

# Report of the Board of Directors and consolidated financial statements



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# Terveystalo Board of Directors' Report 2021

## Operating environment

The impacts of the COVID-19 pandemic on healthcare and the market continued in 2021.

In privately produced healthcare services, growth in digital services and remote appointments continued to be strong and new operating models have become part of normal operations. Demand for COVID-19 -related services also continued to grow, with test volumes remaining high and vaccinations initiated at the end of 2020 continued throughout the year 2021. As the year progressed, demand for most health services returned to normal. Demand for mental health services and for preventive and well-being services grew strongly. At the end of the year, visits related to various infections were also increasing.

In Sweden, demand for occupational health was negatively impacted by the COVID-19 pandemic, as customers postponed occupational health projects. The third quarter was also seasonally soft due to the impact of summer holidays. The demand picked up during the fourth quarter, and activity and volumes were at a good level. Major projects relating to occupational health services that were postponed due to the pandemic were agreed to be launched during 2022.

The contraction of non-urgent care in the private and public healthcare sectors during the period when COVID-19 restrictions have been in place has resulted in a significant treatment gap in other illnesses. 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. According to the Finnish Institute for Health and Welfare (THL), in Finland 140,032 patients were awaiting treatment in August 2021. Of them, 9,539 (6.8 percent) had been waiting for non-urgent specialized care for more than six months. In August 2021, the number of people who had waited for treatment for more than six months had decreased by 8,189 compared to a year earlier. The situation is similar in Sweden, where 169,000 fewer surgeries have been performed during the pandemic and the queuing situation has deteriorated significantly. In December 2021, 162,234 people in Sweden were waiting for a surgery or procedure ([www.skr.se](http://www.skr.se)). In 2021, the Norbotten region in northern Sweden sought partnerships from Nordic private providers to facilitate the dismantling of the queues for surgeries. Terveystalo was chosen as one of the suppliers in a frame agreement.

The Government's proposal on the reform of social and healthcare services was approved by the Parliament in June 2021. Under the proposal, the responsibility for the organization of social and healthcare services will be transferred to the 21 well-being services counties to be established and the City of Helsinki. The first county elections in Finland were held in January 2022, and the elected well-being services county councils will commence the new era of social and

healthcare services. The county councils will decide on the well-being services county and service strategies, principles of the service network, service level of emergency services, budget and financial planning of the well-being services county and appointment of members to governing bodies. The term of office of the county council is four years, commencing on March 1, 2022.

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 will not have a significant impact on Terveystalo.

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

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

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

The company's liquidity and financing situation remained strong. During the review period, the company fulfilled the covenant requirement included in the financing agreement that reflects relative indebtedness.

Key figures

Terveystalo Group, MEUR	2021	2020	Change, %
Revenue	1,154.6	986.4	17.1
Adjusted EBITDA,* 1)	206.1	162.8	26.6
Adjusted EBITDA, %* 1)	17.8	16.5	-
EBITDA <sup>1)</sup>	201.8	158.3	27.4
EBITDA, % <sup>1)</sup>	17.5	16.1	-
Adjusted EBITA* 1)	141	101.9	38.4
Adjusted EBITA, %* 1)	12.2	10.3	-
EBITA <sup>1)</sup>	136.7	97.4	40.3
EBITA, % <sup>1)</sup>	11.8	9.9	-
Adjusted EBIT* 1)	114.4	71.6	59.7
Adjusted EBIT, %* 1)	9.9	7.3	-
EBIT	110.1	67.2	64
EBIT, %	9.5	6.8	-
Return on equity (ROE), % <sup>1)</sup>	13.6	8.2	-
Equity ratio, % 1)	42.2	42.1	-
Earnings per share (EUR)	0.63	0.36	75.9
Net debt	519	490.9	5.7
Gearing, % <sup>1)</sup>	85.2	85.9	-
Net debt/adjusted EBITDA (last 12 months) <sup>1)</sup>	2.5	3	-
Total assets	1,448.6	1,361.0	6.4
Adjusted EBITDA (last 12 months), excluding IFRS 16* 1)	156.9	118.0	33.0
Net debt, excluding IFRS 16	340.6	312.4	9.0
Adjusted net debt/adjusted EBITDA (last 12 months), excluding IFRS 16* 1)	2.2	2.6	-
Average personnel in person-years	5,643	4,900	15.2

Terveystalo Group, MEUR	2021	2020	Change, %
Personnel (end of period)	9,805	8,253	18.8
Private practitioners (end of period)	5,754	5,057	13.8
Responsibility			
Quality index <sup>2)</sup>	94.6	94.2	0.4
Net Promoter Score (NPS), appointments	83	82.8	0.2
Employee Net Promoter Score (eNPS)	32	18	77.8
Mixed waste intensity <sup>3)</sup>	6.42	6.00	6.7

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

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

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

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

## Outlook

- The market environment has normalized and the demand for health services is broad based and strong. However, growth is restricted by supply.
- The demand for services related to COVID-19 is expected to remain good. However, predicting the volume is difficult. The overall demand for health services is expected to remain at a high level. The demand for digital services is expected to continue to grow.
- Demand from corporate customers for preventive and statutory occupational health services is expected to develop favorably. Demand for medical care is strong. Significant changes in the employment rate may be reflected in the underlying demand.
- Overall demand is expected to remain strong in the private customer segment. Significant changes in consumer confidence may be reflected in the underlying demand.
- Demand from the public sector is expected to remain strong in occupational health, service sales, and staffing services. Revenue from the outsourcing business is expected to remain stable.
- Demand in the Swedish occupational health market is expected to develop favorably due to pent-up demand in the wake of the pandemic. However, the spreading of the Omicron variant and new restrictions have resulted in uncertainty of demand in the short term.

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.

## Group revenue

**Revenue for 2021** grew by 17.1 percent year-on-year and amounted to EUR 1,154.6 (986.4) million. Revenue increased year-on-year in all customer groups. Revenue from corporate customers increased by 15.0 percent due to the increased demand for preventive occupational health services and sales of COVID-19 testing services to corporate customers. Revenue from private customers increased by 12.8 percent, mainly driven by COVID-19-related services, the growth of well-being services and services relating to certain specialties. Revenue from public sector customers increased by 11.2 percent. Revenue from service sales to public sector customers increased substantially and revenue from staffing services also grew despite the shortage of physicians restricting the growth during the second half of the year. Full-year revenue from the outsourcing business decreased slightly due to the expiry of contracts at the end of 2020. In the fourth quarter, revenue from the outsourcing business increased as a result of the commencement of the agreement on outsourcing the Kannelmäki health center, child welfare services business and invoicing for COVID-19-related additional services. Revenue from insurance companies developed favorably.

The demand for primary care appointments normalized during the second half of the year and exceeded the number of appointments for the comparison period. Appointments relating to general infections and otorhinolaryngologic diseases were below normal until the fourth quarter of the year, but increased at a strong rate towards the end of the year. The demand for specialist medical services in fields such as orthopedics, gynecology, ophthalmology, and dermatology continued to grow throughout the year. Revenue from surgical procedures and imaging services also increased year-on-year. The demand for well-being services remained good, with revenue increasing by 19 percent to EUR 107.8 (90.7) million. The demand for digital appointments<sup>1)</sup> continued strong growth, and their number increased by 48 percent to approximately a million (700,000) appointments. Including calls, the total number of remote appointments was approximately 2.0 (1.8) million during the year. Remote appointments through digital channels or over the phone accounted for approximately 25 (26) percent of all appointments in 2021. The total number of customer appointments increased by 16 percent to more than 8 (6.9) million customer appointments. Demand for COVID-19-related services continued to be strong throughout the year. Terveystalo performed approximately 500,000 (230,000) COVID-19 tests<sup>2)</sup> during the year. There were 253 (253) business days in 2021.

The external revenue of the Sweden and others segment (Feelgood consolidated as of July 1, 2021) amounted to EUR 36.9 million.

<sup>1)</sup> Does not include the digital appointments of the Sweden and others segment.

<sup>2)</sup> Excludes sample collection services.

Revenue breakdown

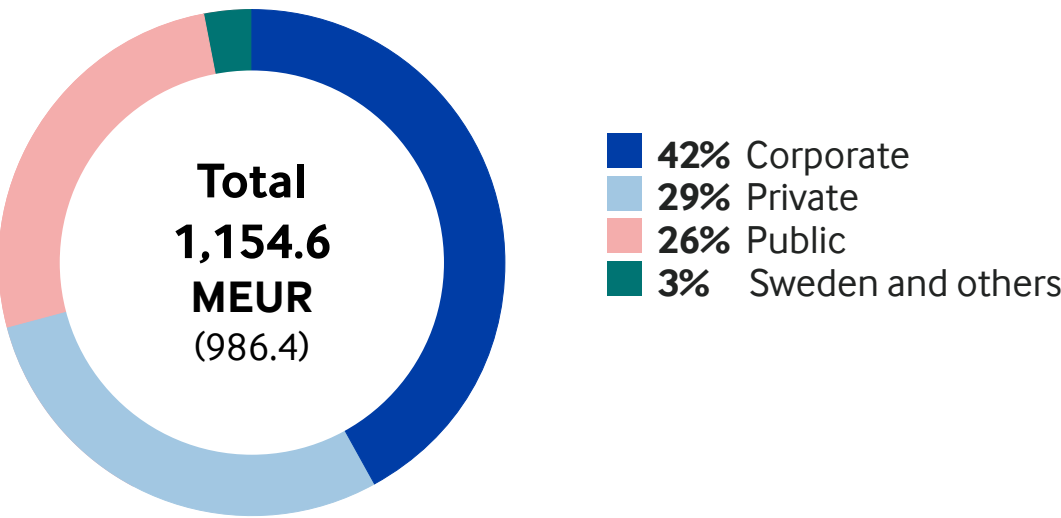
2021

MEUR	2021	2020	Change, %
Corporate customers	481.7	418.8	15
Private customers	333.2	295.4	12.8
Public sector customers	302.8	272.2	11.2
Outsourcing	121.1	121.4	-0.2
Staffing services	87.6	83.1	5.4
Service sales, occupational health and others	94	67.7	38.8
Finland in total	1,117.7	986.4	13.3
Sweden and others*	36.9	0.0	> 200.0
Total	1,154.6	986.4	17.1

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

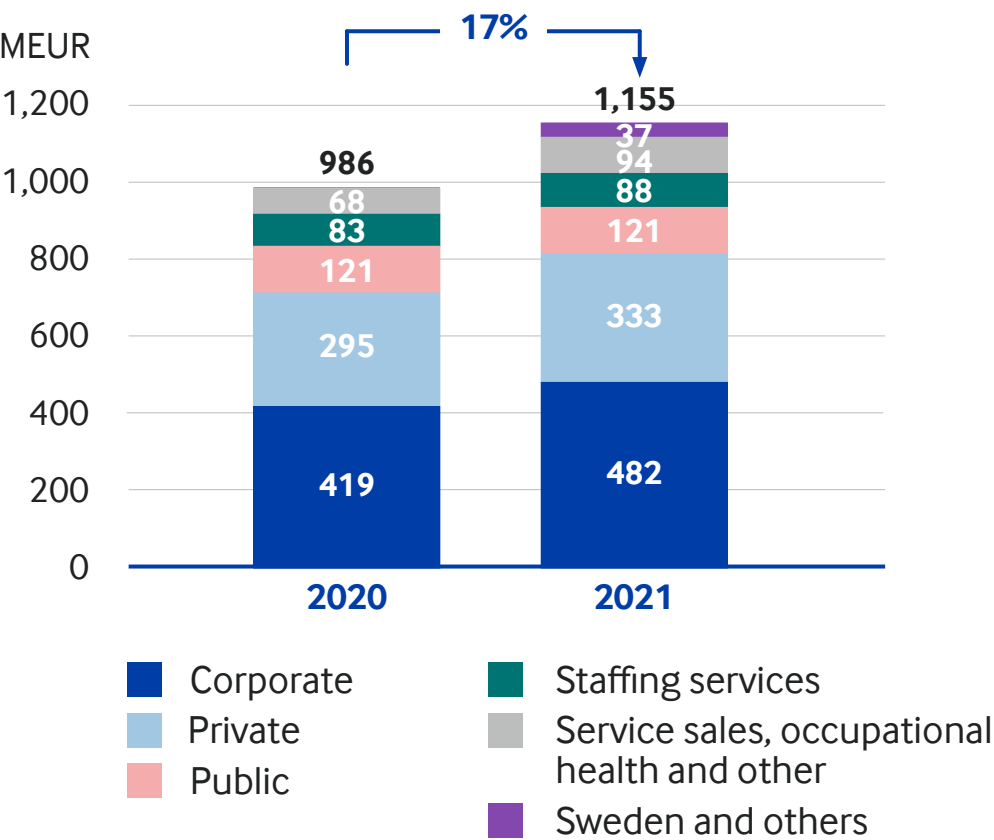
Revenue breakdown 2021

% of total turnover 2021



Feelgood (Sweden) consolidatet as of 1 July 2021.

Revenue breakdown 2020 and 2021



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 25,000 companies in Finland, which have approximately 650,000 occupational health customers.

**Revenue from corporate customers for 2021** increased by 15.0 percent to EUR 481.7 (418.8) million. Revenue from preventive occupational health services<sup>1)</sup> increased year-on-year, as activity for basic occupational health services, such as guidance and counseling, health examinations, and disability risk assessments, normalized during the first half of the year and remained at a good level throughout the year. Revenue was also increased by COVID-19 testing services offered to companies, with nearly 350,000 (160,000) COVID-19 tests performed during the year as a whole. The average prices of testing decreased year-on-year due to increased supply and competition. Demand for primary care appointments not relating to COVID-19 remained clearly below the normal level due to the low number of infections during the first half of the year, but then began to recover during the third quarter, and the number of primary care appointments exceeded the level of the comparison period in the fourth quarter. Demand for well-being services<sup>2)</sup> was strong throughout the year, with sales increasing by approximately 17 percent year-on-year. The strongest growth was again seen in mental well-being services. The use of digital services increased by 41 percent to approximately 793,000 (562,000) appointments. The number of end customers in occupational health care increased year-on-year.

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

<sup>2)</sup> Well-being services include, for example, physiotherapy, mental well-being services (psychologists and psychotherapists), nutritional therapy, work ability 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 own health. Services for private customers are paid for either by the customers themselves or by their insurance companies.

**Revenue from private customers for 2021** grew by 12.8 percent year-on-year and amounted to EUR 333.2 (295.4) million. Demand for appointments with general practitioners was still clearly below the normal level in the first half of the year due to the low number of infections. However, the demand normalized during the second half of the year and the number of appointments exceeded that of the comparison period in the fourth quarter. The demand for specialist medical services in fields such as orthopedics, gynecology, ophthalmology, and dermatology continued to grow throughout the year. Revenue from surgical operations and imaging services also grew year-on-year. The demand for well-being services, such as mental well-being and physical therapy services, remained strong throughout the year with revenue growing by 22 percent year-on-year. Demand for oral health services was negatively affected by the continuation of the COVID-19 pandemic, and revenue decreased slightly year-on-year. Revenue from insurance companies increased clearly year-on-year. The number of digital appointments increased by 71 percent to approximately 108,000 (63,300) appointments. COVID-19 testing increased the sales of laboratory services considerably. More than 86,000 (36,000) COVID-19 tests were performed on private customers in 2021. The number of occupational healthcare customers using private services and revenue from that segment grew substantially year-on-year.

Public sector customers

Terveystalo’s public sector customer group consists of Finnish public sector organizations, such as municipalities, municipal federations and hospital districts as well as municipal occupational health customers. Terveystalo’s broad nationwide platform, digital offering, good reputation and established brand, as well as its thorough expertise and experience in healthcare services throughout the chain of care, make Terveystalo an attractive partner for the public sector. Services for public sector customers are mainly financed from budgets of municipalities, municipal federations and hospital districts. The services offered to public sector customers include full and partial outsourcing, healthcare staffing services, specialized care services, other healthcare services as well as occupational health services for municipalities, municipal federations and hospital districts. Occupational health services covered approximately 80,000 persons.

**Revenue from public sector customers for 2021** grew by 11.2 percent year-on-year and amounted to EUR 302.8 (272.2) million. Revenue from the outsourcing business remained at the comparison period’s level and amounted to EUR 121.1 (121.4) million. Revenue was decreased by the expiry of several minor partial outsourcing agreements at the end of 2020. Revenue was increased by the invoicing of additional services related to COVID-19. In the fourth quarter, revenue was also positively affected by the commencement of the agreement on outsourcing the Kannelmäki health center and the child welfare services business, which was not carried out in the comparison period.

Revenue from staffing services increased by 5.4 percent to EUR 87.6 (83.1) million. The demand for staffing services was high throughout the year, with the growth of revenue being restricted mainly by the limited supply of physicians. The demand for nurse staffing services was also strong, mainly in services related to COVID-19.

Revenue from service sales as well as services provided for municipal occupational health customers and other public sector customers increased by 38.8 percent year-on-year to EUR 94.0 (67.7) million. This resulted mainly from the strong demand for services related to COVID-19, as well as occupational health business that increased through acquisitions and new agreements. Digital appointments increased to over 133,000 (74,500) consultations. In addition, the sales of well-being services grew by 22 percent year-on-year. Over 65,000 (29,500) COVID-19 tests<sup>1)</sup> were performed for public sector customers in 2021. In addition to testing, Terveystalo served as a partner to public healthcare services in sample collection, and activity in this area remained high.

<sup>1)</sup> Excludes sample collection services.

Sweden and others

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 700 employees in Sweden, serving customers digitally and in person at approximately 120 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, which have approximately 825,000 employees covered by occupational health. In addition to Sweden, Terveystalo operates at a small scale in Estonia and the Netherlands.

**The external revenue of the Sweden and others segment for 2021** amounted to EUR 36.9 million. Demand for occupational health was seasonally soft during the third quarter due to the impact of summer holidays. The demand picked up during the fourth quarter, and activity and volumes were at a good level. Demand was particularly strong in orga-

nization and leadership consultation, while the supply of professionals restricted the growth to some extent. Revenue also increased due to the acquisition of Dalarnas Företagshälsa in the third quarter. While large customers postponed occupational health projects due to COVID-19, alternative projects with small and medium-sized customers have been started successfully. The Swedish operations were consolidated into Terveystalo's reporting as of July 1, 2021.

## Financial performance

**The Group's 2021** adjusted earnings before interest, taxes, and amortization (EBITA) increased by 38.4 percent to EUR 141.0 (101.9) million, representing 12.2 (10.3) percent of revenue. Material expenses and service purchases increased by 9.2 percent year-on-year and amounted to EUR 488.9 (447.6) million. Employee benefit expenses increased by 21.9 percent year-on-year and amounted to EUR 378.2 (310.2) million. Expenses were increased by higher personnel costs due to services related to COVID-19 as well as personnel costs attributable to acquisitions. Personnel costs in the comparison period were reduced by temporary layoffs, temporary reductions in pension contributions and the postponement of recruitment. Other operating expenses increased by 22.1 percent to EUR 89.2 (73.0) million mainly due to higher IT, marketing and administrative costs. Costs in the comparison period were reduced by cost adjustment measures.

Adjusted EBITDA increased by 26.6 percent year-on-year to EUR 206.1 (162.8) million.

Adjusted operating profit amounted to EUR 114.4 (71.6) million. Operating profit (EBIT) amounted to EUR 110.1 (67.2) million, and profit before tax was EUR 100.7 (56.6) million.

Net financial expenses decreased to EUR 9.0 (10.0) million. Taxes on income increased to EUR 20.3 (10.8) million. Profit for the period was EUR 80.4 (45.8) million, and earnings per share were EUR 0.63 (0.36).

Cash flow from operating activities increased to EUR 195.2 (143.7) million. Cash flow from operating activities was favorably affected by higher revenue, the improved result and the decrease in committed net working capital.

Cash flow from investing activities was EUR -108.1 (-36.0) million. The change from the comparison period was mainly attributable to increased investments in acquisitions. Cash flow from financing activities amounted to EUR -126.1 (-71.2) million. The difference to the comparison period was mainly attributable to higher dividends paid, acquisition of treasury shares, acquisition of non-controlling interests and the drawing down of short-term loans.

**The Sweden and others segment's 2021** adjusted earnings before interest, taxes, and amortization (EBITA) amounted to EUR 0.8 million, representing 2.1 percent of revenue. Seasonally low operating volume in the third quarter weighed down profitability, with the lower activity not being coupled with corresponding flexibility in expenses. In the fourth quarter, the seasonally high operating volume and better margins increased profitability compared to year earlier.

## Financial position

Terveystalo's liquidity position is good. Cash and cash equivalents at the end of the financial period amounted to EUR 38.1 (77.1) million. The total assets of the Group amounted to EUR 1,448.6 (1,361.0) million.

Equity attributable to owners of the parent company totaled EUR 608.9 (571.4) million. The increase was due to the growth of retained earnings. The non-controlling interest amounted to EUR 0.0 (-) million. The dividends paid by Terveystalo for the 2020 financial period totaled EUR 0.26 per share (or approximately EUR 33 million), and they were paid in two equal tranches on April 7, 2021 and November 10, 2021.

Gearing (including lease liabilities) was 85.2 (85.9) percent and net debt amounted to EUR 519.0 (490.9) million.

During the review period, the company fulfilled the covenant requirement included in its financing agreement that reflects relative indebtedness. In the second quarter, the company entered into a new short-term financing agreement of EUR 70 million, with the loan drawn in full during the review period. The financing agreement includes an option to postpone the repayment to 2023. The company is planning to replace the financing agreement with long-term financing during 2022. 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 55.5 million.

Return on equity for the financial period was 13.6 (8.2) percent. The equity ratio was 42.2 (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 has an effect on 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\* for the financial period January 1–December 31, 2021, including M&A, amounted to EUR 125.4 (41.2) million. The Group's net cash capital expenditure, excluding acquisitions, amounted to EUR 42.6 (32.7) million and the corresponding non-cash capital expenditure came to EUR 4.7 (5.3) million. The investments consisted mainly of investments in IT system projects (including ERP and EMR), digital application and service development, medical equipment, and the network. With respect to gross investments, the relative proportions of investments in intangible and tangible assets remained at the same level as in the comparison period. Development investments amounted to EUR 9.7 (2.2) million.

During 2021, Terveystalo made eleven acquisitions to complement its business. The Group acquired Espoon Keskuksen Hammaslääkärit Oy (dental services), Attentio Oy (rehabilitation and therapy services), Keltaisen Kartanon Kuntoutus Oy (auxiliary business name Nuorten Sutela, demanding child welfare services), Helsinki Hospital Oy (demanding surgery), the business of Fysiopiste Mervi Nivukoski (physical therapy), Sivupersoonaa Oy (speech therapy and language interpretation), Dalarnas Företagshälsa AB (occupational health), Ankkuri’s child welfare services, Medimar Scandinavia Ab (medical clinic on the Åland Islands) and Suomen Hierojakoulut Oy (massage therapist training).

On June 14, 2021, Terveystalo acquired 72.1 percent of the share capital of Feelgood Svenska AB (publ), the parent company of the Sweden-based Feelgood Group. At the same time, Terveystalo made a recommended mandatory cash offer to the remaining shareholders of Feelgood to tender all of their shares in Feelgood to Terveystalo for a consideration of SEK 5.70 (approximately EUR 0.57) in cash per share. On July 27, 2021, Terveystalo announced that, at the end of the extended acceptance period on July 26, 2021, Terveystalo owned in aggregate 97.4 percent of the shares and votes in Feelgood. Terveystalo further announced that the acceptance period of the offer will not be extended and, accordingly, the offer was closed. Feelgood’s shares were delisted from Nasdaq Stockholm on August 6, 2021. Terveystalo initiated a mandatory redemption procedure concerning Feelgood’s remaining shares, and ownership of the remaining shares was obtained in December 2021, resulting in 100 percent ownership of Feelgood.

Vantaa City Executive Board approved the sale of AITO Työterveys - Vantaan Työterveys Oy to Terveystalo on November 30, 2021. The agreement was signed at the end of December after the appeal period had ended, and ownership was transferred in February 2022. The agreement also includes providing occupational health services to the City of Vantaa for 4 years as of February 1, 2022.

\* 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.

Personnel

The number of Terveystalo’s employed staff on December 31, 2021 was 9,805 (8,253). Of the increase, 668 employees were attributable to the Feelgood acquisition. The number of personnel was also increased by recruitment related to services associated with COVID-19 and digitalization. In full-time equivalent, the average number of staff was 5,643 (4,900). The number of private practitioners was 5,754 (5,057).

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 360 clinics across Finland. In Sweden, Terveystalo offers occupational health services at 120 clinics. Terveystalo employs in total more than 15,500 health and well-being professionals. Terveystalo is listed on the Helsinki Stock Exchange and has a predominantly Finnish ownership. In 2021, Terveystalo had 1.3 million individual customers in Finland and some 8 million customer visits were made, of which a quarter took place in remote channels.

Terveystalo reports on its corporate responsibility work as part of the Annual Report<sup>1)</sup>. This section summarizes the key themes targets and results. The responsibility section in its entirety can be found on pages 21-71.

Terveystalo’s sustainability and corporate responsibility 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 the goals of sustainable development. The company respects all internationally recognized human rights.

Terveystalo’s systematic management of corporate responsibility is aimed at ensuring that the company achieves its responsibility 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 non-financial 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 for and demand for health and well-being services is growing. The main non-financial 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 2021.

<sup>1)</sup> Responsibility reporting does not include Feelgood figures unless otherwise stated.

Targets and achievements

 Good health and well-being

Area	Target	Indicator	Target	2021	2020	2019	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	Over 99%	99.8%	97.8%	97.2%	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%	4.3%	4.6%	-	3
	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	32	36	42	3
	Percentage of preventive work of occupational health appointments over 60%	Percentage of preventive work of occupational health appointments	> 60%	70.2%	67.8%	67.5%	3
	Days until next available appointment, clinics (T3) below 1.00	T3, i.e. the third available appointment	< 1.00	1.61	1.17	0.98	3
	Appointment NPS over 74	Appointment NPS	> 74	83.0	82.8	72.5	3
	eNPS at least 14 in 2021	eNPS	14	32	18	9	3
	Quality index total	Quality index, %	100	94.6	94.2	96.4	3
Access to care, public services	Days until next available appointment (T3) public services < 7.00 for a physician, < 2 for a nurse	T3, i.e. the third available appointment with a physician	< 7.00	6.5	5.6	11.7	3
		T3, i.e. the third available appointment with a nurse	< 1.00	1	1	1	3
Patient safety		Reimbursed patient claims / appointments with a physician		0.0019%	0.0021%	0.0025%	3
		Near misses/hazardous incidents		50.0%	57.0%	61%	3

 Ethical business

Area	Target	Indicator	Target	2021	2020	2019	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	100%	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%	60%	16

 Responsible work

Area	Target	Indicator	Target	2021	2020	2019	SDG
Occupational safety	Accident rate below the sector average	Accident rate	< 35 (sector average)	15	25	27	8
Personnel's well-being	Reducing sickness absences	Sickness absences	-	4.4%	3.8%	3.8%	8
Employer recommended by the personnel	Improving the employee promoter score	eNPS	31 by 2025	32	18	9	8

 Sustainable economic growth

Area	Target	Indicator	Target	2021	2020	2019	SDG
Tax footprint	We openly disclose our tax footprint annually	Tax footprint, EUR million	-	191.0	152.3	149.8	8
Revenue growth	Minimum annual growth 5%	Revenue growth, %	5%	17.7 %	-4.3%	38.4%	8
The people we employ	We create jobs	Employee benefit expenses, EUR million	-	378.2	310.2	314.3	8

The figures include the whole Group.

Responsible consumption and climate action

Area	Target	Indicator	Target	2021	2020	2019	SDG
<b>Previous climate target: Reducing the carbon footprint</b>	Reducing the carbon footprint by 40% by 2030 (using 2018 as the baseline) <sup>1)</sup>	Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions, tCO2	-40% by 2030	1,565.6	2,168.6	2,141.2	13
<b>New climate targets (set in 2021) Reducing the carbon footprint</b>	Carbon neutrality in 2022, zero emissions from own operations in 2030. <sup>2)</sup> Between 2022 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 tCO2)	-100% by 2030	-89%	-66%	-17%	13
	We will reduce direct and indirect CO2 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, tCO2	-80% by 2025	664.0	2,165.4	5,255.8	13
	Zero emissions from own operations in 2030 <sup>2)</sup>	Reduction of direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions compared to 2018 (6,316.8 tCO2)	-100% by 2030	-89%	-66%	-17%	13
<b>Energy consumption</b>	We will purchase 100% green electricity in Finland by 2025 <sup>3)</sup>	Share of green electricity of all purchased electricity, %	100% by 2025	89%	62%	-	13
<b>Waste recovery</b>	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, % <sup>4)</sup>	100% by 2025	100%	99%	-	12
		The recycling rate of waste generated at Terveystalo units, % <sup>4)</sup>	100% by 2025	64%	61%	-	12
		Mixed waste intensity (mixed waste [metric tons] relative to total revenue [100 million])	Annual reduction	6.4	6.0	4.9	12

<sup>1)</sup> Location based

<sup>2)</sup> Between 2022 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. The calculation of Scope 2 emissions is market-based. The calculation of the market-based figure is based on the emission factor of the electricity purchased by Terveystalo, while the location-based figure is calculated according to a factor based on the source distribution of local energy production.

<sup>3)</sup> In the units where we purchase electricity ourselves.

<sup>4)</sup> Excludes waste fractions that cannot be recycled or recovered under any circumstances, such as hazardous waste.

## 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 and the customer's and professional's 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 toward 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 continuously monitored and developed key element of Terveystalo's quality efforts. 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. The patient safety is managed by monitoring the number of procedure 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 by medication plans, operating guidelines, and a basic range of drugs.

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. This work is supported by internal and external audits. In 2021, the patient safety themes were improving the patient safety culture and data protection. The priorities were pharmacotherapy permits, treatment of patients' first-aid situations as well as aseptic behavior and hand hygiene. 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 having 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. Terveystalo conducted a patient safety culture survey in 2021 as part of the patient safety theme year 2021. The aim of the survey was to assess how patient safety is visible in Terveystalo's day-to-day operations, what the personnel's perceptions are regarding the realization of patient safety, the current level of patient safety at Terveystalo and what issues we should focus on in the development of our patient safety culture. The feedback received from professionals who work with patients provided valuable input for development efforts. Based on the results, development measures will be started at the unit, regional and Group levels.

### 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 2021, Terveystalo continued to develop quality and effectiveness of the reporting and also adopted new quality indicators. 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. 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 2021, the WHO Surgical Safety Checklist was used in 99.8 (97.8) 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 2021, at Terveystalo clinics prescriptions for drugs affecting the central nervous system were written for 4.3 (4.6) 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 32 (36) days in 2021.

**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 2021, preventive work accounted for 70.2 (67.8) 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 1.61 (1.17) in 2021. 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 new 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 2021, the NPS for Terveystalo’s appointments was 83 (83). The NPS for hospital services remained at a high level at 94.7 (94.4).

**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. Terveystalo’s eNPS continued to develop favorably in 2021 and rose to a good level at 32 (18). The professionals’ experience at Terveystalo improved in all key areas in 2021.

**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 centers’ operating models over the longer term to ensure easy access to care. The goal is a health center with no queues, one that maintains a high level of clinical quality while delivering a good customer and employee experience.

In primary health care, Terveystalo partners with several municipalities and joint authorities. The company produces health center appointment services at 17 municipal health centers. At the start of October 2021, Terveystalo started operating the Kannelmäki health center in partnership with the City of Helsinki and is now providing services for the 20,000 residents of the area. Terveystalo is also participating in a service voucher pilot in Espoo, where customers can choose a private service provider as their health center by using a service voucher issued by the city.

In Terveystalo health centers, the average T3 time indicating the availability of non-urgent appointments (the third available appointment) was 6.5 (5.6) days in 2021. The target is less than 7 days for doctor’s services and less than 1 day for nurse’s services. The availability of care was excellent nationwide at Terveystalo’s health centers throughout the year. The availability of oral health care also remained at a good level at Terveystalo’s 12 outsourced dental clinics despite the continued COVID-19 pandemic. The average T3 time for non-urgent dentist’s appointments was 35 (30) days for the year.

## 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

In 2021, Terveystalo updated its orientation training on correct action and the Code of Conduct. An entirely new course was created for employees and practitioners who engage in clinical work, while the course designed for administrative employees was updated with new questions. 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 by everyone at Terveystalo. A further goal of the training is to create a better understanding of key themes related to ethics, including fair competition, the avoidance of conflicts of interest, the prevention of bribery, data protection and reporting misconduct. In 2021, 7 485 Terveystalo employees (6 032 salaried employees, 66.0 (52.3) percent of the total salaried employees in Finland) completed the training and received a passing grade. The goal is that 100 percent of employees complete the Code of Conduct training. The updated Code of Conduct has been well received by our employees – it has had a positive effect on the experienced significance and sustainability of work.

### Anti-corruption and bribery

In the area of anti-corruption and 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 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 2021.

## 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 labor, any form of forced labor 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 Labor Organization (ILO) and related international conventions. The company is committed to the UN Global Compact initiative and its principles pertaining to human rights and labor 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 more than 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 2021, 80 (80) percent of suppliers representing 80 percent of Terveystalo's total procurement volume had approved the Supplier Code of Conduct. Terveystalo also uses a supplier self-assessment form that covers topics such as compliance with 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 emphasize 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, modifying 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 is 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 centers, 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 of 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.

Terveystalo is a significant employer in Finland. At the end of 2021, Terveystalo had 9,805 (8,253) employees and 5,644 (5,057) independent practitioners in Finland. In 2021, Terveystalo acquired the Swedish occupational health company Feelgood, and got 668 new employees and 110 practitioners in Sweden. Terveystalo also made 11 other complementary acquisitions during the year, which increased our number of personnel by 172.

Terveystalo's goal is to be the best and most attractive employer in our industry. Terveystalo has worked systematically toward this goal for several years, and studies show that Terveystalo is the most popular employer in the industry in Finland among both students and 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 2021 professional survey, the employee Net Promoter Score (eNPS) continued to develop favorably, rising to a record-high level of 32 (18). The exit turnover of Terveystalo's personnel in Finland was 14.0 (17.1) percent.

## 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 mind. 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 the 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, Terveystalo has invested significantly in maintaining personnel’s work ability and medical care under the exceptional circumstances. Terveystalo’s personnel have operated in the eye of the storm of the COVID-19 pandemic. Sickness absences among our personnel increased slightly and the sickness absence rate in Finland was 4.4 (3.8) percent of hours worked.

There were no fatal accidents or accidents leading to serious injuries at Terveystalo in 2021. Terveystalo’s accident frequency in Finland was 15 (25) in 2021, which is clearly below the average in the health care industry (35).

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 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.

In 2021, Terveystalo launched Toward Better Leadership, a development program aimed at all managers and supervisors at Terveystalo. The program is underpinned by the changes in management required for the implementation of new strategy as well as Terveystalo’s new leadership principles: people orientation, high performance and sustainability. In addition to launching the leadership program, Occupational Health Sparring events for occupational health care professionals were organized, a project to develop the well-being at work of occupational health nurses was started, training on the implementation of new tools and operating models was provided and a wide range of training activities aimed at various professional groups to support their professional development were organized. Terveystalo also provided training to its various personnel groups on data protection, information security and our Code of Conduct.

In 2021, Terveystalo provided a total of 79,847 (63,864) hours of training, which corresponds to 8.7 (7.5) hours per salaried 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 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. In 2021, two of the seven members of the Board of Directors were women. Five of the eleven 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 aimed at promoting equal pay. Gender, for example, cannot be a factor that influences pay.

Sustainable economic growth

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 15,500 people. Terveystalo is a significant employer, taxpayer, and provider of health services in Finland.

Terveystalo produce services in Finland not only in the form of occupational health services for employers but also in the form of purchased services for the public sector and directly to private customers. Well-functional occupational health keeps the economy going. By providing public services, Terveystalo saves the taxpayers’ money because it can offer high-quality health services cost efficiently. By choosing public sector services, the customer also reduces queues in the public sector, both in dental care and other health care. In Sweden, a market Terveystalo expanded into by acquiring Feelgood in 2021, Terveystalo mainly produces diverse preventive occupational health services, helping Swedish companies and their employees achieve a higher level of well-being.

Terveystalo’s operations produce economic added value for various stakeholders. The key stakeholders include shareholders, customers, personnel, Terveystalo’s private practitioners, suppliers, service providers, and society. The most important cash flows consist of revenue generated from service sales and the operations of private practitioners, expenses arising from purchases from suppliers and service providers, dividends paid to shareholders, salaries paid to personnel, as well as taxes and investments.

In 2021, Terveystalo’s revenue and other operating income totaled EUR 1,158.0 (989.1) million. The goods, materials and services purchased from suppliers amounted to EUR 488.9 (447.6) million. Salaries and remuneration and the related social security contributions amounted to EUR 378.2 (310.2) million. Net financial expenses to creditors amounted to EUR 9.0 (10.0) million. Dividends paid to our shareholders in 2021 based on the results of the previous fiscal year amounted to EUR 33.1 (16.5) million. Terveystalo invested a total of EUR 42.6 (32.7) million to business development.

In 2021, Terveystalo’s tax footprint totaled EUR 191.0 (152.3) million. In addition, a total of EUR 316.3 (283.2) million was paid to private practitioners, who pay their individual taxes independently. Private practitioners’ taxes are not included in Terveystalo’s own tax footprint.

The figures include the whole Group.

Responsible 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 carbon neutrality in 2022 and zero emissions from our own operations in 2030. The conservation and sustainable use of natural resources in Terveystalo’s supply chains is 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 also enable to simultaneously improve service availability and reduce 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,
- by 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. In 2021, Terveystalo expanded ISO 14001:2015 certification to include its Group services.

Terveystalo set ambitious new climate targets in late 2021. The goal is to reduce the carbon footprint so that Terveystalo’s operations in Finland are carbon neutral in 2022 and zero emissions in own operations will be achieved in 2030. Between 2022 and 2030, any remaining greenhouse gas emissions will be compensated by investing in certified CO<sub>2</sub> emission compensation projects. The aim is to eventually discontinue compensation measures and to achieve zero emissions in own operations by 2030.

A further goal is to reduce direct and indirect CO<sub>2</sub> 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 in Finland. 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 2021, Terveystalo’s carbon footprint from Scope 1 and Scope 2 emissions (market-based) totaled 664.0 (2,165.4) tCO<sub>2</sub>-eq., which was 69 (59) percent lower than in 2020. 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 its operations – and part of indirect Scope 3 emissions – in accordance with the GHG standard.

Scope 1

Terveystalo 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 direct control are calculated based on fuel consumption. In 2021, Scope 1 CO<sub>2</sub> emissions totaled 245.5 (287.2) metric tons of carbon dioxide equivalent (tCO<sub>2</sub>e).

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 2021, electricity purchases

for properties controlled by Terveystalo totaled 14,195 (15,944) MWh. Since January 2020, the company’s electricity portfolio (electricity purchased for properties) is zero-CO<sub>2</sub> green electricity. Zero-CO<sub>2</sub> electricity purchased for 2021 totaled 12,696 (9,934) MWh, representing approximately 89 (62) percent of the company’s electricity consumption. The remainder, 1,499 (6,010) MWh, corresponds to 418.5 (1,878.2) metric tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e, market-based). As regards energy consumption, the target is for green electricity to account for 100 percent of the electricity purchased for operations in Finland.

Scope 3

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

At Terveystalo unnecessary work-related travel is aimed to be avoided by encouraging the use of remote meetings whenever possible. In 2021, Terveystalo’s personnel flew a total of 0.3 (0.3) million kilometers in work-related travel, equaling 39 (37) tCO<sub>2</sub>e. Regarding reimbursable work-related travel, the personnel traveled a total of 1.9 (1.6) million kilometers, equaling 322.1 (273.4) tCO<sub>2</sub>e. Terveystalo encourages its personnel to choose low-emissions vehicles as company cars. The average emissions of the company cars used by the Group amount to 92 (118) g CO<sub>2</sub>e/km. The indirect emissions arising from waste totaled 36.6 (30.2) tCO<sub>2</sub>e in 2021.

Terveystalo’s CO<sub>2</sub> emissions intensity is low due to the nature of the Group’s operations. In 2021, Terveystalo’s emissions intensity (Scope 1 and Scope 2, market-based) relative to revenue amounted to 0.6 gCO<sub>2</sub>e/EUR (2020: 2.2 gCO<sub>2</sub>e/EUR). Relative to the number of employees (FTE), the emissions intensity was 0.12 (0.44) tCO<sub>2</sub>e.

The recycling and recovery of waste is another key theme in Terveystalo’s environmental responsibility, with the goal being to minimize mixed waste in all operations and forwarding 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. Terveystalo is committed to reducing the plastic waste generated by its operations in accordance with the EU’s plastic strategy by improving recycling efforts and reviewing the packaging options offered by suppliers when possible. Terveystalo also keep a close eye on the medical waste and tries to minimize it by increasing the efficiency of inventory management. The COVID-19 pandemic also influenced the amount of waste generated in 2021, as the use of protective equipment needed for COVID-19 testing, vaccination and the protection of staff and customers increased during the year. The amount of mixed waste was also increased by the renovations of several units.

According to the company's assessment, the environmental aspects do not involve significant risks 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’s 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).

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 operations (percent) in terms of net sales, operating costs and investments. According to the company’s estimate, 0 percent of Terveystalo’s net sales, operating costs and investments are eligible with the current taxonomy and 100 percent non-eligible.

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 responsibility is described in the Responsibility section of Annual Report and in the Board of Directors’ report.

Shares, shareholders, and Board authorizations

At the end of December 2021, Terveystalo’s market value was EUR 1,516 (1,285) million and the closing price was EUR 11.84 (10.04). In 2021, the highest price of Terveystalo’s share on Nasdaq Helsinki Ltd was EUR 12.56 (12.66), the lowest price EUR 10.10 (7.40) and the average price EUR 11.34 (9.67). A total of 32.0 (26.6) million shares were traded in 2021. At the end of the reporting period, the number of Terveystalo shares registered in the Trade Register was 128,036,531. The following tables list the largest shareholders, distribution of ownership and owner groups. The management shareholding are listed in the Financial Statements in note 30.

The largest registered shareholders on December 31, 2021

Name	Number of shares	% of shares	Votes	% of votes
Varma Mutual Pension Insurance Company	22,151,945	17.30	22,151,945	17.30
Rettig Group AB	21,153,191	16.52	21,153,191	16.52
Pohjola Insurance Ltd	8,530,332	6.66	8,530,332	6.66
Hartwall Capital	8,431,690	6.59	8,431,690	6.59
OP Life Assurance Company Ltd	7,112,915	5.56	7,112,915	5.56
Elo Mutual Pension Insurance Company	4,392,951	3.43	4,392,951	3.43
Ilmarinen Mutual Pension Insurance Company	3,882,000	3.03	3,882,000	3.03
Mandatum Life Insurance Company	3,436,209	2.68	3,436,209	2.68
LocalTapiola Mutual Insurance Company	2,600,000	2.03	2,600,000	2.03
Åbo Akademi University Foundation	1,816,242	1.42	1,816,242	1.42
Ten largest, in total	83,507,475	65.22	83,507,475	65.22

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 3.34 percent of all shares.

Distribution of ownership, December 31, 2021

Number of shares	Number of shareholders	% of shareholders	Number of securities	% of securities	Number of votes	% of votes
1–100	12,093	47.07	576,425	0.45	576,425	0.45
101–500	9,924	38.63	2,499,640	1.95	2,499,640	1.95
501–1,000	2,011	7.83	1,563,527	1.22	1,563,527	1.22
1,001–5,000	1,338	5.21	2,719,972	2.12	2,719,972	2.12
5,001–10,000	137	0.53	993,220	0.78	993,220	0.78
10,001–50,000	113	0.44	2,318,299	1.81	2,318,299	1.81
50,001–100,000	22	0.09	1,628,154	1.27	1,628,154	1.27
100,001–500,000	30	0.12	6,359,924	4.97	6,359,924	4.97
500,001–	25	0.10	109,377,370	85.43	109,377,370	85.43
<b>Total</b>	<b>25,693</b>	<b>100.0</b>	<b>128,036,531</b>	<b>100.00</b>	<b>128,036,531</b>	<b>100.00</b>
of which nominee-registered	11		15,718,797	12.28	15,718,797	12.28
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			<b>128,036,531</b>	<b>100</b>	<b>128,036,531</b>	<b>100</b>

Shareholder groups, December 31, 2021

Shareholders by sector	Number of shares	% of shares
Households	8,941,603	7.96
Public entities	31,915,493	28.42
Financial and insurance institutions	32,179,768	28.65
Companies	15,036,371	13.39
Non-profit institutions	3,043,364	2.71
Foreign owners	21,201,135	18.88
<b>Total</b>	<b>112,317,734</b>	<b>100.00</b>
Of which nominee-registered	15,718,797	12.28

Notifications of major shareholdings

On 10 September 2021, Terveystalo Plc received a notification pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act from Hartwall Capital Oy Ab (HC Holding Oy Ab). According to the notification, the total number of shares and votes held by Hartwall Capital fell below the 10 percent threshold on 9 September 2021. Hartwall Capital’s previous holding totalled 11.27 percent (14,431,690 shares) of all Terveystalo’s outstanding shares. The previous ownership has been announced in connection with the IPO and no flagging notification has thus been made.

Share-based incentive schemes and the Board’s authorizations

On 9 February, Terveystalo Plc’s Board of Directors approved a new performance period covering years 2022-2024 of the long-term share-based incentive plan for key personnel. During the performance period 2022-2024, 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 2022–2024 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 696,000 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.

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. 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 implementing 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 2 December, 2020.

## The Board's authorizations

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

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

## Share buyback program

On 28 October, 2021 the Board of Directors of Terveystalo Plc decided to launch a buyback program for Terveystalo's own shares based on the authorisation granted by Terveystalo's Annual General Meeting on 25 March 2021.

The repurchases of the shares began on 29 October, 2021 and ended on 28 December, 2021. During that period, Terveystalo repurchased 1,000,000 of its own shares for an average price per share EUR 11.25. The shares were acquired at the market price quoted at the time of acquisition in trading organised by Nasdaq Helsinki Ltd on a regulated market.

The purpose of the share buyback program was to optimize the Company's capital structure through reduction of capital. The repurchase of own shares will reduce the Company's unrestricted equity. The repurchased 1,000,000 shares will be cancelled. Following the repurchases, Terveystalo holds a total of 1,730,000 own shares, which represents approximately 1.35 percent of all shares in Terveystalo Plc.

## Dividend Policy and distribution of profits for 2021 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 2021, earnings per share were EUR 0.63 (0.36).

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.28 (0.26) per share totaling EUR 35.6 (33.1) million be paid based on the balance sheet adopted for the financial year ended 31 December 2021. 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 11 April 2022. The Board of Directors proposes that the first dividend instalment would be paid on 20 April 2022.

- 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 10 October 2022. The Board of Directors proposes that the second dividend instalment would be paid on 19 October 2022. 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 instalment 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 2021 and the first Board meeting

The Annual General Meeting of Terveystalo Plc was held on 25 March 2021 in Helsinki, Finland. The Annual General Meeting adopted the financial statements for the financial year 2020 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 0.13 per share (totaling approximately EUR 16.5 million with the current number of shares) be paid based on the balance sheet adopted for the financial year ended 31 December 2020. The dividend was paid to a shareholder registered in the Company's shareholders' register maintained by Euroclear Finland Ltd on the dividend record date of 29 March 2021. The dividend was paid on 7 April 2021.

Further, the Board of Directors was authorized to resolve in its discretion on the payment of dividend as follows: The amount of dividend to be paid based on the authorization shall not exceed EUR 0.13 per share. The authorization is valid until the opening of the next Annual General Meeting. Unless the Board of Directors decides otherwise for a justified reason, the authorization will be used to pay dividend one time during the period of validity of the authorization. In this case the Board of Directors will make a separate resolution on the payment of dividend so that the dividend would pre-

liminarily be paid by the end of November 2021. The Company shall make separate announcement of such resolution and confirm the final record and payment dates in such announcement. The dividend to be paid based on a resolution of the Board of Directors will be paid to a shareholder registered in the Company's shareholders' register maintained by Euroclear Finland Ltd on the dividend record date.

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

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 per cent 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 2022.

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. The authorization will remain effective until the end of the next Annual General Meeting 2022, 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 Tomas von Rettig as Vice Chairman of the Board. Kristian Pullola was elected Chairman of the Audit Committee and Tomas von Rettig and Niko Mokka were elected members. Kari Kauniskangas was elected Chairman of the Remuneration Committee and Dag Andersson, Åse Michelet and Katri Viippola were elected members of the Committee.

## Corporate governance

Terveystalo Plc’s Corporate Governance Statement, Remuneration Policy, and Remuneration Report for 2021 will be published as part of the Annual Review in week 7.

## Activities following the end of the financial period

On 1 February 2022, Feelgood acquired Länshälsan Uppsala, an occupational health care provider. Revenue of the company was approximately SEK 40 million in 2020 and the company has approximately 30 employees.

The acquisition of Vantaan Työterveys Oy was completed on 1 February, 2022.

On 9 February, 2022, the Board of Directors of Terveystalo Plc decided on a new performance period of the share-based incentive scheme for 2022–2024.

## The most significant short-term risks and uncertainty factors

Terveystalo’s risk management is governed by the risk management policy approved by the Board. The policy defines goals, principles, organizations, responsibilities and practices for risk management. The management of financial risks complies with the Group’s financing policy approved by Terveystalo’s Board.

The risks and uncertainty factors described below are considered to potentially have a significant impact on the company’s business operations, financial results and future outlook within the next 12 months. The list is not intended to be exhaustive.

- The company’s business operations rely on its capacity to identify, recruit, and retain competent and professional healthcare professionals, employees and executives. The increased supply of services and increased competition may affect the availability of healthcare professionals, particularly in major cities. Turnover in key employees involves the risk of losing knowledge and expertise.
- The development and implementation of information system projects and services, service products, and operating models involves risks. The company is gradually replacing its operating systems and support systems as well as creating new digital customer solutions, which increases the overall risk related to information systems. Risk management is an essential aspect of the systems integration and deployment processes.

- The company may not be able to find suitable acquisition targets or expansion opportunities under favorable terms, and the integration of acquisition targets is not necessarily realized as planned.
- The company’s business is very dependent on functioning information systems, data communication and external service providers. Interruptions can result from hardware failure, software failure or cyber threats. Long-lasting malfunction of information systems or payment transfers can lead to significant loss of sales and decline in customer satisfaction.
- Endangered information security or privacy can lead to losses and claims for damages and endanger reputation.
- The global pandemic and the related restrictive measures may have a significant impact on consumer behavior, demand for healthcare services, and the company’s expected financial development. The Emergency Powers Act and other regulations pertaining to emergency circumstances give the public sector the power to intervene in service production and even take private sector resources into public use if necessary.
- The restrictions complicate supply chain operations globally, which reduces the availability of the personal protective equipment necessary in service provision, among other things.
- Changes in the competitive landscape, new competitors entering the markets and increasing price competition may have a negative impact on the company’s profitability and growth potential.
- Corporate responsibility aspects are increasingly important for customers, such as ensuring the responsibility of the product supply chain, fair and equal treatment of employees, avoidance of corruption and protection of the environment. Possible failures associated with corporate responsibility would mean negative publicity for Terveystalo and could cause operational and financial damage. Challenges related to Terveystalo’s corporate responsibility work include communicating the corporate responsibility principles to the key stakeholders and ensuring the responsibility of the product and service supply chain.
- The company is a party to, and may become a party to, legal action or administrative procedures initiated by the authorities, patients or third parties. According to the company’s opinion, its currently pending legal obligations and court cases are not significant in nature.

Risk management at Terveystalo and risks related to the company’s business are described in more detail at the company’s website and in the company’s Annual Review.

## General Meeting of Shareholders 2022

The Annual General Meeting of Terveystalo Plc will be held on Thursday, April 7, 2022 in Helsinki.

Terveystalo Plc  
Board of Directors

# Consolidated financial statements, IFRS

## Consolidated statement of comprehensive income

EUR mill.	Note	1.1.-31.12.2021	1.1.-31.12.2020
<b>Revenue</b>	<b>4, 5</b>	<b>1,154.6</b>	<b>986.4</b>
Other operating income	6	3.4	2.7
Materials and services	7	-488.9	-447.6
Employee benefit expenses	8	-378.2	-310.2
Depreciation, amortisation and impairment losses	9	-91.7	-91.2
Other operating expenses	10	-89.2	-73.0
<b>Operating profit</b>		<b>110.1</b>	<b>67.2</b>
Financial income	11	0.8	0.5
Financial expenses	11	-9.9	-10.6
<b>Net finance expenses</b>		<b>-9.0</b>	<b>-10.0</b>
Share of results in associated companies		-0.3	-0.6
<b>Profit before taxes</b>		<b>100.7</b>	<b>56.6</b>
Income tax expense	12	-20.3	-10.8
<b>Profit for the period</b>		<b>80.4</b>	<b>45.8</b>
<b>Profit attributable to</b>			
Owners of the parent company		80.5	45.8
Non-controlling interests		-0.0	0.0

EUR mill.	Note	1.1.-31.12.2021	1.1.-31.12.2020
<b>Other comprehensive adjustments</b>			
Items that may be reclassified to profit or loss			
Translation differences from foreign operations		-0.8	-
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	28	0.1	-
<b>Other comprehensive income for the period, net of tax</b>		<b>-0.6</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>79.8</b>	<b>45.8</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent company		79.8	45.8
Non-controlling interest		0.0	0.0
<b>Earnings per share for profit attributable to the shareholders of the parent company, in euro</b>			
Basic earnings per share	13	0.63	0.36
Diluted earnings per share	13	0.63	0.36

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

**Consolidated statement of financial position**

EUR mill.	Note	31 Dec 2021	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	72.0	67.6
Right-of-use assets	14	172.5	172.4
Goodwill	15, 16	848.6	781.8
Other intangible assets	15	175.2	152.2
Investment properties	17	0.5	0.5
Investments in associates	18	0.6	2.2
Loan receivables	20	0.1	0.3
Deferred tax assets	12	5.4	4.4
Other non-current assets	20	0.8	-
<b>Total non-current assets</b>		<b>1,275.8</b>	<b>1,181.3</b>
<b>Current assets</b>			
Inventories		6.4	6.8
Trade and other receivables	22	128.3	95.1
Cash and cash equivalents	23	38.1	77.1
<b>Total current assets</b>		<b>172.8</b>	<b>179.0</b>
<b>Non-current assets held for sale</b>	23	<b>-</b>	<b>0.8</b>
<b>TOTAL ASSETS</b>		<b>1,448.6</b>	<b>1,361.0</b>

EUR mill.	Note	31 Dec 2021	31 Dec 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		0.1	0.1
Invested non-restricted equity reserve		492.8	492.8
Treasury shares		-18.0	-6.7
Retained earnings		134.0	85.3
<b>Equity attributable to equity holders of the Company total</b>		<b>608.9</b>	<b>571.4</b>
Non-controlling interest		0.0	-
<b>TOTAL EQUITY</b>		<b>608.9</b>	<b>571.4</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	20, 21, 25	257.9	302.3
Non-current lease liabilities	20, 21, 25	131.4	141.1
Deferred tax liabilities	12	28.5	26.0
Provisions	27	8.5	7.7
Other liabilities		15.6	9.4
<b>Total non-current liabilities</b>		<b>441.9</b>	<b>486.6</b>
<b>Current liabilities</b>			
Current financial liabilities	20, 21, 25	120.9	87.2
Current lease liabilities	20, 21, 25	47.1	37.3
Current tax liabilities		13.3	13.5
Provisions	27	2.5	2.4
Trade and other payables	26	214.1	162.7
<b>Total current liabilities</b>		<b>397.9</b>	<b>303.1</b>
<b>TOTAL LIABILITIES</b>		<b>839.7</b>	<b>789.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,448.6</b>	<b>1,361.0</b>

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

**Consolidated statement of cash flows**

EUR mill.	Note	1.1.-31.12.2021	1.1.-31.12.2020
<b>Cash flows from operating activities</b>			
Profit before income taxes		100.7	56.6
<b>Adjustments for</b>			
Non-cash transactions			
Depreciation, amortisation and impairment losses	9	91.7	91.2
Change in provisions	27	0.9	1.0
Other non-cash transactions		1.3	-0.8
Gains and Losses on sale of property, plant, equipment and other changes		-0.1	0.0
Net finance expenses	11	9.0	10.0
<b>Changes in working capital</b>			
Trade and other receivables		-17.0	5.3
Inventories		0.6	-1.2
Trade and other payables		28.4	-1.4
Interests received		0.3	0.2
Income taxes paid		-20.7	-17.2
<b>Net cash from operating activities</b>		<b>195.2</b>	<b>143.7</b>

EUR mill.	Note	1.1.-31.12.2021	1.1.-31.12.2020
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries, net of cash acquired	3	-65.3	-2.0
Acquisition of property, plant and equipment	14	-21.0	-13.0
Acquisition of intangible assets	15	-22.1	-20.1
Investments to associated companies		-	-0.5
Proceeds from sale of financial assets		0.0	0.0
Acquisition of business operations, net of cash acquired	3	-0.1	-0.6
Long-term loans granted		-	-0.2
Proceeds from sale of property, plant and equipment		0.5	0.4
Dividends received		0.0	0.0
<b>Net cash from investing activities</b>		<b>-108.0</b>	<b>-36.0</b>
<b>Cash flows from financing activities</b>			
Acquisition of non-controlling interests	3	-12.7	-
Acquisition of treasury shares	24	-11.3	-
Repayment of non-current borrowings	25	-41.9	-41.5
Proceeds from current borrowings	25	77.0	40.0
Repayment of current borrowings	25	-46.5	-
Payment of lease liabilities	25	-42.4	-37.7
Payment of hire purchase liabilities	25	-5.9	-5.5
Interests and other financial expenses paid		-9.3	-10.0
Dividends paid		-33.1	-16.5
<b>Net cash from financing activities</b>		<b>-126.1</b>	<b>-71.2</b>
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at 1 January		77.1	40.6
Exchange rate differences		-0.1	-
Cash and cash equivalents at 31 December		38.1	77.1

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

**Consolidated statement of changes in equity**

EUR mill.	Equity attributable to owners of the parent company						Total equity
	Share capital	Invested non-restricted equity reserve	Treasury shares	Retained earnings	Total	Non-control-ling interests	
<b>Equity 1 Jan 2021</b>	0.1	492.8	-6.7	85.3	571.4	0.0	571.4
<b>Comprehensive income</b>							
Profit for the period	-	-	-	80.5	80.5	0.0	80.4
Other comprehensive income				-0.6	-0.6	-	-0.6
<b>Transactions with owners</b>							
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
<b>Transactions with non-controlling interests</b>							
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	12.8	12.8
Transactions with non-controlling interest	-	-	-	0.1	0.1	-12.8	-12.7
<b>Equity 31 Dec 2021</b>	<b>0.1</b>	<b>492.8</b>	<b>-18.0</b>	<b>134.0</b>	<b>608.9</b>	<b>0.0</b>	<b>608.9</b>

EUR mill.	Equity attributable to owners of the parent company						Total equity
	Share capital	Invested non-restricted equity reserve	Treasury shares	Retained earnings	Total	Non-control-ling interests	
<b>Equity 1 Jan 2020</b>	0.1	492.8	-6.7	55.1	541.2	0.0	541.2
<b>Comprehensive income</b>							
Profit for the period	-	-	-	45.8	45.8	0.0	45.8
<b>Transactions with owners</b>							
Share-based payments	-	-	-	0.9	0.9	-	0.9
Dividends	-	-	-	-16.5	-16.5	-	-16.5
<b>Equity 31 Dec 2020</b>	<b>0.1</b>	<b>492.8</b>	<b>-6.7</b>	<b>85.3</b>	<b>571.4</b>	<b>-</b>	<b>571.4</b>

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

## 1. Corporate information

Terveystalo Plc is a Finnish public limited liability company organised 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 36 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](http://www.terveystalo.com), from Terveystalo Oyj / Corporate Communications, Jaakonkatu 3, 00100 Helsinki, Finland, or via e-mail at [investors@terveystalo.com](mailto: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 2022 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 2021. The consolidated financial statements also comply with the regulations of Finnish accounting and company legislation complementing the IFRS.

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 2021

The Group has applied as from 1 January 2021 the following new and amended standards that have come into effect:

#### Amendment to IFRS 16 – Covid-19-Related Rent Concessions

The amendment allows the lessees not to account for rent concessions as lease modifications if the concessions are a direct consequence of the Covid-19 pandemic and only if certain conditions are met. The impacts of the amendments on Terveystalo’s consolidated financial statements have not been significant.

#### Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2

Amendments address issues affecting financial statements when changes are made to contractual cash flows and hedging relationships as a result of interest rate benchmark reform. Amendments assist companies in providing useful information about the effects of interest rate benchmark reform on financial statements. The impacts of the amendments on Terveystalo’s consolidated financial statements have not been significant.

#### New IFRIC agenda decisions

IFRS interpretation committee (IFRIC) finalised in April 2021 its agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement. In this agenda decision the interpretation committee considered, whether, applying IAS 38, the customer recognises an intangible asset in relation to configuration or customisation of the application software, and if an intangible asset is not recognised, how the customer accounts for the configuration or customisation costs. The impacts of the agenda decision 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 2021.

Amendments to IAS 37 – Onerous Contracts (to be applied from 1 January 2022)

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 are not expected to be significant.

Annual Improvements to IFRS Standards 2018–2020 (to be applied from 1 January 2022)

IFRS 9: This amendment clarifies that – for the purpose of performing the ‘10 percent 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 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.

The annual improvements are not expected to have a significant impact on Terveystalo’s consolidated financial statements.

Amendments to IAS 16 – Proceeds before Intended (to be applied from 1 January 2022)

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items. The impacts of the amendments on Terveystalo’s consolidated financial statements are not expected to be significant.

Amendments to IFRS 3 – Reference to the Conceptual Framework (effective for financial years beginning on or after 1 January 2022)

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 are not expected to be significant.

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 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, to the expected development of the Group's economic environment in terms of sales and cost level. However, it is possible that the realised 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 realisation 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 recognised 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 recognise intangible assets separately from goodwill if certain criteria are met. Recognising 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 those are 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 flexible use of premises in Group's businesses. Management uses judgment to determine the use of termination and extension options and assesses the lease termination dates and lease terms. Based on management's judgment, the termination options which relate to perpetual lease contracts for premises that are significant will not be used and such lease contracts are recognised 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 onerous contracts as well as retirement obligations related to some leased premises. Management makes estimates mainly concerning the total loss of the onerous 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 recognised as an expense as incurred. Transactions treated separately from the acquisition are recognised 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 recognised 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 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. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the resulting gain is recognised in profit or loss.

Intra-group transactions, receivables, liabilities and unrealised 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 recognised 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 recognised 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 recognised 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.

Unrealised 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 recognised 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 recognised amounts in other comprehensive income and the value of the investment in the consolidated financial statements are recognised 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 recognised in profit or loss as financial income or expenses.

The functional currency of the acquired Feelgood group 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 recognised 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 recognised 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 capitalises 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 other than goodwill with indefinite useful lives.

Amortisation periods used for intangible assets are as follows:

Immaterial rights	3–10 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 recognised as an expense as incurred in the statement of income. Development expenditure are capitalised as intangible assets when certain capitalisation criteria are met. Development expenditure that do not qualify for the capitalisation are recognised as an expense. The estimated useful lives of capitalised 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 recognised when the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised 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 amortisation, is reassessed when an impairment loss is recognised. The impairment loss recognised 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 recognised. Impairment loss recognised 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 recognises an expected credit loss for trade receivables and contract assets based on simplified approach. Expected credit loss rates have been calculated using historical information of actual impairment losses and 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 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 recognises 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 judgment, 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 recognise 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 recognised 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 amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from 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 amortised 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 derivative assets, non-quoted equity instruments and loan receivables. Realised or unrealised gains and losses arising from changes in fair values are recognised in the statement of income in the period in which they are incurred.

Financial assets at amortised cost consist of trade receivables and other receivables. They are measured at amortised 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 2020 or 2021.

Financial asset is derecognised 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 amortised cost.

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

Financial liabilities at amortised cost include loans from financial institutions, lease liabilities, hire purchase liabilities and trade and other payables. They are initially recognised at fair value which is based on the consideration received. Transaction costs are included in the initial amount recognised and subsequently the financial liability is measured at amortised 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 2020 or 2021.

Financial liability is derecognised 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 realisable value. The cost of inventories is determined by using FIFO (first in, first out) method. Net realisable 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 recognised through profit or loss in the reporting period 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 recognised 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 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 recognised directly in the other comprehensive income. Interest and other expenses related to defined benefit plans are recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognising 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 recognised 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 recognises revenue on a gross basis. Fees related to purchasing these services are recognised in materials and services expenses.

## 2.16 Segment information

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 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 digitalisation, 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 recognised 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, amortisation 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 on the earnings per share.

2.20 Income taxes

Income taxes primarily include current and deferred taxes. Tax related to items recognised directly in equity or in other comprehensive income is also recognised 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 recognised 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 recognised 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 recognised 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 capitalised customer relationships and trademarks, and to provisions related primarily to onerous contracts.

A deferred tax asset is recognised 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 2021, the Group has 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 initiated a mandatory redemption procedure for the remaining shares in Feelgood and Feelgood’s shares were delisted from Nasdaq Stockholm on August 6.

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, organisation 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 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 Group’s financial statements from the end of June 2021 onwards.

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

Consideration transferred

EUR million

Purchase price, payable in cash	47.2
<b>Total consideration transferred</b>	<b>47.2</b>

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

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

**Cash flow impact of the acquisition****EUR million**

Cash paid	47.2
Less: cash and cash equivalents acquired	-2.7
<b>Cash flow impact at the acquisition date</b>	<b>44.5</b>
Acquisition of non-controlling interests	12.7
<b>Total cash flow impact of the acquisition</b>	<b>57.2</b>

The non-controlling interest from the acquisition has been recognised 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.

The accounting for the business combination is provisional at the reporting date. The fair value measurement of the assets acquired and the liabilities assumed is partly ongoing at the reporting date and are subject to adjustments until the valuation is finalised. Customer relationships, trademarks and technology related intangible assets were recognised in the preliminary determination of fair values and the combined preliminary fair value of these assets was measured at EUR 18.0 million. A deferred tax liability of EUR 3.7 million was recognised for the beforementioned assets. The fair values of customer relationships and trademarks have been determined through the use of income approach which requires an estimate or forecast of expected future cash flows. The fair value of technology has been determined using the estimated replacement cost. The acquisition resulted preliminary 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 recognised goodwill is not deductible for tax purposes.

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

The Group incurred acquisition-related expenses of EUR 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 recognised 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 Scandinavia Ab. A non-controlling interest of EUR 15 thousand was recognised 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 summarises the acquisition date fair values of the consideration transferred as well as the recognised 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	24.0
Contingent consideration	7.3
<b>Total consideration transferred</b>	<b>31.4</b>

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
<b>Total identifiable net assets acquired</b>	<b>5.4</b>
<b>Goodwill</b>	<b>26.0</b>

As a result of these business combinations, a preliminary goodwill amounting to EUR 26.0 million was recognised. The goodwill is attributable to skills of the workforce and synergies expected to be achieved. EUR 0.4 million of the recognised 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 recognised from the acquisitions during 2021 was EUR 15.7 million and the impact to the result 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.

Business combinations during 2020

- During the year 2020, the Group acquired three businesses and has made two corporate acquisitions.
- On 31 March 2020 Suomen Terveystalo Oy acquired the business from Varkauden fysiokeskus. Acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognised as a liability at the date of acquisition with a fair value EUR 0.1 million. The contingent consideration is tied to the future sales to be incurred.
  - On 1 August 2020 Suomen Terveystalo Oy acquired the occupational health business activities of Keski-Satakunnan Työterveydenhuolto.
  - On 30 August 2020 Suomen Terveystalo Oy acquired the business of Keski-Lapin Hammashuolto. The acquisition includes a contingent consideration that was treated as part of the consideration transferred and recognised as a liability at the date of acquisition with a fair value EUR 30 thousand. The contingent consideration is tied to the future sales to be incurred.
  - On 31 October 2020 Terveystalo Healthcare Oy acquired 100 percent of the shares of the medical center MedInari Oy.
  - On 31 December 2020 Terveystalo Healthcare Oy acquired 100 percent of the shares of the sleep clinic Vitalmed Oy. The acquisition includes a contingent consideration that was treated as a part of the consideration transferred and recognised as a liability at the date of the acquisition with a fair value of EUR 0.4 million. The contingent consideration is tied to the future sales to be incurred.

The following table summarises the acquisition date fair values of the consideration transferred as well as the recognised 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	2.4
Contingent consideration	0.5
Total consideration transferred	2.9

Identifiable assets acquired and liabilities assumed

EUR mill.	
Cash and cash equivalents	0.1
Intangible assets	0.5
Trade and other receivables	0.1
Trade and other payables	-0.2
Deferred tax liabilities	-0.1
Total identifiable net assets acquired	0.5
Goodwill	2.5

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

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

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

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

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

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

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 25,000 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 personalised 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 organisations, 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, specialised care services, other health care services, as well as occupational health care services for municipalities, municipal federations, and hospital districts.

Disaggregation of revenue

EUR mill.	1.1.-31.12.2021	1.1.-31.12.2020
Corporate	481.7	418.8
Private	333.2	295.4
Public	302.8	272.2
Outsourcing	121.1	121.4
Staffing services	87.6	83.1
Service sales, occupational health and others	94.0	67.7
Finland	1,117.7	986.4
Sweden and other *	36.9	0.0
Total	1,154.6	986.4

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

Timing of satisfying performance obligations

EUR mill.	1.1.-31.12.2021	1.1.-31.12.2020
At a point in time	1,030.1	861.8
Over time	124.5	124.5
Total	1,154.6	986.4

Balances in the statement of financial position

EUR mill.	31.12.2021	31.12.2020
Contract assets	15.0	5.6
Contract liabilities	6.1	2.2

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. Group reports the operating segments in Finland as one reportable segment based on the IFRS 8 aggregation criteria as same services are offered in all Finnish regions, customer types are similar, methods used to provide services are similar and regula- tory environment and operational risks are same. Terveystalo’s reportable segments are:

- Finland
- Sweden and other

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 Group’s profit before taxes

EUR mill.	1.1-31.12.2021
Profit before taxes	100.7
Share of profits in associated companies	0.3
Net finance expenses	9.0
Amortisation and impairment losses	26.6
Adjustments*	4.3
Adjusted EBITA	141.0

\*Additional 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 2021
Finland	1,197.8
Sweden and other	71.6
Total	1,269.4

## 6. Other operating income

EUR mill.	1.1.-31.12.2021	1.1.-31.12.2020
Rental income	1.2	1.1
Gains on sale of property, plant and equipment	0.2	0.2
Other items	2.1	1.5
<b>Total</b>	<b>3.4</b>	<b>2.7</b>

## 7. Materials and services

EUR mill.	1.1.-31.12.2021	1.1.-31.12.2020
Purchases of materials	-34.8	-35.5
Change in inventories	-0.6	1.3
External services	-453.4	-413.4
<b>Total</b>	<b>-488.9</b>	<b>-447.6</b>

## 8. Employee benefit expenses

EUR mill.	1.1.-31.12.2021	1.1.-31.12.2020
Wages and salaries	-314.1	-261.6
Share-based payments	-1.9	-0.9
Pension expenses - defined contribution plans	-50.6	-38.6
Other social security costs	-11.7	-9.0
<b>Total</b>	<b>-378.2</b>	<b>-310.2</b>
Number of personnel at the end of the reporting period	9,805	8,253

## 9. Depreciation, amortisation and impairment

EUR mill.	1.1.-31.12.2021	1.1.-31.12.2020
<b>Depreciation and amortisation by asset type</b>		
Intangible assets		
Trademarks	-4.5	-4.1
Customer relationships	-10.0	-17.8
Other intangible assets	-10.8	-8.2
<b>Total</b>	<b>-25.3</b>	<b>-30.2</b>
Property, plant and equipment		
Buildings	-0.0	-0.0
Machinery and equipment	-13.6	-13.8
Improvement to premises	-5.5	-5.1
<b>Total</b>	<b>-19.2</b>	<b>-18.9</b>
Right-of-use assets	-45.9	-42.0
Investment property	-0.0	-0.0
<b>Depreciation and amortisation total</b>	<b>-90.3</b>	<b>-91.1</b>
<b>Impairment losses by asset groups</b>		
Other intangible assets	-0.0	-0.0
Other property, plant and equipment	-0.0	-0.0
Improvement to premises	-0.0	-0.0
Associated companies	-1.2	-
<b>Impairment total</b>	<b>-1.3</b>	<b>-0.1</b>
<b>Total depreciation, amortisation and impairment losses</b>	<b>-91.7</b>	<b>-91.2</b>

## 10. Other operating expenses

### Specification of other operating expenses

EUR mill.	1.1.-31.12.2021	1.1.-31.12.2020
External services	-3.0	-2.4
Operating and maintenance expenses for premises and equipment	-19.2	-17.5
ICT expenses	-31.7	-27.1
Non-statutory personnel expenses	-4.8	-4.0
Leases and charges	-4.1	-3.5
Travel expenses	-4.3	-3.6
Marketing and communication	-7.3	-4.6
Acquisition related expenses	-2.3	-0.1
Other costs	-12.3	-10.3
<b>Total</b>	<b>-89.2</b>	<b>-73.0</b>

### Auditor's fees

In thousands of euro	1.1.-31.12.2021	1.1.-31.12.2020
<b>Audit and auditor's statements based on laws and regulations</b>		
Audit, KPMG	-275.2	-145.5
Auditor's statements based on laws and regulations, KPMG	-4.6	-3.2
<b>Total</b>	<b>-279.7</b>	<b>-148.7</b>
<b>Non audit services</b>		
Assurance services, KPMG	-	-0.9
Tax services, KPMG	-2.2	-1.0
Other services, KPMG	-34.5	-17.0
<b>Total</b>	<b>-36.7</b>	<b>-18.9</b>
<b>Auditor's fees total</b>	<b>-316.4</b>	<b>-167.6</b>

Auditor's fees have been presented excluding valued added tax.

## 11. Financial income and expenses

EUR mill.	1.1.-31.12.2021	1.1.-31.12.2020
Interest income on loans and other receivables	0.3	0.2
Dividend income	0.0	0.0
Change in fair value of interest rate derivatives, no hedge accounting	0.6	0.3
<b>Total financial income</b>	<b>0.8</b>	<b>0.5</b>
Interest expense on loans from financial institutions	-5.5	-5.9
Interest expenses on lease liabilities	-3.9	-4.2
Other financial expenses	-0.5	-0.5
<b>Total financial expenses</b>	<b>-9.9</b>	<b>-10.6</b>
<b>Net finance expenses</b>	<b>-9.0</b>	<b>-10.0</b>

## 12. Taxes

### 12.1 Income taxes

#### Income taxes in the statement of income

EUR mill.	1.1.-31.12.2021	1.1.-31.12.2020
Current tax for the reporting year	-23.4	-15.8
Income taxes for previous periods	-0.0	-0.0
Change in deferred taxes	3.1	5.1
<b>Total income taxes</b>	<b>-20.3</b>	<b>-10.8</b>

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

EUR mill.	1.1.-31.12.2021	1.1.-31.12.2020
Profit or loss before taxes	100.7	56.6
Tax using the parent company's tax rate	-20.1	-11.3
Tax rates in foreign jurisdictions	0.0	-0.0
Tax exempt income	0.2	0.2
Non-deductible expenses	-0.8	-0.1
Share of profit in associated companies	-0.1	-0.1
Recognition of previously unrecognised tax losses	0.1	0.2
Tax losses for which no deferred taxes are recognised	0.0	-0.0
Taxes from previous periods	0.1	-0.0
Other	0.3	0.4
<b>Total income taxes in the statement of income</b>	<b>-20.3</b>	<b>-10.8</b>

### 12.2 Deferred tax assets and liabilities

#### Deferred tax assets 2021

EUR mill.	1 Jan 2021	Business combinations	Recognised in the statement of income	Translation differences	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
<b>Total</b>	<b>4.4</b>	<b>0.1</b>	<b>0.9</b>	<b>-0.0</b>	<b>5.4</b>

**Deferred tax liabilities 2021**

EUR mill.	1 Jan 2021	Business combinations	Recognised in the statement of income	Translation differences	31 Dec 2021
Reversal of goodwill amortisation	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
<b>Total</b>	<b>26.0</b>	<b>4.6</b>	<b>-2.2</b>	<b>-0.0</b>	<b>28.5</b>

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

**Deferred tax assets 2020**

EUR mill.	1 Jan 2020	Business combinations	Recognised in the statement of income	31 Dec 2020
Provisions	1.2	-	0.2	1.4
Leases	1.0	-	0.2	1.2
Interest rate derivatives	0.3	-	-0.1	0.2
Other temporary differences	1.3	-	0.3	1.6
<b>Total</b>	<b>3.7</b>	<b>-</b>	<b>0.7</b>	<b>4.4</b>

**Deferred tax liabilities 2020**

EUR mill.	1 Jan 2020	Business combinations	Recognised in the statement of income	31 Dec 2020
Reversal of goodwill amortisation	2.6	-	0.2	2.8
Business combinations	27.1	0.1	-4.8	22.4
Depreciation difference	0.2	-	0.4	0.6
Loan withdrawal expense	0.2	-	-0.1	0.2
Other temporary differences	0.2	-	0.0	0.1
<b>Total</b>	<b>30.3</b>	<b>0.1</b>	<b>-4.3</b>	<b>26.0</b>

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

**13. Earnings per share**

	1.1.-31.12.2021	1.1.-31.12.2020
Result attributable to the equity holders of the company, EUR mill.	80.5	45.8
Weighted average number of outstanding shares, in thousands	127,180	127,307
Diluted average number of outstanding shares, in thousands	127,700	127,860
Basic earnings per share for result attributable to the equity holders of the company, EUR	0.63	0.36
Diluted earnings per share for result attributable to the equity holders of the company, EUR	0.63	0.36

## 14. Property, plant and equipment

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 for the reporting period	-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

2020 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 2020	2.1	115.6	44.1	1.9	163.8
Business combination	-	0.0	-	-	0.0
Additions	-	12.4	5.1	0.0	17.5
Disposals	-	-0.5	-0.0	-	-0.5
Transfers between items	-	-0.1	0.3	-0.1	-
Acquisition cost 31 Dec 2020	2.1	127.4	49.5	1.8	180.8
Accumulated depreciation and impairment losses 1 Jan 2020	-1.1	-74.3	-19.0	-	-94.4
Depreciation and impairment losses for the reporting period	-0.0	-13.8	-5.1	-	-18.9
Accumulated depreciation and impairment losses 31 Dec 2020	-1.1	-88.1	-24.1	-	-113.3
Carrying amount 1 Jan 2020	1.0	41.3	25.1	1.9	69.5
Carrying amount 31 Dec 2020	1.0	39.3	25.5	1.8	67.6

## 14.1 Right of-use-assets and lease liabilities

### Right-of-use-assets

<b>2021 EUR mill.</b>	<b>Premises</b>	<b>Other right- of-use assets</b>	<b>Total</b>
<b>Acquisition cost 1 Jan 2021</b>	<b>234.9</b>	<b>38.9</b>	<b>273.8</b>
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
<b>Acquisition cost 31 Dec 2021</b>	<b>278.7</b>	<b>41.1</b>	<b>319.8</b>
<b>Accumulated depreciation and impairment losses 1 Jan 2021</b>	<b>-76.8</b>	<b>-24.6</b>	<b>-101.4</b>
Depreciation for the reporting period	-42.2	-3.7	-45.9
<b>Accumulated depreciation and impairment losses 31 Dec 2021</b>	<b>-119.0</b>	<b>-28.3</b>	<b>-147.3</b>
<b>Carrying amount 1 Jan 2021</b>	<b>158.1</b>	<b>14.3</b>	<b>172.4</b>
<b>Carrying amount 31 Dec 2021</b>	<b>159.7</b>	<b>12.7</b>	<b>172.5</b>

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

### Lease liabilities

<b>2021 EUR mill.</b>	<b>Premises</b>	<b>Other right- of-use assets</b>	<b>Total</b>
<b>Carrying amount 1 Jan 2021</b>	<b>161.7</b>	<b>16.8</b>	<b>178.5</b>
Transactions	40.2	2.1	42.4
Payment of lease liabilities	-38.6	-3.8	-42.4
<b>Carrying amount 31 Dec 2021</b>	<b>163.3</b>	<b>15.1</b>	<b>178.5</b>

2020 EUR mill.	Premises	Other right- of-use assets	Total
Carrying amount 1 Jan 2020	178.7	19.4	198.1
Transactions	17.1	1.0	18.1
Payment of lease liabilities	-34.1	-3.6	-37.7
<b>Carrying amount 31 Dec 2020</b>	<b>161.7</b>	<b>16.8</b>	<b>178.5</b>

## 15. Intangible assets

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
<b>Acquisition cost 31 Dec 2021</b>	<b>916.6</b>	<b>166.5</b>	<b>88.8</b>	<b>111.0</b>	<b>1,282.9</b>
<b>Accumulated amortisations and impairment losses 1 Jan 2021</b>	<b>-68.0</b>	<b>-97.3</b>	<b>-29.2</b>	<b>-39.3</b>	<b>-233.9</b>
Amortisation and impairment losses for the reporting period	-	-10.0	-4.5	-10.8	-25.3
<b>Accumulated amortisations and impairment losses 31 Dec 2021</b>	<b>-68.0</b>	<b>-107.4</b>	<b>-33.7</b>	<b>-50.0</b>	<b>-259.1</b>
<b>Carrying amount 1 Jan 2021</b>	<b>781.8</b>	<b>56.9</b>	<b>53.6</b>	<b>41.6</b>	<b>933.9</b>
<b>Carrying amount 31 Dec 2021</b>	<b>848.6</b>	<b>59.1</b>	<b>55.1</b>	<b>61.0</b>	<b>1,023.8</b>

2020 EUR mill.	Goodwill	Customer relationships	Trademarks	Other intangible assets and advances paid	Total
Acquisition cost 1 Jan 2020	847.2	153.7	82.9	61.0	1,144.9
Business combination	2.5	0.5	-	-	3.0
Additions	-	-	-	19.9	19.9
Disposals	-	-	-	-0.0	-0.0
<b>Acquisition cost 31 Dec 2020</b>	<b>849.8</b>	<b>154.2</b>	<b>82.9</b>	<b>80.9</b>	<b>1,167.8</b>
<b>Accumulated amortisations and impairment losses 1 Jan 2020</b>	<b>-68.0</b>	<b>-79.5</b>	<b>-25.1</b>	<b>-31.1</b>	<b>-203.7</b>
Amortisation and impairment losses for the reporting period	-	-17.8	-4.1	-8.2	-30.2
<b>Accumulated amortisations and impairment losses 31 Dec 2020</b>	<b>-68.0</b>	<b>-97.3</b>	<b>-29.2</b>	<b>-39.3</b>	<b>-233.9</b>
<b>Carrying amount 1 Jan 2020</b>	<b>779.2</b>	<b>74.2</b>	<b>57.8</b>	<b>29.9</b>	<b>941.2</b>
<b>Carrying amount 31 Dec 2020</b>	<b>781.8</b>	<b>56.9</b>	<b>53.6</b>	<b>41.6</b>	<b>933.9</b>

15.1 Development expenditure

Other intangible assets include development expenditure as follows:

2021

EUR mill.

Acquisition cost 1 Jan 2021	6.4
Business combination	2.1
Additions	9.7
Translation differences	0.0
Acquisition cost 31 Dec 2021	18.2
Accumulated amortisations and impairment losses 1 Jan 2020	-2.9
Amortisation	-2.6
Accumulated amortisations and impairment losses 31 Dec 2021	-5.5
Carrying amount 1 Jan 2020	3.5
Carrying amount 31 Dec 2021	12.8

2020

EUR mill.

Acquisition cost 1 Jan 2020	4.2
Additions	2.2
Acquisition cost 31 Dec 2020	6.4
Accumulated amortisations and impairment losses 1 Jan 2020	-1.9
Amortisation	-1.0
Accumulated amortisations and impairment losses 31 Dec 2020	-2.9
Carrying amount 1 Jan 2020	2.3
Carrying amount 31 Dec 2020	3.5

16. Impairment testing of cash-generating units including goodwill

Goodwill is not amortised 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 2021

EUR mill.	Goodwill	%
Regional units	385.2	45.4%
Capital region	237.0	27.9%
Central units	184.1	21.7%
Sweden and other	42.3	5.0%
Total	848.6	100.0%

31 Dec 2020

EUR mill.	Goodwill	%
Regional units	369.7	47.3%
Capital region	230.2	29.4%
Central units	181.8	23.3%
Total	781.8	100.0%

In financial year 2021 there were four cash generating units, in comparison to three in financial year 2020. The fourth cash generating unit, Sweden and other, was formed in the Group due to the acquisition of Feelgood group 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 2022–2025 including the long-term growth which have been approved by the management.

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%

The assumptions used in impairment calculations in 2020	Regional units	Capital region	Central units
The length of impairment testing period	5 years	5 years	5 years
Terminal period revenue growth rate	2.0%	2.0%	2.0%
Profitability (EBIT %) during the terminal period	8.5%	10.5%	10.6%
Discount rate (Pre-tax WACC)	7.1%	7.1%	7.1%
Discount rate (Post-tax WACC)	6.1%	6.1%	6.1%

Revenue growth during the terminal period is based on 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	2021	2020
Terminal period revenue growth rate		
Regional Units	Decrease over 4.1 percentage points	Decrease over 4.4 percentage points
Capital Regions	Decrease over 12.4 percentage points	Decrease over 10.4 percentage points
Central Unit	Decrease over 15.1 percentage points	Decrease over 23.9 percentage points
Sweden and other	Decrease over 3.7 percentage points	-
Profitability (EBIT %) during the terminal period		
Regional Units	Decrease over 5.6 percentage points	Decrease over 4.8 percentage points
Capital Regions	Decrease over 9.7 percentage points	Decrease over 8.1 percentage points
Central Unit	Decrease over 8.7 percentage points	Decrease over 9.8 percentage points
Sweden and other	Decrease over 2.8 percentage points	-
Discount rate (Pre-tax WACC)		
Regional Units	Increase over 4.4 percentage points	Increase over 3.4 percentage points
Capital Regions	Increase over 10.9 percentage points	Increase over 6.9 percentage points
Central Unit	Increase over 12.8 percentage points	Increase over 11.7 percentage points
Sweden and other	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.-31.12.2021	1.1.-31.12.2020
Carrying amount at the beginning of the period	0.5	0.6
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.-31.12.2021	1.1.-31.12.2020
Rental income from investment properties	0.1	0.1
Operating expenses for investment properties	-0.0	-0.0
<b>Total</b>	<b>0.1</b>	<b>0.1</b>

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)	Total value (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	Domicile	Ownership	Voting rights
Etsimo Healthcare Oy	Finland	20.4%	20.4%
Olo-apteekki Oy	Finland	20.0%	20.0%
Terveyden Tuottajat Oy	Finland	0.0%	48.0%

### Summarised financial information on associated companies

EUR mill.	2021	2020
Carrying amount	0.6	2.2
Group's share of total comprehensive income	-0.3	-0.6

19. Share-based payments

Performance Share Plan 2021–2023

Performance Share Plan 2021–2023 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 and settled in Terveystalo shares on top of which Terveystalo pays taxes and tax-related expenses. The plan is fully accounted for as an equity settled share-based payment. The plan’s impact (including the tax impact) to the result for the period has been EUR 0.8 million and the expected total cost of the plan is EUR 4.2 million. 56 persons are included in the arrangement.

Plan	2021
Grant date	1 Apr 2021
Maximum number of share awards	642,000
Outstanding at 1 Jan	-
Granted share awards during the period	622,000
Forfeited share awards during the period	24,000
Exercised share awards during the period	-
Outstanding at 31 Dec	598,000
Fair value of the share award at grant date	13.5
End of the performance period	31 Dec 2023
End of the vesting period	30 Apr 2024
Vesting conditions	Service condition, total Shareholder Return (TSR), productivity and digital sales
Exercised	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 and settled in Terveystalo shares on top of which Terveystalo pays taxes and tax-related expenses. The plan is fully accounted for as an equity settled share-based payment. The plan’s impact (including the tax impact) to the result for the period has been EUR 0.1 million and the expected total cost of the plan is EUR 0.5 million.

Plan	2021
Grant date	24 May 2021
Maximum number of share awards	58,600
Outstanding at 1 Jan	-
Granted share awards during the period	58,600
Forfeited share awards during the period	-
Exercised share awards during the period	-
Outstanding at 31 Dec	58,600
Fair value of the share award at grant date	14.1
End of the performance period	31 Dec 2022
End of the vesting period	30 Apr 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 and settled in Terveystalo shares on top of which Terveystalo pays taxes and tax-related expenses. The plan is fully accounted for as an equity settled share-based payment. The plan’s impact (including the tax impact) to the result for the period has been EUR 0.5 million and the expected total cost of the plan is EUR 2.5 million. 72 persons are included in the arrangement.

Plan	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	-	553,114	-
Granted share awards during the period	-	-	-
Forfeited share awards during the period	-	33,400	-
Exercised share awards during the period	-	-	-
Outstanding at 31 Dec	-	519,674	-
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	30 Apr 2023	30 Apr 2022	30 Apr 2021
Vesting conditions	Service condition, total Shareholder Return (TSR) and profitability		
Exercised	In shares and cash		

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

EUR mill. 31 Dec 2021	Financial assets and liabilities at fair value	Financial assets and liabilities at amortised cost	Carrying amount	Fair value	Fair value hierarchy
<b>Financial assets</b>					
<b>Non-current</b>					
Loan receivables	0.1	-	0.1	0.1	Level 2
Unquoted equity investments	0.8	-	0.8	0.8	Level 3
<b>Current</b>					
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
<b>Total</b>	<b>1.6</b>	<b>156.5</b>	<b>158.1</b>	<b>158.1</b>	
<b>Financial liabilities</b>					
<b>Non-current</b>					
Loans from financial institutions	-	249.8	249.8	249.8	
Hire purchase liabilities	-	8.1	8.1	8.1	
Contingent considerations	5.4	-	5.4	5.4	Level 3
<b>Current</b>					
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
<b>Total</b>	<b>9.4</b>	<b>435.8</b>	<b>445.2</b>	<b>445.2</b>	

EUR mill. 31 Dec 2020	Financial assets and liabilities at fair value	Financial assets and liabilities at amortised cost	Carrying amount	Fair value	Fair value hierarchy
Financial assets					
Non-current					
Loan receivables	0.3	-	0.3	0.3	Level 2
Current					
Trade receivables	-	80.2	80.2	80.2	
Contract assets	-	5.6	5.6	5.6	
Cash and cash equivalents	-	77.1	77.1	77.1	
Total	0.3	162.9	163.2	163.2	
Financial liabilities					
Non-current					
Loans from financial institutions	-	290.5	290.5	290.5	
Hire purchase liabilities	-	11.8	11.8	11.8	
Contingent considerations	1.0	-	1.0	1.0	Level 3
Current					
Loans from financial institutions	-	81.4	81.4	81.4	
Hire purchase liabilities	-	5.8	5.8	5.8	
Trade payables	-	40.1	40.1	40.1	
Contingent considerations	0.9	-	0.9	0.9	Level 3
Interest rate derivatives	1.1	-	1.1	1.1	Level 2
Total	3.1	429.6	432.6	432.6	

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

## 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 minimise 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 floating rate. In 2021, the Group’s average interest rate for loans from financial institutions has been 0.9 percent (2020: 1.1 per-cent). If the interests would have been one percentage point higher it would have caused an increase of EUR 3.7 million in interest expenses during the year 2021. (2020: EUR 3.8 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 0.19, 0.21, 0.50 and 0.51 percent interest rate and receives variable interest on EUR 50.0, 25.0 and 30.0 million loan capital.
- Floor agreements, in which the interest rate floor has been set to 0.00 percent on EUR 50.0, 25.0 and 30.0 mil-lion loan capital.

Besides Finland, the Group has operations in Sweden, 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 2021, the Group incurred foreign exchange losses of 0.4 million.

## 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 55.5 million remained unused at the reporting date (2020: EUR 48.0 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 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	-
<b>Total</b>	<b>615.4</b>	<b>631.9</b>	<b>231.2</b>	<b>89.4</b>	<b>288.6</b>	<b>22.8</b>

\* Includes a EUR 70 million loan drawn for the Feelgood acquisition which will be refinanced during 2022. The financing agreement includes an option to defer the payment until 2023. The Group plans to replace the agreement with a long-term financing agreement during 2022.

#### 31 Dec 2020

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

## 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 85.2 percent at the reporting date (2020: 85.9 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 557.2 million at the reporting date (2020: EUR 568.0 million). A significant part of the interest bearing liabilities consists of loans from financial institutions.

## 22. Trade and other receivables

### Carrying amounts of trade and other receivables

EUR mill.	2021	2020
<b>Non-current</b>		
Loan receivables	0.1	0.3
<b>Total non-current receivables</b>	<b>0.1</b>	<b>0.3</b>
<b>Current</b>		
Trade receivables	103.4	80.2
Other receivables	2.0	1.4
Prepaid expenses	7.9	7.9
Contract assets	15.0	5.6
<b>Total</b>	<b>128.3</b>	<b>95.1</b>

### Specification of prepaid expenses

EUR mill.	2021	2020
Derivatives	0.6	-
Personnel related prepaid expenses	0.0	0.1
Current tax receivables	0.1	3.3
Other prepaid expenses	7.3	4.5
<b>Total</b>	<b>7.9</b>	<b>7.9</b>

During the reporting period the Group has recognised final credit losses and expected credit losses on trade receivables and contract assets through the statement of income totaling EUR 1.6 million (2020: EUR 1.2 million). Impairment loss provision is based on simplified approach. Estimated impairment loss rates have been calculated using historical information of actual impairment losses and 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 recognised credit losses 2021

EUR mill.	Trade receivables and contract assets total	Expected credit loss	Recognised 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
<b>Total</b>	<b>120.1</b>		<b>-1.6</b>	<b>118.4</b>

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

## Ageing of trade receivables and recognised credit losses 2020

EUR mill.	Trade receivables total	Expected credit loss	Recognised expected credit loss	Carrying amount
Not past due	78.6	0.1%	-0.1	78.5
Past due				
Less than 30 days	4.5	0.5%	-0.0	4.5
31–90 days	1.1	2.0%	-0.0	1.1
91–180 days	0.5	10.0%	-0.1	0.5
Over 180 days	2.2	45.8%	-1.0	1.2
<b>Total</b>	<b>87.0</b>		<b>-1.2</b>	<b>85.8</b>

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 at 31 December 2021, amounting to EUR 38.1 million (2020: EUR 77.1 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
<b>1 Jan 2020</b>	<b>127,307</b>	<b>730</b>	<b>128,037</b>	<b>0.1</b>	<b>492.8</b>	<b>-6.7</b>	<b>486.1</b>
<b>31 Dec 2020</b>	<b>127,307</b>	<b>730</b>	<b>128,037</b>	<b>0.1</b>	<b>492.8</b>	<b>-6.7</b>	<b>486.1</b>
<b>1 Jan 2021</b>	<b>127,307</b>	<b>730</b>	<b>128,037</b>	<b>0.1</b>	<b>492.8</b>	<b>-6.7</b>	<b>486.1</b>
<b>Acquisition of treasury shares</b>	<b>-1,000</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-11.3</b>	<b>-11.3</b>
<b>31 Dec 2021</b>	<b>126,307</b>	<b>1,730</b>	<b>128,037</b>	<b>0.1</b>	<b>492.8</b>	<b>-18.0</b>	<b>474.9</b>

## Shares and share capital

On 31 December 2021, the amount of shares is 128,036,531 of which amount of outstanding shares is 126,306,531 and amount of treasury shares is 1,730,000. On October 28 2021 the Board of Directors of Terveystalo Plc decided to launch a buyback program for Terveystalo's own shares based on the authorisation granted by Terveystalo's Annual General Meeting on 25 March 2021. The repurchases of the shares began on 29 October 2021 and ended on 28 December 2021. During that period, Terveystalo repurchased 1,000,000 of its own shares for an average price per share EUR 11.25. The shares were acquired at the market price quoted at the time of acquisition in trading organised by Nasdaq Helsinki Ltd on a regulated market. The purpose of the share buyback program was to optimise the Group's capital structure through reduction of capital. The repurchased 1,000,000 shares will be cancelled.

The Company has 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 recognised in the share capital, unless it has not been according to Issuance Resolution fully or partly recognised in invested non restricted equity reserve.

### Distributable funds

On 31 December 2021, the distributable funds of the parent company totaled EUR 542.6 million including the profit of the financial period 2021 of EUR 43.8 million. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.28 (0.26) per share totaling EUR 35.6 (33.1) million be paid based on the statement of financial position adopted for the financial year ended 31 December 2021. 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 11 April 2022. The Board of Directors proposes that the first dividend instalment would be paid on 20 April 2022.
- 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 10 October 2022. The Board of Directors proposes that the second dividend instalment would be paid on 19 October 2022. 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 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
<b>Total</b>	<b>567.9</b>	<b>-59.8</b>	<b>21.9</b>	<b>27.1</b>	<b>-0.0</b>	<b>557.2</b>

EUR mill.	1 Jan 2020	Cash flows	Non-cash changes			31 Dec 2020
			Business combinations	Other changes	Translation differences	
Loans from financial institutions	373.1	-1.5	-	0.3	-	371.9
Hire purchase liabilities	17.7	-5.5	-	5.3	-	17.6
Lease liabilities	198.0	-37.8	-	18.1	-	178.5
<b>Total</b>	<b>588.8</b>	<b>-44.7</b>	<b>-</b>	<b>23.8</b>	<b>-</b>	<b>567.9</b>

The Group's loan agreement includes 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, which are computed based on the IFRS standards effective as at the date of the loan agreement. 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.	2021	2020
Trade payables	57.1	40.1
Other payables	75.9	64.8
Contract liabilities	6.1	2.2
Interest rate derivatives	1.2	1.1
Accrued expenses	73.9	54.5
<b>Total</b>	<b>214.1</b>	<b>162.7</b>

### Specification of other payables

EUR mill.	2021	2020
Doctor's fee liabilities	44.6	38.4
VAT liabilities	20.8	19.5
Other	10.6	6.8
<b>Total</b>	<b>75.9</b>	<b>64.8</b>

### Specification of accrued expenses

EUR mill.	2021	2020
Personnel related accrued expenses	67.1	52.2
Interest liabilities	0.2	0.3
Other	6.6	1.9
<b>Total</b>	<b>73.9</b>	<b>54.5</b>

## 27. Provisions

### Carrying amounts of provisions

EUR mill.	2021	2020
Non-current provisions	8.5	7.7
Current provisions	2.5	2.4
<b>Total</b>	<b>11.0</b>	<b>10.1</b>

EUR mill.	2021	2020
Onerous contracts	6.6	5.8
Other provisions	4.4	4.3
<b>Total</b>	<b>11.0</b>	<b>10.1</b>

### Changes in provisions during the financial year 2021

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

### Changes in provisions during the financial year 2020

EUR mill.	Onerous contracts	Other provisions	Total
<b>1 Jan 2020</b>	<b>5.0</b>	<b>4.1</b>	<b>9.1</b>
Increase in provisions	3.0	0.4	3.5
Used provisions	-2.2	-0.3	-2.5
<b>31 Dec 2020</b>	<b>5.8</b>	<b>4.3</b>	<b>10.1</b>

28. Defined benefit plans

Due to the acquisition of Feelgood group in 2021, the Group assumed defined benefit plans in Sweden. 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 9 years at the reporting date.

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

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

Reconciliation of the defined benefit obligation

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

Applied actuarial assumptions

%	2021
Discount rate	1.20
Inflation	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.	2021
0.5%-point increase in the principal assumption	
Discount rate	-0.1
Inflation	0.1
0.5%-point decrease in the principal assumption	
Discount rate	0.1
Inflation	-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 2021	31 Dec 2020
Business mortgages	11.4	-
<b>Total</b>	<b>11.4</b>	<b>-</b>
<b>Securities for own debts</b>		
Deposits	0.2	0.2
Guarantees	0.9	0.7
<b>Total</b>	<b>1.1</b>	<b>0.9</b>

## 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

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

2020	Sales	Purchases	Receivables	Payables
Associated companies	0.5	17.4	0.5	1.5
Other related parties	-	-	-	-
<b>Total:</b>	<b>0.5</b>	<b>17.4</b>	<b>0.5</b>	<b>1.5</b>

### Compensation for the key management

Remuneration for CEO, in thousands of euro	2021	2020
Fixed pay	400.0	366.7
Other benefits	-	-
Short-term incentives	433.8	240.0
Share-based payments	306.7	-
Pensions (statutory)	136.0	89.6
<b>Total</b>	<b>1,276.4</b>	<b>696.3</b>

Renumeration for the CEO is presented on accrual basis.

Remuneration to members of the Executive team (excluding CEO), in thousands of euro	2021	2020
Fixed pay	1,754.1	1,499.9
Other benefits	41.8	43.5
Short-term incentives	880.2	424.1
Share-based payments	611.6	209.1
Termination benefits	-	656.2
Pensions (statutory)	436.5	387.5
<b>Total</b>	<b>3,724.3</b>	<b>3,220.4</b>

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

Remuneration to Board of Directors, in thousands of euro	2021			
	Annual fee settled in cash	Annual fee settled in shares	Meeting fees	Other financial benefits*
Kari Kauniskangas (Chairman of the board)	50.5	34.0	15.0	0.5
Tomas Von Rettig	30.0	20.2	17.0	0.3
Åse Aulie Michet	23.9	16.1	16.4	0.3
Katri Viippola	23.9	16.1	15.0	0.3
Dag Andersson	23.9	16.1	15.3	0.3
Niko Mokkila	23.9	16.1	15.0	0.3
Kristian Pullola**	30.0	20.2	12.5	0.3
Members of the Board until 25 March 2021				
Lasse Heinonen	-	-	3.1	-
Members of the Board of Directors until 28 May 2020				
Olli Holmström	-	-	-	-
Paul Hartwall	-	-	-	-
Total	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 2021.

2020			
Annual fee settled in cash	Annual fee settled in shares	Meeting fees	Other financial benefits*
51.0	34.0	16.0	0.5
30.3	20.2	18.0	0.3
24.2	16.1	19.1	0.3
24.2	16.1	15.4	0.3
24.2	16.1	17.3	0.3
24.2	16.1	9.4	0.3
-	-	-	-
30.3	20.2	14.8	0.3
-	-	5.4	-
-	-	5.4	-
208.4	138.8	120.8	2.3

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	2021
Kari Kauniskangas	Chairman of the Board of Directors	10,992
Tomas Von Rettig	Member of the Board of Directors	7,944
Åse Aulie Michelet	Member of the Board of Directors	28,951
Katri Viippola	Member of the Board of Directors	6,327
Dag Andersson	Member of the Board of Directors	4,888
Niko Mokkila	Member of the Board of Directors	3,193
Kristian Pullola	Member of the Board of Directors	1,783
Ville Iho	Chief Executive Officer	-
Petri Bono	Chief Medical Officer	-
Juha Juosila	Chief Digital Officer	87,435
Ilkka Laurila	Chief Financial Officer	281,900
Siina Saksi	SVP, Medical Clinic Network	50,559
Elina Saviharju	SVP, Legal	-
Veera Siivonen	SVP, Consumer Business	348
Minttu Sinisalo	SVP, HR	-
Mikko Tainio	SVP, Public Partnerships	518
Petri Keksi	SVP, Growth Businesses	92,585
Marja-Leena Tuomola	SVP, Corporate Health	1,000

31. Group companies

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

Subsidiaries as at 31 Dec 2021

Company name	Domicile	Group’s share	Group’s voting rights
Alna Sverige AB	Sweden	100.0%	100.0%
Ankkurin Huoltamo Oy	Finland	100.0%	100.0%
Attentio Oy	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 Företagshälsovård Södra AB	Sweden	100.0%	100.0%
Feelgood Företagshälsovård Östersund AB	Sweden	100.0%	100.0%
Feelgood Företagshälsövård Blekinge AB	Sweden	100.0%	100.0%
Feelgood Online AB	Sweden	100.0%	100.0%
Feelgood Primärvård AB	Sweden	100.0%	100.0%
Feelgood Sjukvård AB	Sweden	100.0%	100.0%
Feelgood Svenska AB	Sweden	100.0%	100.0%
Hierojakoulu Relaxi Oy	Finland	100.0%	100.0%
Jyväskylän Hoitokoti Ankkuri Oy	Finland	100.0%	100.0%
Jyväskylän Lastensuojelupalvelut Oy	Finland	100.0%	100.0%

Company name	Domicile	Group’s share	Group’s voting rights
Keltaisen Kartanon Kuntoutus Oy	Finland	100.0%	100.0%
Lastensuojelupalvelut Väylä Oy	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	94.3%	94.3%
Rela Estonia OÜ	Estonia	100.0%	100.0%
Rela-hierojat Oy	Finland	100.0%	100.0%
Sivupersoonä Oy	Finland	100.0%	100.0%
Suomen Hierojakoulut Oy	Finland	100.0%	100.0%
Suomen Terveystalo Oy	Finland	100.0%	100.0%
Terapiatelakka 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%
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 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.

### Financial year 2020

#### The following mergers took place during the financial year 2020:

- 31.1.2020 Etelä-Karjalan Työkunto Oy merged with Suomen Terveystalo Oy.
- 29.2.2020 Hardent Oy merged with Suomen Terveystalo Oy.
- 31.3.2020 TyöSyke Oy merged with Suomen Terveystalo Oy.
- 30.9.2020 Examinatio Magnetica Fennica Oy merged with Suomen Terveystalo Oy.
- 31.12.2020 Fertility Clinic Holding Oy merged with Suomen Terveystalo Oy.

## 32. Group's key financial ratios

<u>Terveystalo Group, EUR mill.</u>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Revenue	1,154.6	986.4	1,030.7
Adjusted EBITDA* <sup>1)</sup>	206.1	162.8	176.3
Adjusted EBITDA, %* <sup>1)</sup>	17.8	16.5	17.1
EBITDA <sup>1)</sup>	201.8	158.3	171.2
EBITDA, % <sup>1)</sup>	17.5	16.1	16.6

<u>Terveystalo Group, EUR mill.</u>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Adjusted EBITA* <sup>1)</sup>	141.0	101.9	115.1
Adjusted EBITA, %* <sup>1)</sup>	12.2	10.3	11.2
EBITA <sup>1)</sup>	136.7	97.4	110.0
EBITA, % <sup>1)</sup>	11.8	9.9	10.7
Adjusted operating profit (EBIT)* <sup>1)</sup>	114.4	71.6	86.5
Adjusted operating profit (EBIT), %* <sup>1)</sup>	9.9	7.3	8.4
Operating profit (EBIT)	110.1	67.2	81.4
Operating profit (EBIT), %	9.5	6.8	7.9
Return on equity (ROE), % <sup>1)</sup>	13.6	8.2	10.3
Equity ratio, % <sup>1)</sup>	42.2	42.1	39.9
Earnings per share (€)	0.63	0.36	0.43
Net debt	519.0	490.9	548.20
Gearing, % <sup>1)</sup>	85.2	85.9	101.3
Net debt/Adjusted EBITDA <sup>1)</sup>	2.5	3.0	3.1
Total assets	1,448.6	1,361.0	1,359.3
Average personnel FTE	5,643	4,900	4,943
Personnel (end of period)	9,805	8,253	8,685
Private practitioners (end of period)	5,754	5,057	5,068
Adjusted EBITDA, excluding IFRS 16* <sup>1)</sup>	156.9	118.0	131.4
Net debt, excluding IFRS 16	340.6	312.4	366.4
Net debt/Adjusted EBITDA, excluding IFRS 16* <sup>1)</sup>	2.2	2.6	2.8

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

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

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

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

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

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	
EBITDA, %	=	<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 los- ses and adjustments, excluding IFRS 16 lease adjustments	

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

## 34. Reconciliation of alternative performance measures

Return on equity, %	2021	2020	2019
Profit/loss for the period	80.4	45.8	54.1
Equity (including non-controlling interest) (average)	590.1	556.3	526.5
<b>Return on equity, %</b>	<b>13.6</b>	<b>8.2</b>	<b>10.3</b>

Equity ratio, %	2021	2020	2019
Equity (including non-controlling interest)	608.9	571.4	541.2
Total assets	1,448.6	1,361.0	1,359.3
Advances received	6.1	2.2	1.5
<b>Equity ratio, %</b>	<b>42.2</b>	<b>42.1</b>	<b>39.9</b>

Gearing, %	2021	2020	2019
Interest-bearing liabilities	557.2	568.0	588.8
Interest-bearing receivables and cash and cash equivalents	38.2	77.1	40.6
Equity	608.9	571.4	541.2
<b>Gearing, %</b>	<b>85.2</b>	<b>85.9</b>	<b>101.3</b>

Net debt / Adjusted EBITDA	2021	2020	2019
Interest-bearing liabilities	557.2	568.0	588.8
Interest-bearing receivables and cash and cash equivalents	38.2	77.1	40.6
Adjusted EBITDA	206.1	162.8	176.3
<b>Net debt / Adjusted EBITDA</b>	<b>2.5</b>	<b>3.0</b>	<b>3.1</b>

Adjusted EBITDA, EUR mill.	2021	2020	2019
Profit (loss) for the period	80.4	45.8	54.1
Income tax expense	20.3	10.8	12.7
Share of profits in associated companies	0.3	0.6	0.2
Net finance expenses	9.0	10.0	14.4
Depreciation, amortisation and impairment losses	91.7	91.2	89.8
Adjustments*	4.3	4.5	5.1
<b>Adjusted EBITDA</b>	<b>206.1</b>	<b>162.8</b>	<b>176.3</b>

Adjusted EBITDA, %	2021	2020	2019
Adjusted EBITDA	206.1	162.8	176.3
Revenue	1,154.6	986.4	1,030.7
<b>Adjusted EBITDA, %</b>	<b>17.8</b>	<b>16.5</b>	<b>17.1</b>

Adjusted EBITA, EUR mill.	2021	2020	2019
Profit (loss) for the period	80.4	45.8	54.1
Income tax expense	20.3	10.8	12.7
Share of profits in associated companies	0.3	0.6	0.2
Net finance expenses	9.0	10.0	14.4
Amortisation and impairment losses	26.6	30.3	28.6
Adjustments*	4.3	4.5	5.1
<b>Adjusted EBITA</b>	<b>141.0</b>	<b>101.9</b>	<b>115.1</b>

<b>Adjusted EBITA, %</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Adjusted EBITA	141.0	101.9	115.1
Revenue	1,154.6	986.4	1,030.7
<b>Adjusted EBITA, %</b>	<b>12.2</b>	<b>10.3</b>	<b>11.2</b>

<b>Adjusted operating profit (EBIT), EUR mill.</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Profit (loss) for the period	80.4	45.8	54.1
Income tax expense	20.3	10.8	12.7
Share of profits in associated companies	0.3	0.6	0.2
Net finance expenses	9.0	10.0	14.4
Adjustments*	4.3	4.5	5.1
<b>Adjusted EBITA</b>	<b>114.4</b>	<b>71.6</b>	<b>86.5</b>

<b>Adjusted operating profit (EBIT), %</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Adjusted EBITA	114.4	71.6	86.5
Revenue	1,154.6	986.4	1,030.7
<b>Adjusted EBIT, %</b>	<b>9.9</b>	<b>7.3</b>	<b>8.4</b>

<b>EBITDA, EUR mill.</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Profit (loss) for the period	80.4	45.8	54.1
Income tax expense	20.3	10.8	12.7
Share of profits in associated companies	0.3	0.6	0.2
Net finance expenses	9.0	10.0	14.4
Depreciation, amortisation and impairment losses	91.7	91.2	89.8
<b>EBITDA</b>	<b>201.8</b>	<b>158.3</b>	<b>171.2</b>

<b>EBITDA, %</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
EBITDA	201.8	158.3	171.2
Revenue	1,154.6	986.4	1,030.7
<b>EBITDA, %</b>	<b>17.5</b>	<b>16.1</b>	<b>16.6</b>

<b>EBITA, EUR mill.</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Profit (loss) for the period	80.4	45.8	54.1
Income tax expense	20.3	10.8	12.7
Share of profits in associated companies	0.3	0.6	0.2
Net finance expenses	9.0	10.0	14.4
Amortisation and impairment losses	26.6	30.3	28.6
<b>EBITA</b>	<b>136.7</b>	<b>97.4</b>	<b>110.0</b>

<b>EBITA, %</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
EBITA	136.7	97.4	110.0
Revenue	1,154.6	986.4	1,030.7
<b>EBITA, %</b>	<b>11.8</b>	<b>9.9</b>	<b>10.7</b>

<b>Operating profit (EBIT), EUR mill.</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Profit (loss) for the period	80.4	45.8	54.1
Income tax expense	20.3	10.8	12.7
Share of profits in associated companies	0.3	0.6	0.2
Net finance expenses	9.0	10.0	14.4
<b>EBIT</b>	<b>110.1</b>	<b>67.2</b>	<b>81.4</b>

<b>Operating profit, (EBIT), %</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
EBIT	110.1	67.2	81.4
Revenue	1,154.6	986.4	1,030.7
<b>EBIT, %</b>	<b>9.5</b>	<b>6.8</b>	<b>7.9</b>

<b>Adjustments based on subject area*, EUR mill.</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Acquisition related expenses <sup>1)</sup>	3.1	0.5	3.3
Restructuring related expenses <sup>2)</sup>	0.3	1.6	0.7
Gain on sale of asset	-	-0.1	0.3
Strategic projects and other items affecting comparability	0.8	2.5	0.8
<b>Adjustments</b>	<b>4.3</b>	<b>4.5</b>	<b>5.1</b>

<b>Adjustments based on account group*, EUR mill.</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Other operating income	-0.4	-0.5	-0.3
Materials and services costs	-	1.8	-
Personnel expenses	0.3	1.3	0.4
Other operating expenses	4.4	1.9	5.0
<b>Adjustments</b>	<b>4.3</b>	<b>4.5</b>	<b>5.1</b>

<b>Adjusted EBITDA, excluding IFRS 16</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Profit (loss) for the period	80.4	45.8	54.1
Income tax expense	20.3	10.8	12.7
Share of profits in associated companies	0.3	0.6	0.2
Net finance expenses	9.0	10.0	14.4
Depreciation, amortisation and impairment losses	91.7	91.2	89.8
Adjustments*	4.3	4.5	5.1
IFRS 16 lease expense adjustment	-49.2	-44.8	-45.0
<b>Adjusted EBITDA, excluding IFRS 16</b>	<b>156.9</b>	<b>118.0</b>	<b>131.4</b>

<b>Net debt / Adjusted EBITDA, excluding IFRS 16</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Interest-bearing liabilities	378.8	389.5	407.0
Interest-bearing receivables and cash and cash equivalents	38.2	77.1	40.6
Adjusted EBITDA	156.9	118.0	131.4
<b>Net debt/Adjusted EBITDA, excluding IFRS 16</b>	<b>2.2</b>	<b>2.6</b>	<b>2.8</b>

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

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

<sup>2)</sup> Including restructuring of network and business operations.

## 35. Subsequent events

Feelgood acquired on 1 February 2022 Länshälsan Uppsala, an occupational health care provider. Revenue of the company was approximately SEK 40 million in 2020 and the company has approximately 30 employees.

The acquisition of Vantaan Työterveys Oy was completed on 1 February 2022.

On 9 February 2022, the Board of Directors of Terveystalo Plc decided on a new performance period of the share-based incentive scheme for 2022–2024.

# Parent company's financial statement, FAS

## Parent company's income statement

EUR	Note	1.1.-31.12.2021	1.1.-31.12.2020
<b>Revenue</b>	<b>1.1</b>	<b>517,094</b>	<b>924,670</b>
Materials and supplies		-1,333	-296
Employee benefit expenses			
Wages and salaries		-1,741,835	-2,027,165
Social security expenses			
Pension expenses		-247,805	-226,232
Other social security expenses		-33,539	-47,089
Depreciation, amortisation and impairment losses	1.2	-136	-3,469
Other operating expenses	1.4	-1,699,187	-1,635,698
<b>Operating loss</b>		<b>-3,206,740</b>	<b>-3,015,279</b>
Financial income and expenses	1.5		
Other interest and financial income			
From group companies		3,478	-
From others		56	236
Other interest and financial expenses			
To group companies		-15,888	-39,503
To others		-22,655	-1,233
<b>Loss before appropriations and taxes</b>		<b>-3,241,749</b>	<b>-3,055,779</b>
Appropriations	1.6		
Increase/decrease in depreciation in excess of plan		-	10,621
Group contributions		58,000,000	35,500,000
Taxes		-10,954,938	-6,496,468
<b>Profit for the period</b>		<b>43,803,313</b>	<b>25,958,375</b>

## Parent company's statement of financial position

EUR	Note	31 Dec 2021	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2.1		
Machinery and equipment		227	-
Investments	2.2		
Holdings in group companies		516,818,244	516,818,244
<b>Total non-current assets</b>		<b>516,818,471</b>	<b>516,818,244</b>
<b>Current assets</b>			
Receivables from group companies	2.3	65,338,343	49,558,965
Prepayments and accrued income	2.4	233,545	161,673
<b>Total current assets</b>		<b>65,571,888</b>	<b>49,721,807</b>
<b>TOTAL ASSETS</b>		<b>582,390,359</b>	<b>566,540,051</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>2.5</b>		
Share capital		80,000	80,000
Invested non-restricted equity reserve		493,503,962	493,503,962
Retained earnings		5,262,687	23,652,357
Profit for the period		43,803,313	25,958,375
<b>Total equity</b>		<b>542,649,963</b>	<b>543,194,694</b>
<b>Liabilities</b>	<b>2.6</b>		
Current liabilities			
Trade payables		274,515	140,007
Liabilities to group companies		33,052,398	16,822,320
Other liabilities		113,610	179,157
Accruals and deferred income		6,299,873	6,203,873
<b>Total liabilities</b>		<b>39,740,396</b>	<b>23,345,357</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>582,390,359</b>	<b>566,540,051</b>

**Parent company's statement of cash flows**

<b>EUR</b>	<b>1.1.-31.12.2021</b>	<b>1.1.-31.12.2020</b>
<b>Cash flows from operating activities</b>		
Profit for the period before income taxes	54,758,251	32,454,830
Adjustments		
Depreciations according to plan	136	3,469
Non-cash transactions	-58,000,000	-35,550,124
Financial income and expenses	35,008	40,737
Gains and losses on sale of property, plant, equipment	-	893
Other adjustments	-	-10,129,778
Change in working capital		
Change in trade and other receivables	446,604	9,997,111
Change in trade and other payables	406,664	298,840
Taxes	-11,093,468	-11,130,628
<b>Net cash from operating activities</b>	<b>-13,446,803</b>	<b>-14,014,650</b>

<b>EUR</b>	<b>1.1.-31.12.2021</b>	<b>1.1.-31.12.2020</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible and intangible items	-363	-
Proceeds from sale of tangible and intangible items	-	40,016
<b>Net cash from investing activities</b>	<b>-363</b>	<b>40,016</b>
<b>Cash flows from financial activities</b>		
Acquisition of treasury shares	-11,248,346	-
Change in group account	22,330,218	-23,437,608
Payment of hire purchase liabilities	-	-37,365
Received group contribution	35,500,000	54,000,000
Dividends paid	-33,099,698	-16,549,849
Interest and other financial expenses paid	-35,008	-1,233
<b>Net cash from financial activities</b>	<b>13,447,166</b>	<b>13,973,945</b>
<b>Net change in cash and cash equivalents</b>	<b>-</b>	<b>-690</b>
<b>Cash and cash equivalents at 1 January</b>	<b>-</b>	<b>690</b>
<b>Cash and cash equivalents at 31 December</b>	<b>-</b>	<b>-</b>

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 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	2021	2020
Finland	469,436	924,670
Sweden	47,658	-
Total	517,094	924,670

1.2 Depreciation, amortisation and impairment losses

EUR	2021	2020
Depreciation	-136	-3,469
Total	-136	-3,469

1.3 Personnel

	2021	2020
Average number of personnel during financial year	4	6

1.4 Other operating expenses

EUR	2021	2020
External services	-699,055	-633,564
ICT expenses	-23,453	-29,014
Non-statutory personnel expenses	-110,159	-51,934
Leases	-6,813	-14,560
Travel expenses	-21,730	-17,762
Marketing and communication	-177,298	-423,979
Other costs	-660,679	-464,886
Total	-1,699,187	-1,635,698

**Auditor's fees**

<b>EUR</b>	<b>2021</b>	<b>2020</b>
<b>Audit and auditor's statements based on laws and regulations</b>		
Audit, KPMG	-72,740	-56,240
Auditor's statements based on laws and regulations, KPMG	-1,551	-
<b>Auditor's fees total</b>	<b>-74,291</b>	<b>-56,240</b>

**1.5 Financial income and expenses**

<b>EUR</b>	<b>2021</b>	<b>2020</b>
<b>Other interest and financial income</b>		
From group companies	3,478	-
From others	56	236
<b>Total</b>	<b>3,534</b>	<b>236</b>
<b>Other interest and financial expenses</b>		
To group companies	-15,888	-39,503
To others	-22,655	-1,233
<b>Total</b>	<b>-38,542</b>	<b>-40,737</b>

**1.6 Appropriations**

<b>EUR</b>	<b>2021</b>	<b>2020</b>
Increase/decrease in depreciation in excess of plan	-	10,621
Group contributions received	58,000,000	35,500,000
<b>Appropriations total</b>	<b>58,000,000</b>	<b>35,510,621</b>

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

<b>EUR</b>	<b>2021</b>	<b>2020</b>
<b>Acquisition cost 1.1</b>	<b>38,525</b>	<b>79,152</b>
Additions	363	-
Disposals	-	-40,627
<b>Acquisition cost 31.12</b>	<b>38,888</b>	<b>38,525</b>
<b>Accumulated depreciation and impairment losses 1.1</b>	<b>-38,525</b>	<b>-34,773</b>
Depreciation for the period	-136	-3,752
<b>Accumulated depreciation and impairment losses 31.12</b>	<b>-38,661</b>	<b>-38,525</b>
<b>Carrying amount 1.1</b>	<b>-</b>	<b>44,379</b>
<b>Carrying amount 31.12</b>	<b>227</b>	<b>-</b>

**2.2 Investments****Holdings in group companies**

<b>EUR</b>	<b>2021</b>	<b>2020</b>
<b>Acquisition cost 1.1</b>	<b>516,818,244</b>	<b>506,685,344</b>
Addition	-	10,132,900
<b>Acquisition cost 31.12</b>	<b>516,818,244</b>	<b>516,818,244</b>
<b>Carrying amount 1.1</b>	<b>516,818,244</b>	<b>506,685,344</b>
<b>Carrying amount 31.12</b>	<b>516,818,244</b>	<b>516,818,244</b>

**Parent company ownerships:**

<b>Holdings in group companies</b>	<b>2021</b>	<b>2020</b>
Terveystalo Healthcare Holding Oy	100 %	100 %

## 2.3 Receivables from group companies

<b>EUR</b>	<b>2021</b>	<b>2020</b>
Trade receivables	629,752	1,146,591
Group account receivables	-	6,203,314
Prepayments and accrued income	64,708,591	42,209,060
<b>Total</b>	<b>65,338,343</b>	<b>49,558,965</b>

## 2.4 Changes in equity

**Restricted equity****Share capital**

<b>EUR</b>	<b>2021</b>	<b>2020</b>
At the beginning of the period	80,000	80,000
At the end of the period	80,000	80,000
<b>Total restricted equity</b>	<b>80,000</b>	<b>80,000</b>

**Unrestricted equity****Invested non-restricted equity reserve**

<b>EUR</b>	<b>2021</b>	<b>2020</b>
At the beginning of the period	493,503,962	493,503,962
At the end of the period	493,503,962	493,503,962

**Retained earnings**

<b>EUR</b>	<b>2021</b>	<b>2020</b>
Retained earnings at the beginning of the period	49,610,731	40,202,206
Dividends paid	-33,099,698	-16,549,849
Acquisition of treasury shares	-11,248,346	-
Retained earnings at the end of the period	5,262,687	23,652,357
Profit for the period	43,803,313	25,958,375
<b>Total unrestricted equity</b>	<b>542,569,963</b>	<b>543,114,694</b>
<b>Total equity</b>	<b>542,649,963</b>	<b>543,194,694</b>

**Distributable equity**

<b>EUR</b>	<b>2021</b>	<b>2020</b>
Invested non-restricted equity reserve	493,503,962	493,503,962
Retained earnings	5,262,687	23,652,357
Profit for the period	43,803,313	25,958,375
<b>Total</b>	<b>542,569,963</b>	<b>543,114,694</b>

**Shares and share capital**

On 31 December 2021 the amount of shares is 128,036,531 of which 1,000,000 is held by Terveystalo PLC and 730,000 is held by EAM TTALO Holding Oy, company which is under the control of Terveystalo PLC.

On 28 October, 2021 the Board of Directors of Terveystalo Plc decided to launch a buyback program for Terveystalo's own shares based on the authorisation granted by Terveystalo's Annual General Meeting on 25 March 2021.

The repurchases of the shares began on 29 October, 2021 and ended on 28 December, 2021. During that period, Terveystalo repurchased 1,000,000 of its own shares for an average price per share EUR 11.25. The shares were acquired at the market price quoted at the time of acquisition in trading organised by Nasdaq Helsinki Ltd on a regulated market.

The purpose of the share buyback program was to optimise the Company’s capital structure through reduction of capital. The repurchase of own shares will reduce the Company’s unrestricted equity. The repurchased 1,000,000 shares will be cancelled.

The company has 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 recognised in the share capital, unless it has not been according to Issuance Resolution fully or partly recognised in invested non-restricted equity reserve.

2.5 Liabilities

2.5.1 Current liabilities

EUR	2021	2020
Trade payables	274,515	140,007
Other liabilities to group companies	33,052,398	16,822,320
Other liabilities	113,610	179,157
Accruals	6,299,873	6,203,873
Total	39,740,396	23,345,357

2.5.2 Liabilities to Group companies

EUR	2021	2020
Trade payables	263,318	157,021
Group account payables	32,789,081	16,662,176
Accruals and deferred income	0	3,123
Total	33,052,398	16,822,320

2.5.3 Accruals and deferred expenses

EUR	2021	2020
Personnel related accrued expenses	847,935	613,405
Income tax liability	5,451,938	5,590,468
Total	6,299,873	6,203,873

Other notes

3. Collateral and other contingent liabilities

EUR	2021	2020
Suretyship	361,400,000	372,800,000
Guarantees	400,734	393,134

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

Helsinki, 9 February 2022

Kari Kauniskangas  
Chairman of the Board of Directors

Dag Andersson  
Member of the Board of Directors

Åse Aulie Michelet  
Member of the Board of Directors

Niko Mokka  
Member of the Board of Directors

Kristian Pullola  
Member of the Board of Directors

Katri Viippola  
Member of the Board of Directors

Tomas von Rettig  
Member of the Board of Directors

Ville Iho  
President and CEO

Auditor’s note

A report on the audit has been issued today.

Helsinki, 9 February 2022

KPMG Oy Ab  
Audit firm

Henrik Holmbom  
Authorised Public Accountant

# 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 2021. 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
<b>Valuation of Goodwill and acquisition related Intangible Assets</b> (Accounting Principles for the Consolidated Financial Statements and the Notes 3, 15 and 16)	
<ul style="list-style-type: none"><li>At the year-end 2021 the goodwill amounted to 849 M€ and accounted for 59 % of the consolidated total assets and for 139 % of the consolidated equity. In 2021 goodwill has increased with 67 M€, mainly relating to the acquisition of Feelgood Svenska AB-Group.</li><li>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.</li><li>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.</li><li>The acquisition-related recognised assets for customer relationships and trademark and at the year-end 2021 were in total 114 M€. Based on the preliminary Purchase Price Allocation the Feelgood Svenska AB-Group acquisition related recognised assets for customer relationships and trademark totalled to 14 M€.</li><li>These assets have finite useful lives and are amortised on a straight-line basis over their expected useful lives.</li><li>Given the high level of management judgment related to the forecasts used and the significant carrying amounts involved, valuation of goodwill and intangible assets is considered a key audit matter.</li></ul>	<ul style="list-style-type: none"><li>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.</li><li>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.</li><li>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.</li><li>In addition, we considered the appropriateness of the disclosures in respect of goodwill, impairment testing and acquisition related intangible assets.</li></ul>

The key audit matter	How the matter was addressed in the audit
<b>Revenue Recognition</b> (Accounting Principles for the Consolidated Financial Statements and the Note 4)	
<ul style="list-style-type: none"><li>The consolidated revenue amounted to 1.155 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.</li><li>Given the variety and large number of sales transactions, revenue recognition is considered a key audit matter.</li></ul>	<ul style="list-style-type: none"><li>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.</li><li>We tested the effectiveness of the processes to enter and 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.</li><li>We evaluated the IT systems relevant for revenue recognition.</li><li>We tested controls over cash transactions such as reconciliation routines.</li><li>We considered the appropriateness of the disclosures presented for revenue in the consolidated financial statements.</li></ul>

## 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 ten 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 2022  
KPMG Oy Ab

Henrik Holmbom  
Authorised Public Accountant, KHT

# Information for shareholders

## Annual general meeting

Annual General Meeting of Terveystalo Plc will be held on Thursday, 7 April, 2022 at 3.00 p.m. EEST. In order to prevent the spread of the Covid-19 pandemic, the Annual General Meeting will be held without shareholders' and their proxy representatives' presence at the meeting venue. Shareholders of the Company and their proxy representatives may participate in the meeting and exercise shareholder rights only through voting in advance as well as by making counter-proposals and presenting questions in advance. 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-2022>.

## The right to attend

Each shareholder, who on the record date of the General Meeting, 28 March 2022, is registered in the Company's shareholders' register maintained by Euroclear Finland Ltd, has the right to participate in the Annual General Meeting. A shareholder whose shares are registered on his/her personal Finnish book-entry account is registered in the Company's shareholders' register. Shareholders cannot participate in the meeting by any other means than voting in advance in the manner instructed below as well as by making counterproposals and presenting questions in advance.

## Registration and advance voting

Registration for the meeting and advance voting will begin on 25 February 2022 after the deadline for making counter-proposals to be placed for a vote has ended. A shareholder who is registered in the Company's shareholders' register and who wishes to participate in the Annual General Meeting by voting in advance, must register for the meeting and vote in advance no later than by 31 March 2022 at 4.00 p.m. EEST by which time the registration and votes must be received.

In connection with the registration, a shareholder is required to provide the requested information, such as name, personal identification number or business ID, address and telephone number as well as the name and personal identification number of a possible proxy representative. The personal data given to Terveystalo Plc and Euroclear Finland Ltd will be used only in connection with the General Meeting and with the processing of related registrations necessary.

Shareholders with a Finnish book-entry account may register and vote in advance on certain matters on the agenda of the Annual General Meeting from 9.00 a.m. EET on 25 February 2022 until 4.00 p.m. EEST on 31 March 2022 by the following manners:

- a) through the Company's website at <https://www.terveystalo.com/Annual-General-Meeting-2022>.

The Finnish personal identity code or business ID and book-entry account number of the shareholder is needed for the electronic voting in advance. When shareholders who are natural persons log into the service of Euroclear Finland Ltd 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.

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 representative.

- b) by regular mail or email

A shareholder may send the advance voting form available on the Company's website or corresponding information to Euroclear Finland Ltd by regular mail to Euroclear Finland Oy, Yhtiökokous/Terveystalo Oyj, P.O. Box 1110, FI-00101 Helsinki or by email at [yhtiokokous@euroclear.eu](mailto:yhtiokokous@euroclear.eu). If a shareholder participates in the meeting by sending the votes in advance by regular mail or by email to Euroclear Finland Ltd, the delivery of the votes before ending of the registration

period and the advance voting shall constitute registration for the Annual General Meeting, if the above-mentioned information required for the registration is delivered at the same time and the documents are received at the latest by 31 March 2022 at 4.00 p.m. EEST.

Instructions relating to the advance voting may also be found on the Company's website <https://www.terveys-talo.com/Annual-General-Meeting-2022>.

## Proposal for the distribution of profits

On 31 December 2021, the parent company's distributable funds totaled EUR 542.6 million, of which EUR 43.8 million was profit for the financial year. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.28 per share (totaling 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 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 11 April 2022. The Board of Directors proposes that the first dividend instalment would be paid on 20 April 2022.
- 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 10 October 2022. The Board of Directors proposes that the second dividend instalment would be paid on 19 October 2022. 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 instalment 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, 2021: 128,036,531

## Financial reviews in 2022

In 2022, Terveystalo Plc will publish financial reports as follows:



The Financial reviews 2022 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.

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	Nordea Sami Sarkamies +358 9 5300 5176 sami.sarkamies@nordea.com
Danske Bank Panu Laitinmäki +358 (0)10 2364 867 panu.laitinmaki@danskebank.com	OP Carlo Gylling +358 10 252 4392 carlo.gylling@op.fi
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Jefferies James Vane-Tempest +44 207 029 8275 jvane-tempest@jefferies.com	KeplerCheuvreux, Jon Berggren + 46 8 723 51 76 jberggren@keplercheuvreux.com

Contact information

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Exchange  
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The price of a call is 8.35 cents / call + 19.33 cents / min  
for a mobile phone subscription and 8.35 cents / call  
for a landline subscription + 3.20 cents / min.  
Queuing is chargeable.

Email addresses are of the format:  
firstname.lastname(at)terveystalo.com

Press contacts  
Expert interview requests for media:  
Terveystalo media desk,  
on weekdays from 9 am to 4 pm,  
tel. +358 (0)50 358 1170

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and management  
Terveystalo Piazza  
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