Share of profits in associated companies and adjustments</div> <div>Revenue</div>	x 100%
EBITDA	=	Earnings Before Interest, Taxes, Depreciation and Amortisation and Impairment losses	
EBITDA, %	=	<div>Earnings Before Interest, Taxes, Depreciation and Amortisation and Impairment losses</div> <div>Revenue</div>	x 100%
EBITA	=	Earnings Before Interest, Taxes, Amortisation and Impairment losses	
EBITA, %	=	<div>Earnings Before Interest, Taxes, Amortisation and Impairment losses</div> <div>Revenue</div>	x 100%
Operating profit (EBIT)	=	Earnings Before Interest, Taxes and Share of profits in associated companies	
Operating profit (EBIT), %	=	<div>Earnings Before Interest, Taxes and Share of profits in associated companies</div> <div>Revenue</div>	x 100%
Adjusted EBITDA, excluding IFRS 16 *	=	Earnings Before Interest, Taxes, Depreciation, Impairment losses and adjustments, excluding IFRS 16 lease adjustments	

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

34. Reconciliation of alternative performance measures

Return on equity, %	2022	2021	2020
Profit/loss for the period	24.4	80.4	45.8
Equity (including non-controlling interest) (average)	600.4	590.1	556.3
Return on equity, %	4.1	13.6	8.2

Equity ratio, %	2022	2021	2020
Equity (including non-controlling interest)	592.0	608.9	571.4
Total assets	1,479.4	1,448.6	1,361.0
Advances received	7.1	6.1	2.2
Equity ratio, %	40.2	42.2	42.1

Gearing, %	2022	2021	2020
Interest-bearing liabilities	607.0	557.2	568.0
Interest-bearing receivables and cash and cash equivalents	40.4	38.2	77.1
Equity	592.0	608.9	571.4
Gearing, %	95.7	85.2	85.9

Net debt /Adjusted EBITDA	2022	2021	2020
Interest-bearing liabilities	607.0	557.2	568.0
Interest-bearing receivables and cash and cash equivalents	40.4	38.2	77.1
Adjusted EBITDA	178.0	206.1	162.8
Net debt / Adjusted EBITDA	3.2	2.5	3.0

Adjusted EBITDA, EUR mill.	2022	2021	2020
Profit (loss) for the period	24.4	80.4	45.8
Income tax expense	6.5	20.3	10.8
Share of profits in associated companies	0.1	0.3	0.6
Net finance expenses	2.9	9.0	10.0
Depreciation, amortization and impairment losses	134.9	91.7	91.2
Adjustments*	9.2	4.3	4.5
Adjusted EBITDA	178.0	206.1	162.8

Adjusted EBITDA, %	2022	2021	2020
Adjusted EBITDA	178.0	206.1	162.8
Revenue	1,259.1	1,154.6	986.4
Adjusted EBITDA, %	14.1	17.8	16.5

Adjusted EBITA, EUR mill.	2022	2021	2020
Profit (loss) for the period	24.4	80.4	45.8
Income tax expense	6.5	20.3	10.8
Share of profits in associated companies	0.1	0.3	0.6
Net finance expenses	2.9	9.0	10.0
Amortization and impairment losses	62.0	26.6	30.3
Adjustments*	9.2	4.3	4.5
Adjusted EBITA	105.2	141.0	101.9

Adjusted EBITA, %	2022	2021	2020
Adjusted EBITA	105.2	141.0	101.9
Revenue	1,259.1	1 154.6	986.4
Adjusted EBITA, %	8.4	12.2	10.3

Adjusted operating profit (EBIT), EUR mill.	2022	2021	2020
Profit (loss) for the period	24.4	80.4	45.8
Income tax expense	6.5	20.3	10.8
Share of profits in associated companies	0.1	0.3	0.6
Net finance expenses	2.9	9.0	10.0
Adjustments*	39.5	4.3	4.5
Adjusted EBIT	73.4	114.4	71.6

Adjusted operating profit (EBIT), %	2022	2021	2020
Adjusted EBITA	73.4	114.4	71.6
Revenue	1,259.1	1,154.6	986.4
Adjusted EBIT, %	5.8	9.9	7.3

EBITDA, EUR mill.	2022	2021	2020
Profit (loss) for the period	24.4	80.4	45.8
Income tax expense	6.5	20.3	10.8
Share of profits in associated companies	0.1	0.3	0.6
Net finance expenses	2.9	9.0	10.0
Depreciation. amortization and impairment losses	134.9	91.7	91.2
EBITDA	168.8	201.8	158.3

EBITDA, %	2022	2021	2020
EBITDA	168.8	201.8	158.3
Revenue	1,259.1	1,154.6	986.4
EBITDA, %	13.4	17.5	16.1

EBITA, EUR mill.	2022	2021	2020
Profit (loss) for the period	24.4	80.4	45.8
Income tax expense	6.5	20.3	10.8
Share of profits in associated companies	0.1	0.3	0.6
Net finance expenses	2.9	9.0	10.0
Amortization and impairment losses	62.0	26.6	30.3
EBITA	95.9	136.7	97.4

EBITA, %	2022	2021	2020
EBITA	95.9	136.7	97.4
Revenue	1,259.1	1,154.6	986.4
EBITA, %	7.6	11.8	9.9

Operating profit (EBIT), EUR mill.	2022	2021	2020
Profit (loss) for the period	24.4	80.4	45.8
Income tax expense	6.5	20.3	10.8
Share of profits in associated companies	0.1	0.3	0.6
Net finance expenses	2.9	9.0	10.0
EBIT	33.9	110.1	67.2

Operating profit, (EBIT), %	2022	2021	2020
EBIT	33.9	110.1	67.2
Revenue	1,259.1	1,154.6	986.4
EBIT, %	2.7	9.5	6.8

Adjustments based on subject area* , EUR mill.	2022	2021	2020
Acquisition-related expenses ¹⁾	2.8	3.1	0.5
Restructuring-related expenses ²⁾	1.5	0.3	1.6
Gain on sale of asset	-	-	-0.1
Impairment losses	30.3		
Strategic projects and other items affecting to comparability	5.0	0.8	2.5
Adjustments	39.5	4.3	4.5

Adjustments based on account group* , EUR mill.	2022	2021	2020
Other operating income	-0.1	-0.4	-0.5
Materials and services costs	-	-	1.8
Personnel expenses	1.3	0.3	1.3
Other operating expenses	8.0	4.4	1.9
Impairment	30.3	-	-
Adjustments	39.5	4.3	4.5

Adjusted EBITDA, excluding IFRS 16	2022	2021	2020
Profit (loss) for the period	24.4	80.4	45.8
Income tax expense	6.5	20.3	10.8
Share of profits in associated companies	0.1	0.3	0.6
Net finance expenses	2.9	9.0	10.0
Depreciation. amortization and impairment losses	134.9	91.7	91.2
Adjustments*	9.2	4.3	4.5
IFRS 16 lease expense adjustment	-55.8	-49.2	-44.8
Adjusted EBITDA, excluding IFRS 16	122.2	156.9	118.0

Net debt/Adjusted EBITDA, excluding IFRS 16	2022	2021	2020
Interest-bearing liabilities	427.2	378.8	389.5
Interest-bearing receivables and cash and cash equivalents	40.4	38.2	77.1
Adjusted EBITDA	122.2	156.9	118.0
Net debt/Adjusted EBITDA, excluding IFRS 16	3.2	2.2	2.6

* 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), impairment losses, strategic projects and other items affecting comparability.

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

²⁾ Including restructuring of network and business operations

35. Subsequent events

Terveystalo Plc's Board of Directors has approved a new performance period covering years 2023-2025 of the long-term share-based incentive plan for key personnel.

The Performance Share Plan is based on a rolling 3-year performance period structure, with a new performance period starting at the beginning of each year if so decided by the Board. During the performance period 2023-2025, the performance indicators on the basis of which share rewards may be paid are absolute Total Shareholder Return (TSR) and relative TSR (compared to the OMX HKI benchmark CAP GI index). The maximum number of shares to be paid based on this plan is 640,000 shares. Taxes and tax-like payments to the recipient are deducted from the share reward, after which the remaining net amount is paid to the participants in shares.

Performance Period 2023-2025 of the Restricted Share Plan (RSP). The purpose of the Restricted Share Plan is to act as a supplementary structure for separately selected key personnel of Terveystalo in special situations. The share rewards will be paid in Terveystalo Plc shares after the end of the performance period, provided that the individual participants are still employed by Terveystalo. The maximum number of shares to be paid based on this plan is 64,000 shares.

Parent company's financial statement, FAS

Parent company’s income statement

EUR	Note	1.1.–31.12.2022	1.1.–31.12.2021
Revenue	1.1	1,622,050	517,094
Materials and supplies		-1,851	-1,333
Employee benefit expenses			
Wages and salaries		-1,446,798	-1,741,835
Social security expenses			
Pension expenses		-128,348	-247,805
Other social security expenses		-21,741	-33,539
Depreciation, amortization and impairment losses	1.2	-8,199	-136
Other operating expenses	1.4	-4,804,758	-1,699,187
Operating loss		-4,789,646	-3,206,740
Financial income and expenses	1.5		
Other interest and financial income			
From group companies		1,629	3,478
From others		10	56
Other interest and financial expenses			
To group companies		-10,753	-15,888
To others		-215,450	-22,655
Loss before appropriations and taxes		-5,014,210	-3,241,749
Appropriations	1.6		
Increase/decrease in depreciation in excess of plan		-8,937	-
Group contributions		34,634,000	58,000,000
Taxes		-5,952,627	-10,954,938
Profit for the period		23,658,227	43,803,313

Parent company’s statement of financial position

EUR	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Property, plant and equipment	2.1		
Machinery and equipment		60,753	227
Investments	2.2		
Holdings in group companies		516,818,244	516,818,244
Total non-current assets		516,878,997	516,818,471
Current assets			
Receivables from group companies	2.3	41,133,012	65,338,343
Prepayments and accrued income	2.4	603,637	233,545
Total current assets		41,736,649	65,571,888
TOTAL ASSETS		558,615,647	582,390,359
EQUITY AND LIABILITIES			
Equity	2.5		
Share capital		80,000	80,000
Invested non-restricted equity reserve		493,503,962	493,503,962
Retained earnings		13,632,562	5,262,687
Profit for the period		23,658,227	43,803,313
Total equity		530,874,751	542,649,963
Appropriations			
Depreciation in excess of plan		8,937	-
Total appropriations		8,937	-
Liabilities	2.6		
Current liabilities			
Trade payables		1,541,585	274,515
Liabilities to group companies		25,190,668	33,052,398
Other liabilities		25,159	113,610
Accruals and deferred income		974,548	6,299,873
Total liabilities		27,731,959	39,740,396
TOTAL EQUITY AND LIABILITIES		558,615,647	582,390,359

Parent company's statement of cash flows

EUR	1.1.–31.12.2022	1.1.–31.12.2021
Cash flows from operating activities		
Profit for the period before income taxes	29,610,853	54,758,251
Adjustments		
Depreciations according to plan	8,199	136
Non-cash transactions	-34,625,063	-58,000,000
Financial income and expenses	224,564	35,008
Change in working capital		
Change in trade and other receivables	469,239	446,604
Change in trade and other payables	455,667	406,664
Taxes	-10,546,536	-11,093,468
Net cash from operating activities	-14,403,077	-13,446,803

EUR	1.1.–31.12.2022	1.1.–31.12.2021
Cash flows from investing activities		
Purchase of tangible and intangible items	-68,726	-363
Net cash from investing activities	-68,726	-363
Cash flows from financial activities		
Acquisition of treasury shares	-	-11,248,346
Change in group account	-7,870,194	22,330,218
Received group contribution	58,000,000	35,500,000
Dividends paid	-35,433,439	-33,099,698
Interest and other financial expenses paid	-224,564	-35,008
Net cash from financial activities	14,471,803	13,447,166
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	-	-

Accounting policies of parent company’s financial statements

The financial statements of Terveystalo Oyj are prepared in accordance with Finnish Accounting Standards (FAS).

Measurement and recognition principles and methods

Holdings in group companies

The carrying amount of holdings in group companies consists of historical costs less impairments. If the estimated future cash flows generated by a non-current asset are expected to be permanently lower than the balance of carrying amount, an adjustment to the value must be made to write-down the difference as an expense. If the basis for the impairment can no longer be justified at the reporting date, it is reversed.

Property, plant and equipment, and depreciation

The carrying amount of property, plant and equipment consists of historical costs less depreciation and other deductions. Property, plant and equipment are depreciated using straight-line depreciation based on the expected useful life of the asset.

The depreciation is based on the following expected useful lives:
Machinery and equipment: 5 years

Notes to the statement of income

1.1 Revenue

EUR	2022	2021
Finland	1,593,045	469,436
Sweden	29,005	47,658
Total	1,622,050	517,094

1.2 Depreciation, amortization and impairment losses

EUR	2022	2021
Depreciation	-8,199	-136
Total	-8,199	-136

1.3 Personnel

	2022	2021
Average number of personnel during financial year	4	4

1.4 Other operating expenses

EUR	2022	2021
External services	-3,535,145	-699,055
ICT expenses	-33,527	-23,453
Non-statutory personnel expenses	-126,093	-110,159
Leases	-13,121	-6,813
Travel expenses	-33,135	-21,730
Marketing and communication	-239,655	-177,298
Other costs	-824,083	-660,679
Total	-4,804,758	-1,699,187

Auditor's fees

EUR	2022	2021
Audit and auditor's statements based on laws and regulations		
Audit, KPMG	-76,000	-72,740
Auditor's statements based on laws and regulations, KPMG	-	-1,551
Auditor's fees total	-76,000	-74,291

1.5 Financial income and expenses

EUR	2022	2021
Other interest and financial income		
From group companies	1,629	3,478
From others	10	56
Total	1,639	3,534
Other interest and financial expenses		
To group companies	-10,753	-15,888
To others	-215,450	-22,655
Total	-226,203	-38,542

1.6 Appropriations

EUR	2022	2021
Increase/decrease in depreciation in excess of plan	-8,937	0
Group contributions received	34,634,000	58,000,000
Appropriations total	34,625,063	58,000,000

Notes to the statement of the financial position**2.1 Property, plant and equipment****Machinery and equipment**

EUR	2022	2021
Acquisition cost 1 Jan	38,888	38,525
Additions	68,726	363
Acquisition cost 31 Dec	107,614	38,888
Accumulated depreciation and impairment losses 1 Jan	-38,661	-38,525
Depreciation for the period	-8,199	-136
Accumulated depreciation and impairment losses 31 Dec	-46,861	-38,661
Carrying amount 1 Jan	227	-
Carrying amount 31 Dec	60,753	227

2.2 Investments**Holdings in group companies**

EUR	2022	2021
Acquisition cost 1 Jan	516,818,244	516,818,244
Acquisition cost 31 Dec	516,818,244	516,818,244
Carrying amount 1 Jan	516,818,244	516,818,244
Carrying amount 31 Dec	516,818,244	516,818,244

Parent company ownerships:

Holdings in group companies	2022	2021
Terveystalo Healthcare Holding Oy	100%	100%

2.3 Receivables from group companies

EUR	2022	2021
Trade receivables	586,503	629,752
Group contribution receivables	34,634,000	58,000,000
Prepayments and accrued income	1,417,878	6,708,591
Total	36,638,381	65,338,343

2.4 Changes in equity

Restricted equity
Share capital

EUR	2022	2021
At the beginning of the period	80,000	80,000
At the end of the period	80,000	80,000
Total restricted equity	80,000	80,000

Unrestricted equity
Invested non-restricted equity reserve

EUR	2022	2021
At the beginning of the period	493,503,962	493,503,962
At the end of the period	493,503,962	493,503,962

Financials

Retained earnings

EUR	2022	2021
Retained earnings at the beginning of the period	49,066,001	49,610,731
Dividends paid	-35,433,439	-33,099,698
Acquisition of treasury shares	-	-11,248,346
Retained earnings at the end of the period	13,632,562	5,262,687
Profit for the period	23,658,227	43,803,313
Total unrestricted equity	530,794,751	542,569,963
Total equity	530,874,751	542,649,963

Distributable equity

EUR	2022	2021
Invested non-restricted equity reserve	493,503,962	493,503,962
Retained earnings	13,632,562	5,262,687
Profit for the period	23,658,227	43,803,313
Total	530,794,751	542,569,963

Shares and share capital

On 31 December 2022, the amount of shares is 127,036,531 of which 488,536 is held by EAM TTALO Holding Oy, a company which is under the control of Terveystalo PLC.

The company has a single share class. The shares have no nominal value. All shares issued have been paid in full. Each share has one vote at the Annual General Meeting and equal rights to dividend and other distribution of assets.

Terveystalo PLC’s share is listed on Nasdaq Helsinki Oy. The trading code is TTALO. Terveystalo PLC’s shares belong to the book-entry system maintained by Euroclear Finland Oy.

Invested non restricted equity reserve

Invested non-restricted equity reserve consists of other investments similar to equity and the subscription price of shares to the extent that it has not been recorded in share capital according to specific resolution. According to the current Finnish Companies Act, subscription price of new shares is recognized in the share capital, unless it has not been according to Issuance Resolution fully or partly recognized in invested non-restricted equity reserve.

2.5 Liabilities

2.5.1 Current liabilities

EUR	2022	2021
Trade payables	1,541,585	274,515
Other liabilities to group companies	25,190,668	33,052,398
Other liabilities	25,159	113,610
Accruals	974,548	6,299,873
Total	27,731,959	39,740,396

2.5.2 Liabilities to Group companies

EUR	2022	2021
Trade payables	-	263,318
Group account payables	24,918,886	32,789,081
Accruals and deferred income	271,781	-
Total	25,190,668	33,052,398

2.5.3 Accruals and deferred expenses

EUR	2022	2021
Personnel-related accrued expenses	271,105	847,935
Income tax liability	429,014	5,451,938
Total	700,120	6,299,873

Other notes

3. Collateral and other contingent liabilities

EUR	2022	2021
Suretyship	420,000,000	361,400,000
Guarantees	81,927	400,734

Signatures to the financial statements and Board of Director’s report

Helsinki, 9 February 2023

Kari Kauniskangas
Chairman of the Board of Directors

Kristian Pullola
Member of the Board of Directors

Katri Viippola
Member of the Board of Directors

Matts Rosenberg
Member of the Board of Directors

Carola Lemne
Member of the Board of Directors

Ville Iho
President and CEO

Auditors note

A report on the audit has been issued today.

Helsinki, 9 February 2023

KPMG Oy Ab
Audit firm

Henrik Holmbom
Authorised Public Accountant

This document is an English translation of the Finnish auditor’s report.
Only the Finnish version of the report is legally binding.

Auditor’s Report

To the Annual General Meeting of Terveystalo Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Terveystalo Plc (business identity code 2575979-3) for the year ended 31 December 2022. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company’s balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of EU regulation 537/2014. The non-audit services that we have provided have been disclosed in note 10 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing, and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The key audit matter	How the matter was addressed in the audit
Valuation of Goodwill and acquisition related Intangible Assets (Accounting Principles for the Consolidated Financial Statements and the Notes 3, 15 and 16)	
<ul style="list-style-type: none">At the year-end 2022 the goodwill amounted to 880 M€ and accounted for 59% of the consolidated total assets and for 149% of the consolidated equity. In 2022 goodwill has increased with 31 M€.Goodwill is tested for impairment at least annually. An impairment is recognised when the recoverable amount is less than the carrying value of the asset.Terveystalo determines recoverable amounts for impairment tests based on value in use. Preparation of cash flow projections underlying impairment tests requires management judgments for profitability, long-term growth rate and discount rate.The acquisition-related recognised assets for customer relationships and trademark and at the year-end 2022 were in total 101 M€. These assets have finite useful lives and are amortised on a straight-line basis over their expected useful lives.Given the high level of management judgment related to the forecasts used and the significant carrying amounts involved, valuation of goodwill and acquisition related intangible assets is considered a key audit matter.	<ul style="list-style-type: none">We assessed the key assumptions used in the impairment tests, such as profitability, discount rate and long-term growth rate. To analyse the forecasts, we applied professional judgement in testing the key assumptions and assessing the resulting effects on the sensitivity analysis.We involved KPMG valuation specialists when assessing the appropriateness of the assumptions used and the technical accuracy of the calculations. This included a comparison to external market and industry forecasts.In respect of the acquisition-related intangible assets we evaluated the recognition and recoverability of these assets by assessing the related calculations and the underlying assumptions.In addition, we considered the appropriateness of the disclosures in respect of goodwill, impairment testing and acquisition related intangible assets.

The key audit matter	How the matter was addressed in the audit
Revenue Recognition (Accounting Principles for the Consolidated Financial Statements and the Note 4)	
<ul style="list-style-type: none">The consolidated revenue amounted to 1.259 M€ million and consist of numerous types of individual service transactions and service combinations generated to various customer and payer groups in multiple business locations. Volumes of sales transactions processed in the IT systems are substantial and Terveystalo also uses a number of service pricing models and client contract templates.Given the variety and large number of sales transactions, revenue recognition is considered a key audit matter.	<ul style="list-style-type: none">As part of our audit procedures, we evaluated the sales-related internal control environment, as well as tested the effectiveness of the key controls. We also performed substantive audit procedures, using e.g. data-analytics.We tested the effectiveness of the processes to record sales transactions as well as the sales pricing and invoicing processes. We also tested inclusion of relevant transactions in the appropriate period in order to assess the accuracy of revenue recognition.We evaluated the IT systems relevant for revenue recognition.We tested controls over cash transactions such as reconciliation routines.We considered the appropriateness of the disclosures presented for revenue in the consolidated financial statements.

Responsibilities of the Board of Directors and the Managing Director (CEO) for the Financial Statements

The Board of Directors and the Managing Director (CEO) are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director (CEO) are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director (CEO) are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's (CEO) use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We have acted as auditors appointed by the Annual General Meeting uninterrupted for eleven years. Terveystalo Plc became a public interest entity on 13 October 2017.

Other Information

The Board of Directors and the Managing Director (CEO) are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor’s report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 9 February 2023
KPMG OY AB

Henrik Holmbom
Authorised Public Accountant, KHT

Information for shareholders

Annual General Meeting 2023

Annual General Meeting of Terveystalo Plc will be held on Thursday, 23 March 2023 at 3.00 p.m. (EET) in the event center Pikku Finlandia at Karamziniranta 4, 00100 Helsinki, Finland. The reception of participants and the distribution of voting tickets will commence at the meeting venue at 2:00 p.m. (EET).

Shareholders and their proxy representatives may also exercise their voting rights by voting in advance.

A shareholder who has the right to participate and who has registered for the Annual General Meeting can follow the meeting via webcast. Instructions for following the webcast are available on the Company's website at <https://www.terveystalo.com/Annual-General-Meeting-2023> as of 17 February 2023 at the latest. It is not possible to ask questions, make counterproposals, otherwise address the meeting, or vote via the webcast, and following the meeting via webcast is not considered participation in the Annual General Meeting or exercise of shareholders' rights.

The notice to General Meeting of Shareholders, as well as the Board of Directors' proposals to the General Meeting have been published in stock exchange releases and on Terveystalo's website: <https://www.terveystalo.com/Annual-General-Meeting-2023>.

The right to attend

Each shareholder, who on the record date of the General Meeting, 13 March 2023, is registered in the Company's shareholders' register maintained by Euroclear Finland Oy, has the right to participate in the Annual General Meeting. A shareholder whose shares are registered on his/her personal Finnish book-entry account or equity savings account is registered in the Company's shareholders' register. Shareholders may also participate in the Annual General Meeting by way of proxy representation.

Registration and advance voting

Registration for the meeting and advance voting will begin on 17 February 2023 and a shareholder who is registered in the Company's shareholders' register and who wishes to participate in the Annual General Meeting must register for the meeting and, if applicable, vote in advance no later than by 17 March 2023 at 4.00 p.m. (EET) by which time the registration and possible advance votes must be received.

Shareholders with a Finnish book-entry account may register from 9.00 a.m. (EET) on 17 February 2023 until 4.00 p.m. (EET) on 17 March 2023 by the following manners:

a) through the Company's website at <https://www.terveystalo.com/Annual-General-Meeting-2023>

When shareholders who are natural persons log into the service of Euroclear Finland Oy through the Company's website, they are directed to the strong electronic authentication. Strong electronic authentication can be conducted with online banking codes or a mobile certificate. Thereafter, the shareholder can register for the Annual General Meeting, authorize a proxy representative and vote in advance in one session.

For shareholders that are legal persons, no strong electronic authentication is required. However, shareholders that are legal persons must provide a book-entry number and other required information. If the shareholders that are legal persons use suomi.fi electronic authorization, registration requires strong electronic identification, that can be conducted with online banking codes or a mobile certificate, from the authorized proxy representative.

b) by regular mail or email

A shareholder may send a notice of attendance to Euroclear Finland Oy by regular mail to Euroclear Finland Oy, Yhtiökokous/Terveystalo Oyj, P.O. Box 1110, FI-00101 Helsinki or by email to yhtiokokous@euroclear.eu.

In connection with the registration, a shareholder is required to provide the requested information, such as his/her name, personal identification number/date of birth or business ID, address, telephone number and e-mail address as well as the name and date of birth of a possible authorized proxy representative, legal representative or assistant. The personal data given to the Company and Euroclear Finland Oy will be used only in connection with the General Meeting

and with the processing of related registrations. A shareholder, their possible authorized proxy representative, legal representative, or assistant must be able to prove their identity and/or right of representation at the Annual General Meeting.

Proposal for the distribution of profits

The parent company’s distributable funds totaled EUR 530.8 (542.6) million, of which EUR 23.7 (43.8) million is profit for the financial year. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.28 (0.28) per share totaling EUR 35.4 (35.4) million be paid based on the balance sheet adopted for the financial year ended 31 December 2022. The dividend would be paid in two installments as follows:

- The first dividend installment of EUR 0.14 per share would be paid to the shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the first dividend installment on 27 March 2023. The Board of Directors proposes that the first dividend installment would be paid on 3 April 2023.
- The second dividend installment of EUR 0.14 per share would be paid to shareholders who are registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date of the second dividend installment on 2 October 2023. The Board of Directors proposes that the second dividend installment would be paid on 9 October 2023. The Board of Directors also proposes that the Annual General Meeting would authorize the Board of Directors to resolve, if necessary, on a new record date and date of payment for the second dividend installment should the rules of Euroclear Finland Ltd or statutes applicable to the Finnish book-entry system change or otherwise so require.

Basic share information

Listing: Nasdaq Helsinki Oy
Trading ticker: TTALO
ISIN code: FI4000252127
Sector: Health care
Number of shares on December 31, 2022: 127,036,531

Financial reporting in 2023

In 2023, Terveystalo will publish financial information as follows:



The Financial reviews 2023 will be published at approximately 9:00 a.m. EET. Financial reports are published in Finnish and English.

Silent period

Terveystalo observes a silent period of 30 days prior to the publication of interim reports and the year-end result. During the silent period, Terveystalo does not comment on any business-related matters or meet with any representatives of the capital markets.

Capital Markets day 2023

Terveystalo will arrange Capital Markets Day on 10 May 2023 in Helsinki.

Changes of address

Euroclear Finland Ltd maintains lists of Terveystalo Plc’s shares, shareholders, and options. Shareholders who wish to make changes to their personal and contact information are kindly asked to contact their own account operator directly. Terveystalo does not make such updates.

Evaluation of Terveystalo as an investment

According to our knowledge, the following analysts follow Terveystalo Group regularly. The list is not necessarily exhaustive. Terveystalo assumes no responsibility for any opinions of the analysts following the company.

Carnegie Iiris Theman +358 (0)9 618 71 241 iiris.theman@carnegie.fi	Jefferies James Vane-Tempest +44 207 029 8275 jvane-tempest@jefferies.com	SEB Jutta Rahikainen +358 9 616 28 713 jutta.rahikainen@seb.fi
Danske Bank Sami Sarkamies +358 10 546 2169 sami.sarkamies@danskebank.com	Nordea Joni Sandvall +358 9 5300 5484 joni.sandvall@nordea.com	KeplerCheuvreux, Jon Berggren + 46 8 723 51 76 jberggren@keplercheuvreux.com
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Contact information

Investor relations

Please email flagging notifications to:
investors@terveystalo.com

Vice president, communications, ir&cr

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Terveystalo Group services and management

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