

A close-up photograph of a doctor in a green coat examining a young child's ear with an otoscope. The child is wearing a blue sweater and has their eyes closed. The otoscope's light is visible inside the ear canal. The background is softly blurred, showing a white wall and a window.

Annual Report 2021

Terveystalo

Get better.

Introduction

Terveystalo's Annual Report 2021 consists of four sections: Year 2021, Responsibility, Corporate Governance and Financials.

The Year 2021 section includes basic information on Terveystalo's business operations, market environment, strategy and value creation. The Responsibility section describes Terveystalo's responsibility and sustainability efforts and their results in line with the GRI Standards Core reporting guidelines. The Statement of Non-Financial Information as required by the Accounting Act is included in the Report of the Board of Directors found in the Financials section of the Annual Report. The Corporate Governance section includes the Corporate Governance Statement, Remuneration Policy and Remuneration Report. The Financial Review includes the Report of the Board of Directors, the financial statements and notes to the financial statements, the auditor's report and information for shareholders.

The Annual Report is available in Finnish and English.

Contents

Year 2021

- 3 Terveystalo in brief
- 4 Key figures
- 5 CEO's Review
- 7 Highlights in 2021
- 10 Trends influencing health care
- 11 Terveystalo's addressable markets
- 13 Terveystalo's strategy
- 16 Financial targets and their achievement
- 17 Value creation model
- 19 Why invest in Terveystalo?

Responsibility

Terveystalo and responsibility

- 23 Terveystalo's responsibility themes
- 24 Goals and achievements
- 27 Terveystalo contributes to the achievement of sustainable development goals
- 29 Responsibility management
- 32 Stakeholder engagement
- 33 Materiality analysis as the foundation of our responsibility efforts

Terveystalo's responsibility themes

- 35 Good health and well-being
- 43 Ethical business
- 47 Responsible work
- 55 Sustainable economic growth
- 59 Responsible consumption and climate action

Reporting principles

- 65 Corporate responsibility reporting principles
- 66 Sustainability themes and material topics
- 69 GRI index

Corporate Governance

- 73 Corporate Governance Statement
- 86 Remuneration Policy
- 91 Remuneration Report

Financials

- 96 Board of Directors' report
- 119 Financial statements
- 173 Auditors' report
- 177 Information for shareholders
- 179 Contact information

Year 2021

- 3 Terveystalo in brief
- 4 Key figures
- 5 CEO's Review
- 7 Highlights in 2021
- 10 Trends influencing health care
- 11 Terveystalo's addressable markets
- 13 Terveystalo's strategy
- 16 Financial targets and their achievement
- 17 Value creation model
- 19 Why invest in Terveystalo?



Terveystalo in brief

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.

We offer 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, we offer occupational health services at 120 clinics. Terveystalo is listed on the Helsinki Stock Exchange and has a predominantly Finnish ownership.

Terveystalo is a pioneer in occupational health in the Nordic region and the largest private health care service provider in Finland

- 8 million customer visits in Finland in 2021
- 2 million remote appointments in Finland in 2021
- 1.3 million individual customers in Finland in 2021
- 1.5 million end customers of occupational health services in Finland and Sweden

In Finland

360

Clinics, of which 18 hospital units and 38 dental clinics
Over 14,700 professionals

In Sweden

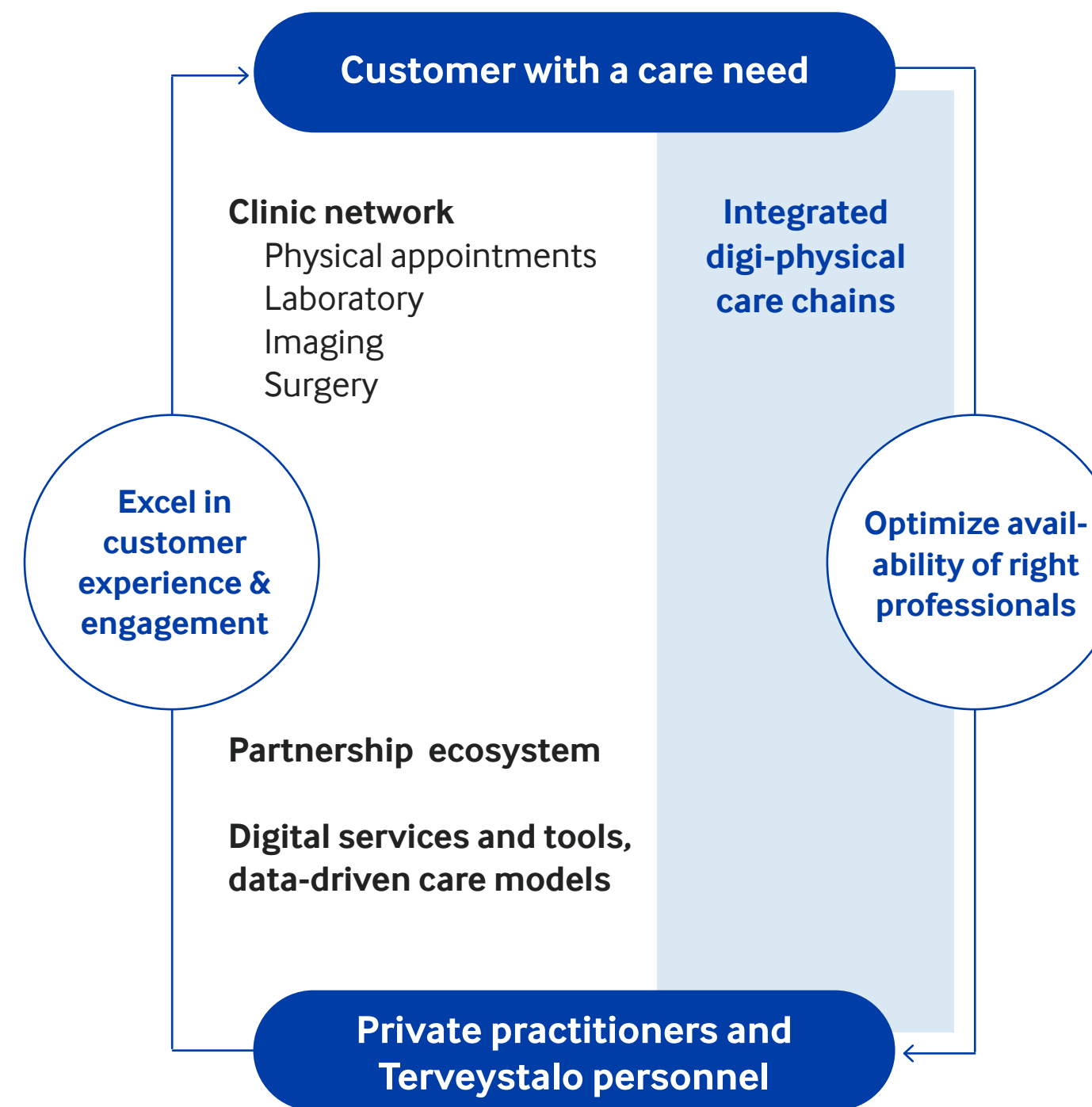
120

Clinics offer occupational health services
Approximately 780 professionals

24/7

Digital services regardless of location

Terveystalo’s platform business model connects customers and practitioners and integrates courses of treatment into efficient chains of care



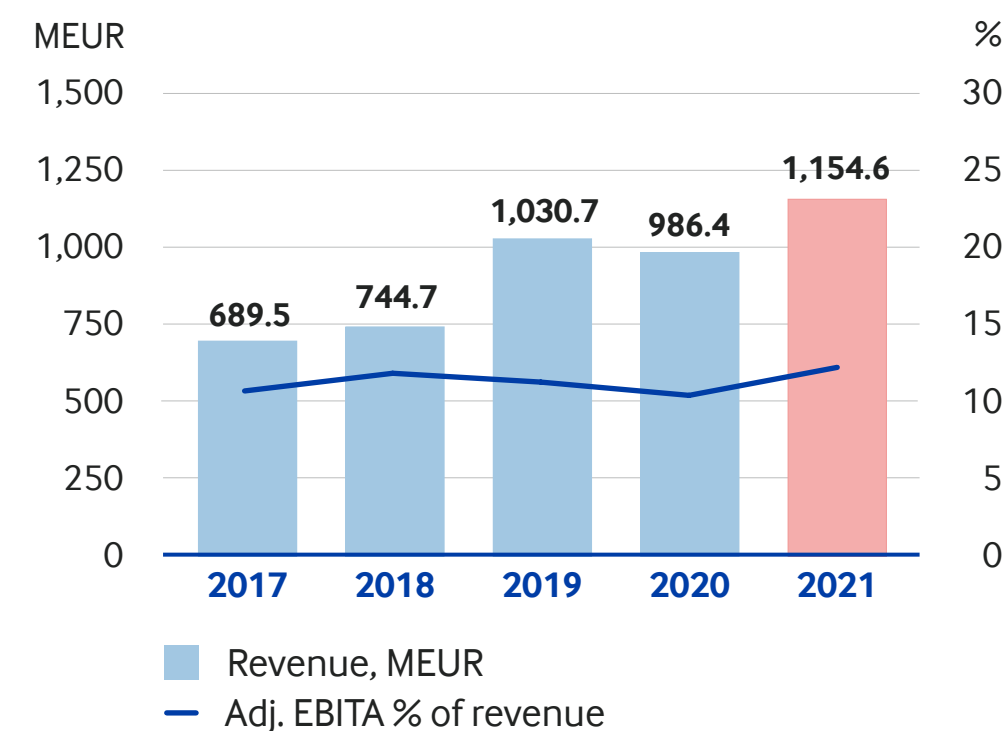
Services provided

Terveystalo provides services to three different customer groups: corporate customers, private customers and public sector customers.

- Occupational health services
- GP and specialist services
- Well-being services
- Imaging and laboratory tests
- Day surgery
- Demanding surgery
- Oral health
- Outsourcing services
- Staffing services
- Child welfare services

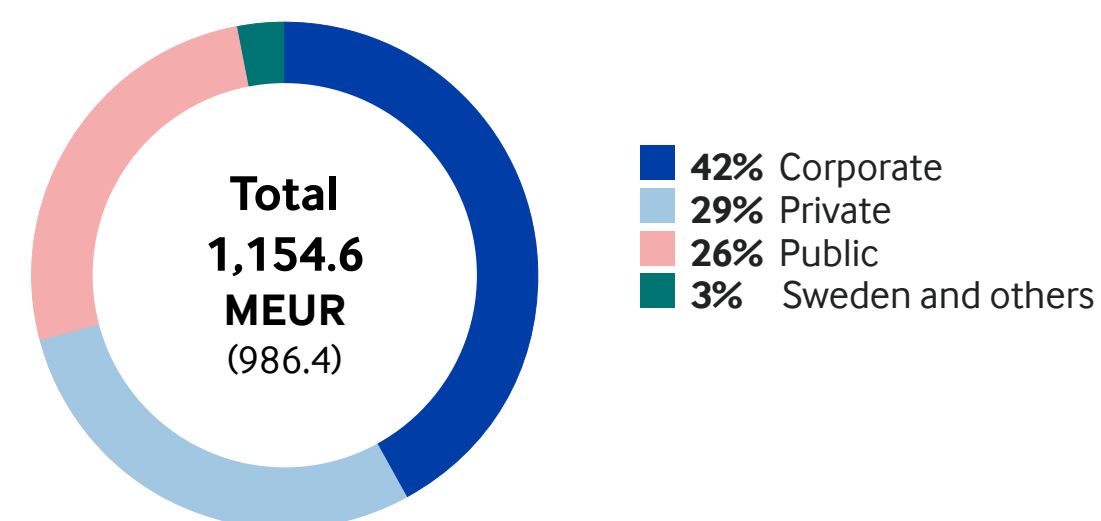
Key figures

Revenue and Adjusted EBITA-%



Revenue breakdown 2021

% of total revenue 2021



Feelgood (Sweden) consolidated as of 1 July 2021.

1,155

Revenue (EUR million)

1 M

Digital appointments in 2021

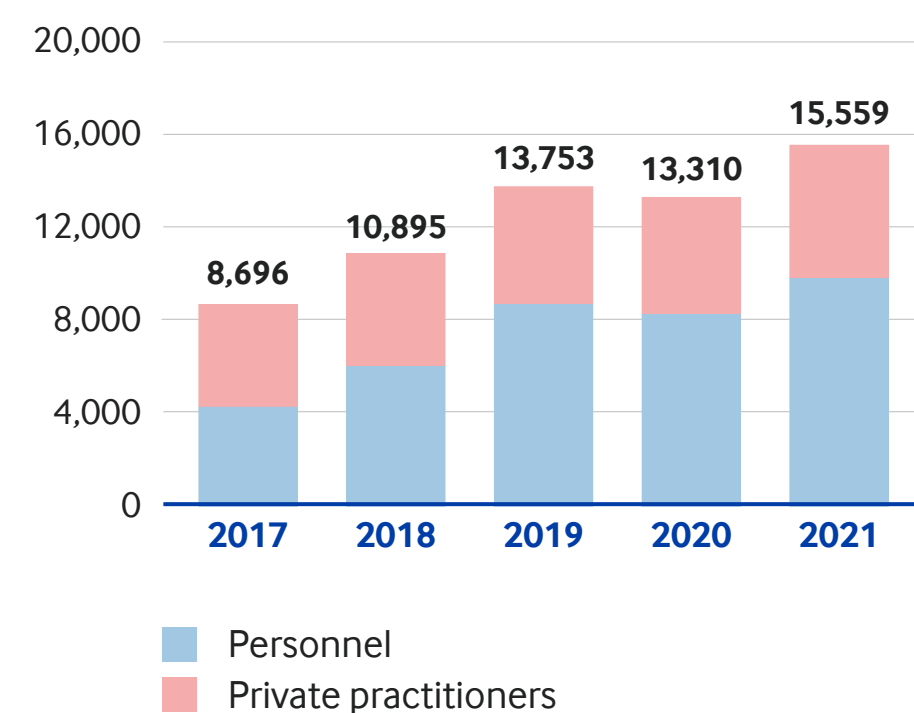
12.2%

Adjusted EBITA % of revenue

83

NPS¹⁾, appointments

Personnel and private practitioners



Terveystalo konserni, milj. euroa	2021	2020	2019
Revenue	1,154.6	986.4	1,030.7
Adjusted EBITA ¹⁾	141.0	101.9	115.1
Return on equity (ROE), % ¹⁾	13.6	8.2	10.3
Equity ratio, % ¹⁾	42.2	42.1	39.9
Earnings per share (EUR)	0.63	0.36	0.43
Gearing, % ¹⁾	85.2	85.9	101.3
Net debt/adjusted EBITDA (last 12 months) ¹⁾	2.5	3.0	3.1
Dividend per share (EUR)	0.28 ²⁾	0.26	0.20
Personnel (end of period)	9,805	8,253	8,685
Private practitioners (end of period)	5,754	5,057	5,068

¹⁾ Adjusted earnings before impairment and amortization of intangible assets

²⁾ Board proposal

500,000

COVID-19 tests in 2021

32

eNPS²⁾

¹⁾ Customer satisfaction, Net Promoter Score

²⁾ Employee promoter score (job satisfaction)

CEO Ville Iho:

A record year on many fronts

2021 was a very strong year for Terveystalo. We broke records on many fronts as we reached all our financial targets, won market share, further improved customer satisfaction, and kept our leading position as the most attractive employer in the industry. Revenue, EBITA, EBITA margin, number of digital visits, Net Promoter Score (NPS) and Employee Net Promoter Score (eNPS) all reached all-time highs.

Demand normalized, growth was limited by supply

Amid Covid-19 turbulence, our core business has performed well and has grown stronger. Demand for health services was broad-based and very strong. Our revenue increased by 17 percent to approximately EUR 1.2 billion and our profitability was excellent as the adjusted EBITA margin rose to the target level of over 12 percent of revenue.

Due to high demand, booking rates in our appointments rose to a record high towards the end of the year, and supply bottlenecks limited revenue growth. However, for several years now, we have been investing in intelligent supply and demand management to improve access to care which benefited



us in this situation. Shortages in the supply of physical appointments were also compensated by our further successful ramping up of Terveystalo's digital offering. To open supply bottlenecks, we will naturally also continue to utilize our position as the most desirable employer in recruitment as well.

Our core business is in good shape and we have multiple growth opportunities ahead

Demand drivers for our core business are strong, driven by several factors such as backlog of care and growing interest in health and well-being. Our successful entry to the Swedish health care market with the Feelgood acquisition doubled our addressable market and was a very important step in Terveystalo's growth story. We have successfully completed the post-acquisition integration phase and have already done value-creating acquisitions in Sweden. We see a strong growth potential both organically and through acquisitions in the market. Our long-term goal is to grow beyond occupational health in Sweden and utilize our leading expertise in integrated care chains.

Digital healthcare is a part of Terveystalo's core business with 1 million appointments a year and 1.7 million registered users in our platform. There is also a clear synergy potential in using our digital capabilities across the markets. This is clearly seen in Sweden, where we are starting to implement our occupational health digital

solutions. We will invest even more in our digital business, especially to accelerate the growth of our own services. In addition, we see in-bound demand for our top-notch capabilities, which we can commercialize.

Our goal is to strengthen our market leadership and accelerate growth in all our customer groups. From our products, we develop new services that suit the different needs and life stages of our customer groups and develop a personalized and engaging customer experience. In the future, we also want to change the healthcare tradition from episodic treatment to holistic care and be a health partner for one million people in the Nordic region.

In addition to expanding to Sweden, we continued to make acquisitions in Finland that complement our business by completing 11 acquisitions in areas such as child protection, rehabilitation and therapy services, massage services, demanding surgery, and occupational health. Strategic and complementary acquisitions will continue to be a key part of our strategy, and our expertise in selecting acquisition targets and realizing synergies is an important competitive advantage for us.

The implementation of our strategy is progressing as planned, our core business is in good shape and the opportunities for value-added capital allocation have improved with the expansion into new markets. Based on the strong result for 2021 and our prospects, the Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.28 per share be paid, which corresponds to 44 percent of the net result for 2021. Thanks to our

strong balance sheet, we have a good opportunity to invest in growth.

I would like to express my warm thanks to all the people at Terveystalo for their dedication and hard work to achieve our common goals, and to thank our customers for their trust.

We promote health and well-being

In the area of responsibility, we continued our work to develop access to care as well as quality and effectiveness of care. We measure the results of our quality work in accordance with the best international practices, and our overall quality index increased from the previous year. We were also once again the most attractive employer in the industry in the eyes of both professionals and students. In the area of environmental responsibility, we set new ambitious goals; Terveystalo's operations will be carbon neutral in 2022 and we will achieve zero emissions in our own operations in 2030. We encourage all health care organizations to be transparent in terms of quality, effectiveness, and cost of care. Comparability takes us all forward.

We have a clear purpose and in our core markets we are a leading service provider, playing a key role in the sector and in people's lives. We are committed to our vision; a world with fewer sick days and more healthy, happy years.

Towards a better tomorrow,

Ville Iho

We support the UN Global Compact initiative

"Terveystalo has signed the UN Global Compact initiative. We are committed to continuing our work to integrate the Global Compact's principles related to the environment, human rights, work and the fight against corruption into our operations, culture and value chain,"

Ville Iho,
CEO of Terveystalo



Highlights in 2021



Terveystalo's 20th anniversary

The year 2021 marked 20 years since Terveystalo was founded. The company started from the vision of four physicians to build a medical clinic network that covers all of Finland. In 2001, Terveystalo had four clinics and employed approximately 60 health care professionals. Today, Terveystalo employs more than 15,500 people. We have expanded our operations to cover all of Finland, completed over 200 acquisitions and, as our most recent step, expanded internationally, starting from the Swedish occupational health market through the Feelgood acquisition.



Terveystalo entered the Swedish market by acquiring Feelgood AB

With leading occupational health processes, services and digital tools, Terveystalo is the market leader in occupational health in the Nordic region. The acquisition of Feelgood represents an important first step for us in scaling our capabilities beyond Finland's borders. Our goal is to grow in the Swedish occupational health market both organically and through additional acquisitions. We also see potential for expanding the range of services in the Swedish market towards more integrated chains of care.

Fokus special units aim to deliver market-leading service and an attractive working environment for professionals

Terveystalo established its first Fokus special units specializing in mental well-being, musculoskeletal disorders and gastroenterology. The units operate as a network and aim to deliver high clinical quality as well as easy access to services. They strengthen Terveystalo's position in specialized care. The new operating model will later be expanded to include other specialties in which we see potential for growth and the creation of customer value.



Terveystalo was ranked as the most attractive employer among both industry professionals and students

According to the Universum survey, Terveystalo is the most attractive employer in the health care and pharmaceutical industry and the second-most attractive employer in the entire medical sector among professionals for the second consecutive year. Terveystalo was ranked at the top of its industry among private health care service providers. Students in the field ranked Terveystalo as the industry's most attractive employer for the eighth consecutive year.



Terveystalo and Nightingale joined forces to launch an entirely new well-being membership concept for customers

The Terveystalo + Nightingale well-being membership concept is an excellent example of a service that supports preventive health care and health partnerships with customers. The service is based on blood analyses by the health technology company Nightingale, a health index that is regularly measured based on the blood analyses as well as digital well-being content and programs that support lifestyle changes. The content and programs are put together by Terveystalo’s specialists and delivered through the Terveystalo app.



Terveystalo becomes a manufacturer of software-based medical devices

Terveystalo became the first health service provider in Finland to receive an ISO 13485 quality management system certificate. With the certificate, Terveystalo becomes a manufacturer, distributor, seller and marketer of software-based medical devices. The certification represents a strategic competence for Terveystalo and puts us on the leading edge of science-first software development.



Children’s Terveystalo opened its doors and has a strong focus on digital solutions

In the consumer business, our goal is to accelerate growth and solidify our position as the market leader. We launched the largely digital Children’s Terveystalo concept to provide even better service to families with children. Remote appointments are a key element of the Children’s Terveystalo service package in addition to 19 locations for in-person appointments. The concept has been received very well and the customer volumes of our services for children have multiplied.



Care guidance is developed by consistent care protocols

Terveystalo’s goal is to support professionals and customers in planning and implementing increasingly effective treatment by making it easy to make day-to-day decisions in line with care protocols. The care protocols are treatments defined by Terveystalo, based on the Current Care Guidelines to treat a given illness for which a customer seeks treatment. The first care protocols we have adopted are for treating lower back pain, depression and anxiety.

New climate targets: carbon neutrality in 2022, zero emissions from own operations in 2030

Terveystalo set new ambitious climate targets. Our goal is to reduce our carbon footprint so that Terveystalo's operations are carbon neutral in 2022 and Terveystalo will achieve zero emissions in its own operations in 2030. Between 2022 and 2030, we will compensate for our remaining emissions by investing in certified carbon dioxide emission compensation projects.



Helsinki chose Terveystalo as its partner to operate the Kannelmäki health center

Partnering with the public sector, Terveystalo is already responsible for the health care of over 200,000 Finns. In the fall of 2021, the approximately 20,000 residents within the Kannelmäki health center's sphere of service provision were added to that figure. This was the City of Helsinki's first service purchase decision concerning a health center. In addition to offering convenient access to care, we want to create an even better customer experience at the health center for the residents of Kannelmäki.

We made a number of acquisitions in 2021 to complement our business operations:

- **Espoon Keskuksen Hammaslääkärit Oy** (dental services)
- **Attentio Oy** (rehabilitation and therapy services)
- **Keltaisen Kartanon Kuntoutus Oy** (child welfare services)
- **Helsinki Hospital Oy** (demanding surgery)
- **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)
- **AITO Työterveys – Vantaan Työterveys Oy** (occupational health services)
- **Suomen Hierojakoulut Oy** (massage therapist training)

Trends influencing health care

1. The digitalization of health care

- The COVID-19 pandemic has accelerated the digitalization of health care and the development of related technology.
- Health care professionals are increasingly willing to make use of remote services as part of a hybrid operating model.
- Customer expectations concerning digital services are increasing and customers expect better service quality, availability, convenience and personalization.

2. The aging of the population

- The Finnish population is aging at the second-highest rate in the world and this trend is expected to continue in the coming decades. The same trend is also seen in Sweden.
- Changes in the population structure will have a pivotal effect on the dependency ratio, with public health care costs growing at the same time.

3. Lifestyle diseases, holistic health and well-being

- As many as 50% of working-age Finns have, or are at risk of developing, a lifestyle disease.
- Obesity, diabetes, hypertension, sleep disorders, substance abuse, back problems and mental health challenges reduce work ability, lead to sickness absences and the costs of medical care while also increasing premature unemployment.
- Interest in holistic health and well-being as well as related data and measurements is growing in certain population groups.

4. Shortage of health care professionals

- There is a global shortage of health care professionals.
- In Finland, the public sector alone is estimated to currently have a shortage of over a thousand physicians.
- The social welfare and health care sector in Finland is predicted to need as many as 200,000 new professionals over the next 15 years to replace retiring employees and respond to the growing demand for services.
- The industry faces a twofold challenge of not only attracting but also retaining professionals. Especially with regard to nurses, it has been reported that the COVID-19 pandemic has led to an increase in the number of people who have made a career change or intend to do so.

Impact on health care

- Making broad use of digitalization enables the faster provision of products and services, promotes innovation and helps control the growth of costs.
- Digitalization and artificial intelligence enable more efficient use of limited health care resources.
- Access to care and the smoothness of service are improved.
- Artificial intelligence (AI) enhances the identification of health risks and enables medical professionals to make faster decisions, giving them more time for customer encounters.
- The development of advanced digital services creates new business opportunities.
- The aging of the population and the typically higher health care costs of elderly people are expected to influence the growth of health care costs.
- The higher proportion of elderly people in the population presents a variety of challenges to health care, and the only way to respond to these challenges is through new and innovative solutions.
- Smooth cooperation and division of duties between the public and private sectors are preconditions for maintaining and developing the functional capacity, quality and availability of health care.
- Lifestyle diseases increase the demand for health care services and emphasize the significance of preventive health care and early intervention.
- There is a need for more data, automation and a customer-driven approach in order to build better treatment plans.
- A growing need for cost-effective solutions for managing population health.
- There will be a shift from paying for use towards partially subscription-based services that support lifelong health.
- Recruitment problems have become worse and the competition for skilled professionals continues to intensify – creating an attractive workplace is of critical importance.
- The role of nurses and other health care professionals is growing.
- Digitalization and remote services make it possible to relieve the shortage of skilled professionals and balance out regional differences in access to care.
- The changes also require health care professionals to be trained in digital competencies as well as treating customers remotely.

Terveystalo's addressable markets

Terveystalo operates in Finland in occupational health, primary health care, specialty care and well-being services. In 2021, Terveystalo expanded into occupational health in Sweden with the acquisition of Feelgood, one of Sweden's leading occupational health companies.

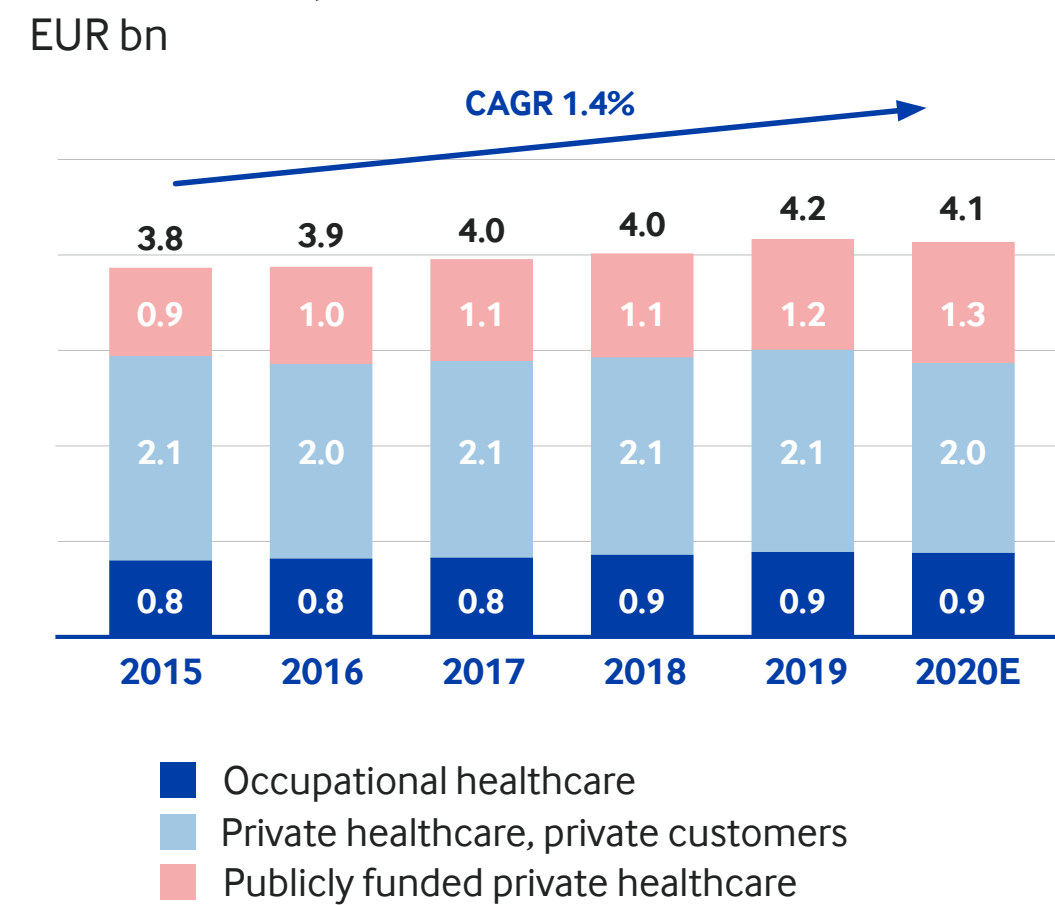
pension costs. This has effects on public health as well as the total cost of health care. According to studies, companies that systematically invest in work ability management benefit manifold. One invested euro returns six euros as a result of lower sickness absence and pension costs. Terveystalo provides occupational healthcare services for over 25,000 companies in Finland, which have approximately 650,000 occupational health customers.

Terveystalo's addressable market in Finland

In Finland, the total cost of health care is estimated at around EUR 15 billion. About 75 percent is publicly funded and provided. Privately provided health care accounts for just over a quarter, which includes publicly funded and privately provided (6 percent) and privately provided and funded (20 percent) health care. The privately provided market relevant to Terveystalo, approximately EUR 4.1 billion, includes primary health care, dental care, specialty care, occupational health care and child welfare services. Terveystalo's share of this entire market is about 25-30 percent.

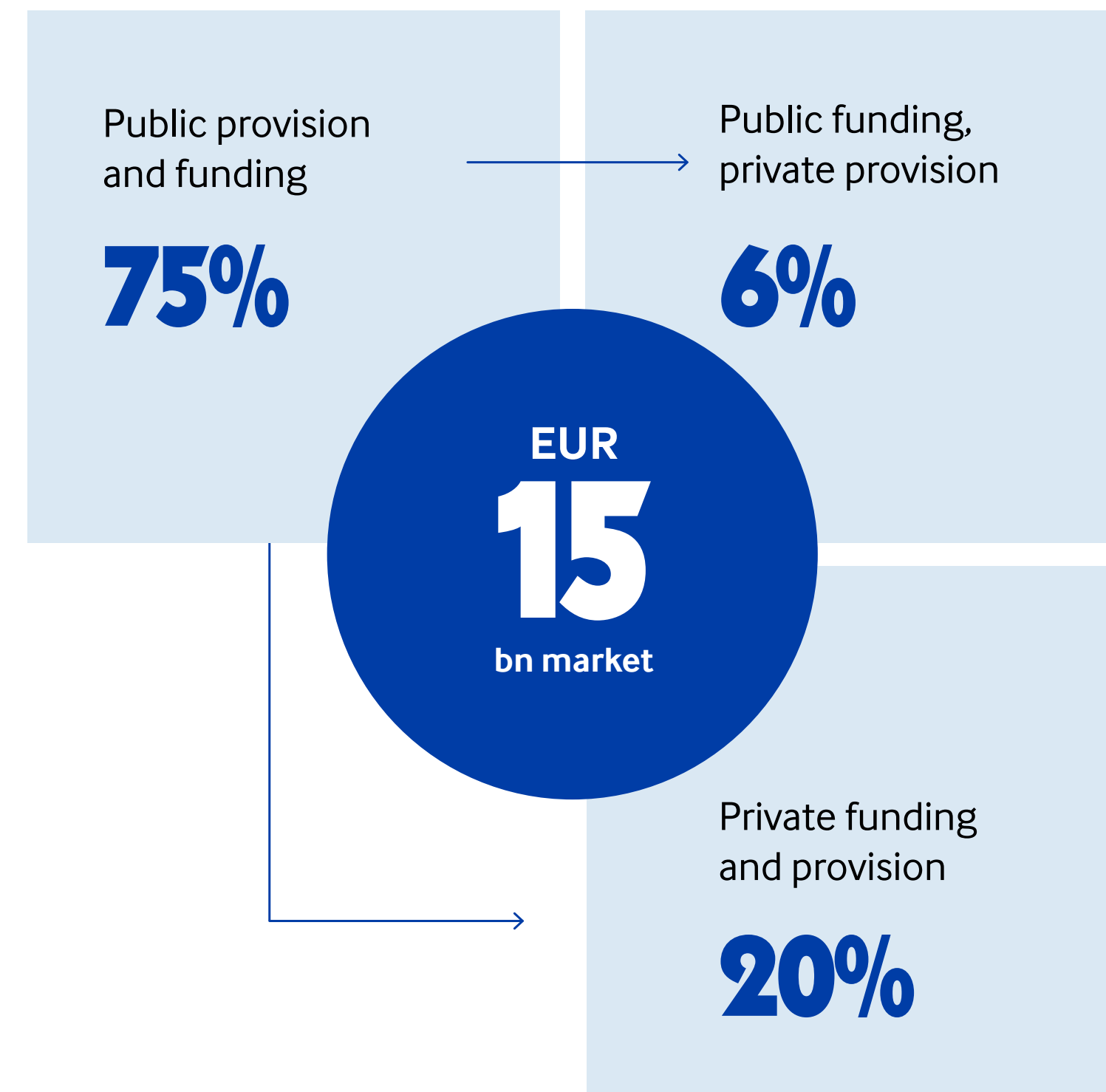
Finland has a unique occupational health system that covers 1.9 million Finns. Occupational health is associated with a statutory pension system. The system encourages employers to invest in occupational health to bring down

Terveystalo's addressable market in Finland, 2015-2020E



Source: National Institute for Health and Welfare, KELA, Statistics Finland

Private provision is an established and growing component of the Finnish market



Source: National Institute for Health and Welfare, KELA, Statistics Finland

Between 2015 and 2020, Terveystalo's target market has grown by approximately 1.4 percent per year (CAGR). The COVID-19 pandemic had a negative impact on market growth in 2019-2021, but healthcare market growth is forecast to return to positive in 2022. The rapid aging of the population, the accumulated care debt during the pandemic, and the high incidence of lifestyle illnesses will increase the need for healthcare in the coming years.

Terveystalo's addressable market in Sweden

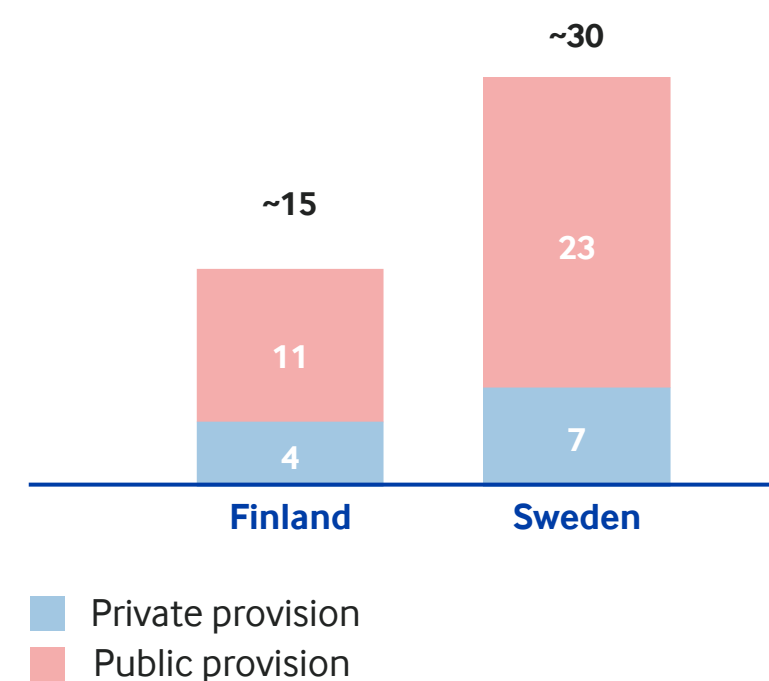
In Sweden the total cost of health care is estimated at around EUR 30 billion. About 73 percent is publicly funded and provided. Privately provided health care accounts for just under a quarter and is around EUR 7 billion, which includes publicly funded and privately provided (19 percent of total healthcare market) and privately provided and funded (5 percent) health care. In Sweden, the privately produced and financed market consists largely of oral health services that are not paid for by the public sector for people over 23 years, as well as employer-financed occupational health care. The private healthcare market in Sweden is quite fragmented; the combined market share of the ten largest players is around 36 percent. Market growth has historically been faster than the Finnish market (approximately 6.2 percent CAGR 2015-2019). In Sweden, the positive drivers of the private healthcare market are largely the same as in Finland, i.e. in addition to population aging and lifestyle illnesses, there are also lengthened

care queues, somewhat growing use of voluntary health insurance, growing health and well-being awareness, the growing role of preventive care as well as development of health technology.

Terveystalo currently operates in the Swedish occupational health market (via Feelgood) and offers services within occupational health and safety in the workplace: risk assessments, ergonomics and physiotherapy, organization and leadership and harmful use. In addition, Terveystalo provides private health care and well-being services to its occupational care customers' employees and their families through the digital service, Feelgood Plus. The size of the occupational health market in Sweden is approximately EUR 0.4 billion. The market has been fairly stable. Terveystalo is the third largest private provider of occupational health in Sweden with a market share

Healthcare markets

EUR bn



of roughly 19 percent. The Swedish occupational health system differs from the Finnish system, e.g. in that it is less statutory services and occupational and private health services are in separate systems.

However, employers' interest in providing wider occupational healthcare and medical services is growing in order to reduce sick leave and lengthen working lives. The Swedish occupational health market offers opportunities to develop practices, tools and services offered to customer companies. In Sweden, Terveystalo serves about 8,300 corporate customers with a total of about 825,000 occupational healthcare end-customers.

Operating environment 2021

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 postponed due to the pandemic were agreed to be launched during 2022.

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. 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.

Our purpose is to fight for a healthier life.

Our vision is to introduce the new era of health – with fewer sick days and more healthy, happy years – driven by data and Nordic know-how.

Values

HUMAN BEING AT THE CENTER

We take responsibility for the health and wellbeing of our fellow human beings, for the opportunity to live a good life. We work together to help our customer and our customer guides us in our renewal. We help each other and value all of our experts.



STEERED BY MEDICAL SCIENCE

Everything we do is based on medical science and researched knowledge. All our decisions are steered by care efficacy and the well-being of our customers.



FOR THE COMMON GOOD

We build health and wealth for the society and produce effective care efficiently. We share information and ignite discussion and create better healthcare for all: customers, professionals, and society.



Strategic targets



THE PROFITABILITY LEADER IN THE NORDIC REGION IN PRIVATE HEALTH SERVICES.



PREFERRED BY CUSTOMERS AND PROFESSIONALS.

How we do it



THE SMART PLATFORM

We are able to provide our customers with the right service regardless of time, place, and channel, from the beginning of the treatment path to its end.



THE CUSTOMER'S HEALTH PARTNER

We anticipate the customer's needs, create services that support holistic well-being, take care and actively strengthen the relationship.



GROWTH IN NEW MARKETS

We grow in the Nordics and in digital services.



Financial targets

- **Growth**
At least 5% annual growth in revenue
- **Profitability**
An adjusted EBITA margin of 12–13%
- **Indebtedness**
Interest-bearing Net debt/ Adjusted EBITDA not to exceed 3.5
- **Dividend**
At least 40% of net profit as dividends annually

Terveystalo's strategy

The smart platform

Our services are the most conveniently available to customers. We provide the right service regardless of time, place, and channel, from the beginning to the end of the care path.

The demand for novel health services, pricing models and operative models is growing, while the scarcity of health care professionals is increasing the need for more intelligent use of competence.

We are developing an intelligent service platform that will drive growth, profitability, customer satisfaction and retention. By having the smartest platform in the industry, we can provide our customers with the right service regardless of time, place, and channel, from the beginning to the end of the care path. The optimization of customer guidance and the personalization of services enable us to not only make more efficient use of our resources but also improve access to care, clinical quality, the impact of our services and, consequently, customer satisfaction. The smart service platform supports the management of the customer's entire care path, which is always built using industry-leading care protocols to make it as smooth and impactful as possible.

The functionalities implemented in customer steering and supply management have already reduced supply bottlenecks, increased self-service rates and improved

conversion in the use of our services. There is still room for further improvement and we are continuing to invest in developing our processes and our platform.

Health partner

We anticipate customer needs, create services that support holistic well-being, look after our customers and actively strengthen our relationship with them.

In addition to treating illnesses, we want to create health partnerships with our customers and to keep in touch, anticipate customer needs and provide holistic well-being services. We use digital solutions to make the use of our services convenient and attractive, to increase customer retention and to provide a platform for continuous health partnerships and personalized services. The Terveystalo mobile application already has over 500,000 active users and our goal is to be a health partner for a million people in the Nordic region. We are also adding new low-threshold well-being services to our offering and developing services that suit the various life stages of our customers. In 2021, we launched the largely digital Children's Terveystalo concept to serve families with children better, more comprehensively, and in an increasingly child-friendly manner. Remote appointments are a key element of

Terveystalo and Nightingale joined forces and launched an entirely new well-being membership concept

In October 2021, we launched the Terveystalo + Nightingale Well-being Membership concept, which is an excellent example of a new service that supports preventive healthcare and health partnerships with customers. The service is based on blood analyses by the health technology company Nightingale, a health index that is regularly measured based on the blood analyses as well as digital well-being content and programs put together by Terveystalo's specialists and delivered through the Terveystalo app. The purpose of the service is to motivate people to adopt a healthy lifestyle. The importance of a healthy lifestyle in disease prevention is significant, as studies show that, for example, 40% of cancers could be prevented by lifestyle changes.

The membership includes 2 + 1 Nightingale health index measurements

in Terveystalo's laboratory, instructions for interpreting the results and a digital service, including well-being content, provided through the Terveystalo app. The user receives an individual index number divided into five areas, including the age of the heart, fatty acid balance, inflammation and cholesterol balance. The customer can then start to improve these areas of their health with the help of digital programs and recommendations prepared by dietitians, psychologists, physicians and other professionals specialized in lifestyle issues.



the Children's Terveystalo service package. The concept has been received very well and the customer volumes of our services for children have multiplied. We expanded the Children's Terveystalo concept to 13 new units in the fall in addition to the six units that were included in the launch stage.

We also developed the new Terveystalo + Nightingale well-being membership concept that inspires people to look after their health and make lifestyle changes. Going forward, we will also focus increasingly on the senior citizen segment and develop new service products for them.

A key element of our preventive services is the use of health surveys and other health data to identify health risks and refer customers to services that suit their needs. We have a long history of providing preventive services – such as mental well-being and physical therapy services – to our corporate customers and we have been able to confirm the benefits of these services through reduced sickness absences, for example. We have strengthened our service offering through numerous acquisitions and invested in digital service concepts, including services related to mental well-being (Mielen chat and Mielen sparring mental-health chat consultations). We aim to continue to grow in these areas and further expand their use in our private customer segment as well.

International expansion

We will achieve growth in the Nordic region and in digital services.

Terveystalo is the largest private health care provider in Finland and the clear market leader in occupational health in the Nordic region. Our growth potential in our domestic market is starting to be limited, which is why we are now looking beyond Finland's borders.

The Nordic region is a natural choice for the first steps of our international expansion. The acquisition of Feelgood, which is one of the leading occupational health care providers in Sweden, gives us access to the growing Swedish health market and represents an important step in Terveystalo's expansion and growth outside Finland. Our goal is to grow in the Swedish occupational health market both organically and through additional acquisitions. In the longer term, we see potential not only in the good growth opportunities in the Swedish occupational health market but also in expanding to other nearby occupational health markets and expanding the range of services in Sweden toward more integrated care chains.

Terveystalo is a pioneer in the digitalization of health care. We have world-class expertise in digital tools for customers and professionals and we have made long-term investments in their development. Terveystalo is in a good position to also leverage these competencies in other markets and thereby create significant added value for various stakeholders.

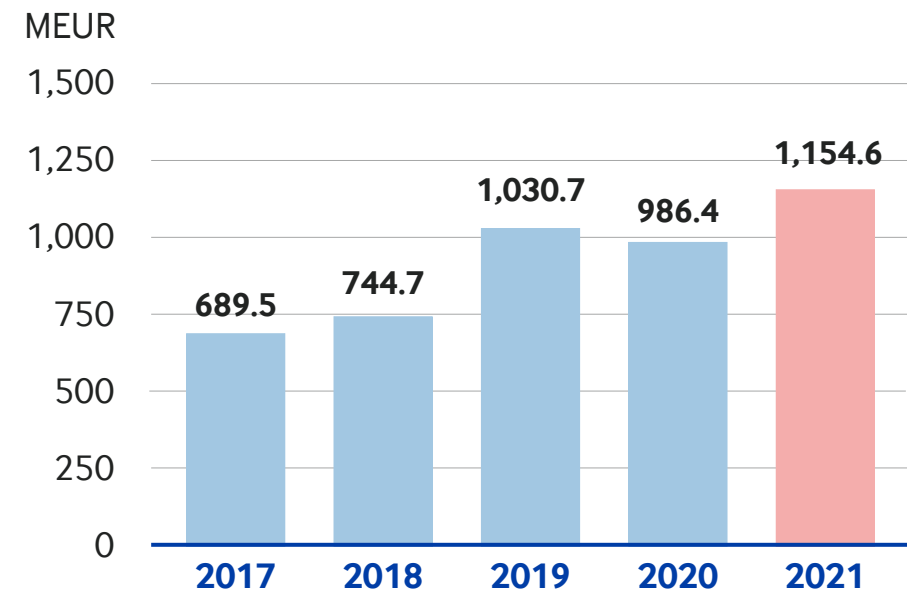
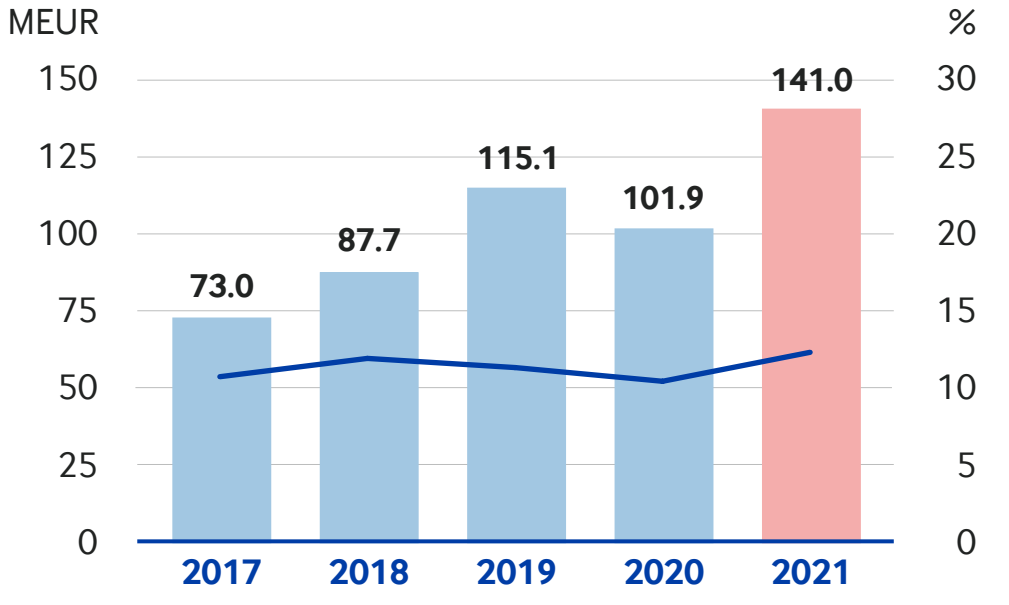
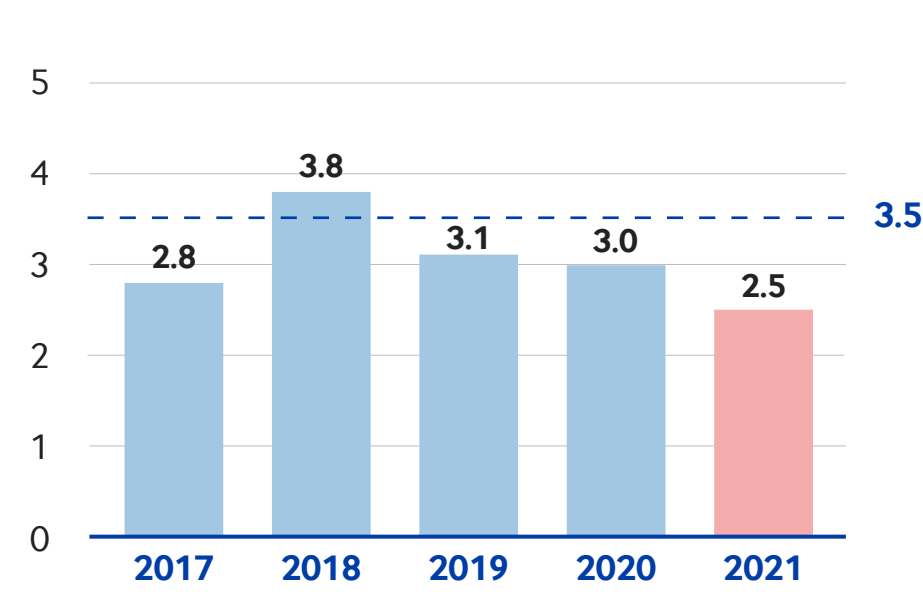
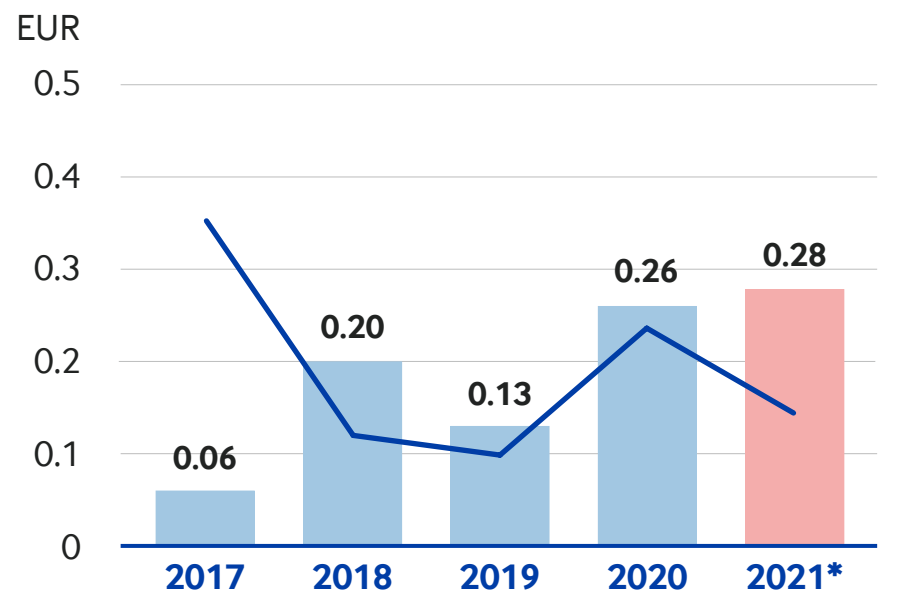
Fokus special units aim to deliver market-leading service and an attractive working environment for professionals

Terveystalo is boosting its growth by concentrating its expertise in specialized care. Terveystalo Fokus special units combine our leading expertise and multidisciplinary service across the country, through both in-person appointments and remote services. We have brought together leading specialized expertise in the Fokus units that concentrate on mental well-being, musculoskeletal disorders and gastroenterology. The units operate as a network and aim to deliver high clinical quality as well as easy access to services that suit each individual customer's needs. The operating model of the Fokus special units is based on providing comprehensive treatment for customers and finding a specialist and the best clinical care for every ailment. When our chain of service is highly effective and our treatments have a high clinical impact, we are the most attractive workplace for profession-

als in our industry. Moreover, when patients are more accurately referred to the appropriate specialist, the specialists' job descriptions become more diverse while also reflecting their competencies more closely. The Fokus special units have got off to a positive start and they strengthen Terveystalo's position as a provider of specialized medical care services in all customer groups. The new operating model will later be expanded to include other specialties in which we see similar potential for business growth and the creation of customer value.



Financial targets and their achievement

Growth	Profitability	Capital structure	Dividends																																																												
<p>Target</p> <p>Annual revenue growth of at least 5 percent through organic growth and acquisitions.</p>	<p>Target</p> <p>Adjusted EBITA margin of at least 12–13 percent in the medium to long term.</p>	<p>Target</p> <p>The net debt/adjusted EBITDA ratio must be 3.5x or less. However, indebtedness may temporarily exceed the target level, such as in conjunction with acquisitions.</p>	<p>Target</p> <p>The target is to distribute a minimum of 40 percent of net profit as dividends annually. However, the dividend proposal must take into account Terveystalo’s long-term development potential and financial position.</p>																																																												
<p>Achievements</p> <p>17%</p> <p>Terveystalo’s revenue grew by 17.1% to EUR 1,154.6 million.</p>	<p>Achievements</p> <p>12.2%</p> <p>Terveystalo’s EBITA grew by 38.4% to EUR 141.0 million.</p>	<p>Achievements</p> <p>2.5</p> <p>Net debt/adjusted EBITDA was 2.5 (3.0) at the end of 2021.</p>	<p>Achievements</p> <p>44%</p> <p>The Board of Directors proposes that a dividend of EUR 0.28 per share be paid for the year 2021. This represents 44 percent of the net profit for the financial period.</p>																																																												
<p>Revenue</p> <p>Target of at least 5% growth annually</p>  <table border="1"> <caption>Revenue (MEUR)</caption> <thead> <tr> <th>Year</th> <th>Revenue (MEUR)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>689.5</td> </tr> <tr> <td>2018</td> <td>744.7</td> </tr> <tr> <td>2019</td> <td>1,030.7</td> </tr> <tr> <td>2020</td> <td>986.4</td> </tr> <tr> <td>2021</td> <td>1,154.6</td> </tr> </tbody> </table>	Year	Revenue (MEUR)	2017	689.5	2018	744.7	2019	1,030.7	2020	986.4	2021	1,154.6	<p>Adjusted EBITA and EBITA-%</p> <p>Target 12-13% of revenue</p>  <table border="1"> <caption>Adjusted EBITA and EBITA-%</caption> <thead> <tr> <th>Year</th> <th>Adjusted EBITA (MEUR)</th> <th>Adjusted EBITA (% of revenue)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>73.0</td> <td>12.2</td> </tr> <tr> <td>2018</td> <td>87.7</td> <td>11.8</td> </tr> <tr> <td>2019</td> <td>115.1</td> <td>11.2</td> </tr> <tr> <td>2020</td> <td>101.9</td> <td>10.3</td> </tr> <tr> <td>2021</td> <td>141.0</td> <td>12.2</td> </tr> </tbody> </table>	Year	Adjusted EBITA (MEUR)	Adjusted EBITA (% of revenue)	2017	73.0	12.2	2018	87.7	11.8	2019	115.1	11.2	2020	101.9	10.3	2021	141.0	12.2	<p>Net debt / Adjusted EBITDA</p> <p>Target max 3.5</p>  <table border="1"> <caption>Net debt / Adjusted EBITDA</caption> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>2.8</td> </tr> <tr> <td>2018</td> <td>3.8</td> </tr> <tr> <td>2019</td> <td>3.1</td> </tr> <tr> <td>2020</td> <td>3.0</td> </tr> <tr> <td>2021</td> <td>2.5</td> </tr> </tbody> </table> <p>2017-2018 not fully comparable due to IFRS 16 impact</p>	Year	Ratio	2017	2.8	2018	3.8	2019	3.1	2020	3.0	2021	2.5	<p>Dividend/share and % of net profit</p> <p>Target is to distribute at least 40% of net profit as dividends.</p>  <table border="1"> <caption>Dividend/share and % of net profit</caption> <thead> <tr> <th>Year</th> <th>Dividend/share (EUR)</th> <th>% of net profit</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>0.06</td> <td>35</td> </tr> <tr> <td>2018</td> <td>0.20</td> <td>12</td> </tr> <tr> <td>2019</td> <td>0.13</td> <td>10</td> </tr> <tr> <td>2020</td> <td>0.26</td> <td>25</td> </tr> <tr> <td>2021*</td> <td>0.28</td> <td>44</td> </tr> </tbody> </table> <p>*Proposed dividend in total</p>	Year	Dividend/share (EUR)	% of net profit	2017	0.06	35	2018	0.20	12	2019	0.13	10	2020	0.26	25	2021*	0.28	44
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Value creation model

The foundation for value creation

Personnel, competence and culture

- Competent and committed personnel: more than 15,500 professionals, of whom more than 5,700 are independent practitioners.
- We invest in our personnel's competence and well-being as well as our culture. Our goal is to be the best and most attractive employer in our industry.

Digital capabilities and innovation

- Digital solutions for improving clinical, operational and experienced quality
- Terveystalo app and remote services
- Digital tools for professionals
- Care guidance tools
- Efficient and responsible use of data

Intangible resources

- Strong brand
- ISO 9001:2015 quality certification
- ISO 13485 certification
- Strong patient safety
- Data protection and information security

- Stakeholder relations, stakeholder trust and close cooperation with the public authorities, industry organizations, insurance and pension companies and sickness funds

Infrastructure

- 24/7 digital services
- 360 clinics in Finland
- 18 hospital units
- 38 dental clinics
- 73 Rela-hierojat massage units in Finland, 1 in Estonia
- 120 locations in Sweden offering occupational health services, of which 62 are own clinics

Financial capital

- Net debt EUR 519 (491) million
- Equity EUR 609 (571) million
- Investments excluding M&A EUR 43 (33) million

Purchased materials and services

- Purchased materials and services EUR 489 (448) million
- Electricity 14,195 (15,944) MWh, of which 89 percent (62 percent) was green electricity

Activities

Mission

Our purpose is to fight for a healthier life.

Vision

Our vision is to create a new era of health – fewer sick days and more healthy, happy years – driven by data and Nordic know-how.

We provide services to three different customer groups:

1. corporate customers
2. private customers
3. public sector customers

- Occupational health services
- GP and specialist services
- Well-being services
- Imaging and laboratory tests
- Day surgery
- Demanding surgery
- Oral health
- Outsourcing services
- Staffing services
- Child welfare services



8 M

customer visits
in 2021

2 M

remote appointments
in 2021

Impacts

Good health and well-being

- We have an impact on our customers' health and well-being.
 - High customer satisfaction, NPS 83 (83)
- Smooth care chains and digital services expedite access to care.
 - T3 (the third available non-urgent appointment with a physician) at our clinics was 1.61 (1.17)
 - Help available via the chat function in seconds
- Sickness absences and the costs of work left undone are reduced.
- Cooperation and partnerships with the public sector bring solutions to access to care.
 - T3 (the third available non-urgent appointment with a physician) for public services was 6.5 (5.6)
- Services related to COVID-19 enable society to remain open
 - Over 500,000 COVID-19 tests in 2021
- Biobank samples are used in clinical research to investigate the causes of illnesses and develop treatments.

Responsible work and sustainable economic growth

- The most attractive employer in the industry and a high level of employee well-being
 - Employee Net Promoter Score eNPS 32 (18)
 - Personnel sickness absenteeism rate 4.4 percent (3.8 percent)
 - Lost time injury frequency rate LTIR 15 (25), significantly below the national average for the industry (35)
 - Studies show that Terveystalo is the most attractive employer in its industry among both professionals and students.
- We create value for our shareholders.
 - Profitable growth, revenue +17 percent
 - Earnings per share EUR 0.63 (0.36)
 - Stable dividend distribution: dividend proposal EUR 0.28 (0.26) per share
 - Return on equity (ROE) 13.6 percent (8.2 percent)
- We are a significant employer and taxpayer.
 - Wages and salaries paid EUR 378 (310) million
 - Tax footprint EUR 191 (152) million

Responsible consumption and climate action

- We reduce the emissions arising from our operations by using green electricity and prioritizing vehicles with low emissions.
 - The carbon footprint from Scope 1 and 2 emissions decreased by 69 percent.
- We promote the conservation and sustainable use of natural resources by reducing plastic consumption, recycling and increasing the efficiency of material management.
 - The recovery rate of waste generated at Terveystalo units 100 percent (99 percent)
 - Waste recycling rate 64 percent (61 percent)
- Our digital services enable us to simultaneously improve service availability and reduce our customers' travel times and the emissions generated by travel.
 - 25 percent (26 percent) of all visits were provided remotely, digitally or by phone.

SDG



Why invest in Terveystalo?

Terveystalo is the most profitable company in its industry. Going forward, Terveystalo will continue to pursue profitable growth both organically and through acquisitions that increase value. Terveystalo also aims to be an industry leader when it comes to responsibility.

In recent years, Terveystalo has made significant investments particularly in digitalization and the customer experience as well as clinical and operational quality. Investments in the intelligent service platform, strengthening health partnerships with customers and expanding through successful acquisitions have seen Terveystalo establish a very strong position in a growing market. Terveystalo expanded to the Swedish occupational health market in 2021 and the goal is to continue the company's international expansion.



1. The growth of the health and wellness market is driven by several trends

The aging population and high rate of life-style diseases increase the demand for, and costs of, health care. People are also increasingly interested in investing in their health and well-being, which increases the demand for health services. In addition, public health care will continue to require the contribution of private health care providers to work through the treatment backlog and provide health care services efficiently and with high quality. Treatment backlogs have been further increased by the COVID-19 pandemic.

The Finnish health care market grew at an average rate of 1.4 percent (CAGR) between 2015 and 2020. Terveystalo's organic growth during the same period was three times as fast. Terveystalo's target is annual revenue growth exceeding 5 percent.



2. A scalable business model with leading digital capabilities and high operating leverage

Developing a scalable intelligent service platform is at the core of Terveystalo's strategy. It consists of a physical network of clinics as well as digital services. The intelligent platform makes it possible to connect professionals with customers as efficiently as possible by providing the customer with the right service regardless of time, place, and channel, from the beginning to the end of the care path. In 2021, Terveystalo's digital services had 1.7 million registered users and as much as 25 percent of all customer appointments were conducted remotely. Terveystalo is in a strong position to take advantage of these capabilities also in other markets in a manner that creates value. Due to Terveystalo's high operating leverage, additional sales and synergistic acquisitions support the improvement of profitability.



3. A strong track record of profitable growth and value-creating acquisitions

Strategic and complementary acquisitions are an important component of Terveystalo's growth strategy. Terveystalo has made over 200 acquisitions to expand its network of clinics as well as complement the range of services through expansion into new specialties and well-being services. Between 2015 and 2020, acquisitions and organic growth saw Terveystalo grow by approximately 14 percent (CAGR), which is ten times as high as the growth of the market. Terveystalo has strong competence in choosing acquisition targets and realizing synergies. For the major acquisitions made in 2017–2019, the synergies sought were exceeded by approximately 9 percent on average and these synergies saw the EV/EBITDA (LTM) multipliers of these acquisitions decrease from 13x to 6x. Good synergies have also been achieved with smaller acquisitions.



4. Strong balance sheet and cash flow return on investment enable stable dividend distribution as well as investments in business development and acquisitions

Terveystalo's balance sheet is strong and cash flow return on investment has been stable from one year to the next. Terveystalo's target in terms of capital structure is a net debt/adjusted EBITDA ratio of at most 3.5x (2021: 2.5x). The company may exceed its net debt target temporarily due to large acquisitions. Terveystalo's strong balance sheet and cash flow return on investment enable the development and growth of business, both organically and through acquisitions. Terveystalo has distributed stable dividends, with the target of the dividend policy being to distribute at least 40 percent of the net profit for each financial period to shareholders (44 percent for 2021).



5. Expansion to the growing Swedish market through the Feelgood acquisition

Terveystalo is the largest private health care provider in Finland and the clear market leader in occupational health in the Nordic region. The acquisition of Feelgood represents an important step in Terveystalo's expansion and growth outside Finland. Our goal is to grow in the Swedish occupational health market both organically and through additional acquisitions. In the longer term, we see potential not only in the good growth opportunities in the Swedish occupational health market but also in expanding to other nearby occupational health markets and expanding the range of services in Sweden toward more integrated care chains.



6. Terveystalo is the most attractive employer

For several years, surveys have shown that Terveystalo is the most attractive employer in its industry among both professionals and students. The ability to attract and retain health care professionals is very important for Terveystalo's growth and the execution of the company's strategy. Terveystalo invests heavily in well-being at work, company culture and competence. Maintaining the company's position as the most attractive employer in its industry is a core element of Terveystalo's strategy.



Responsibility

Terveystalo and responsibility

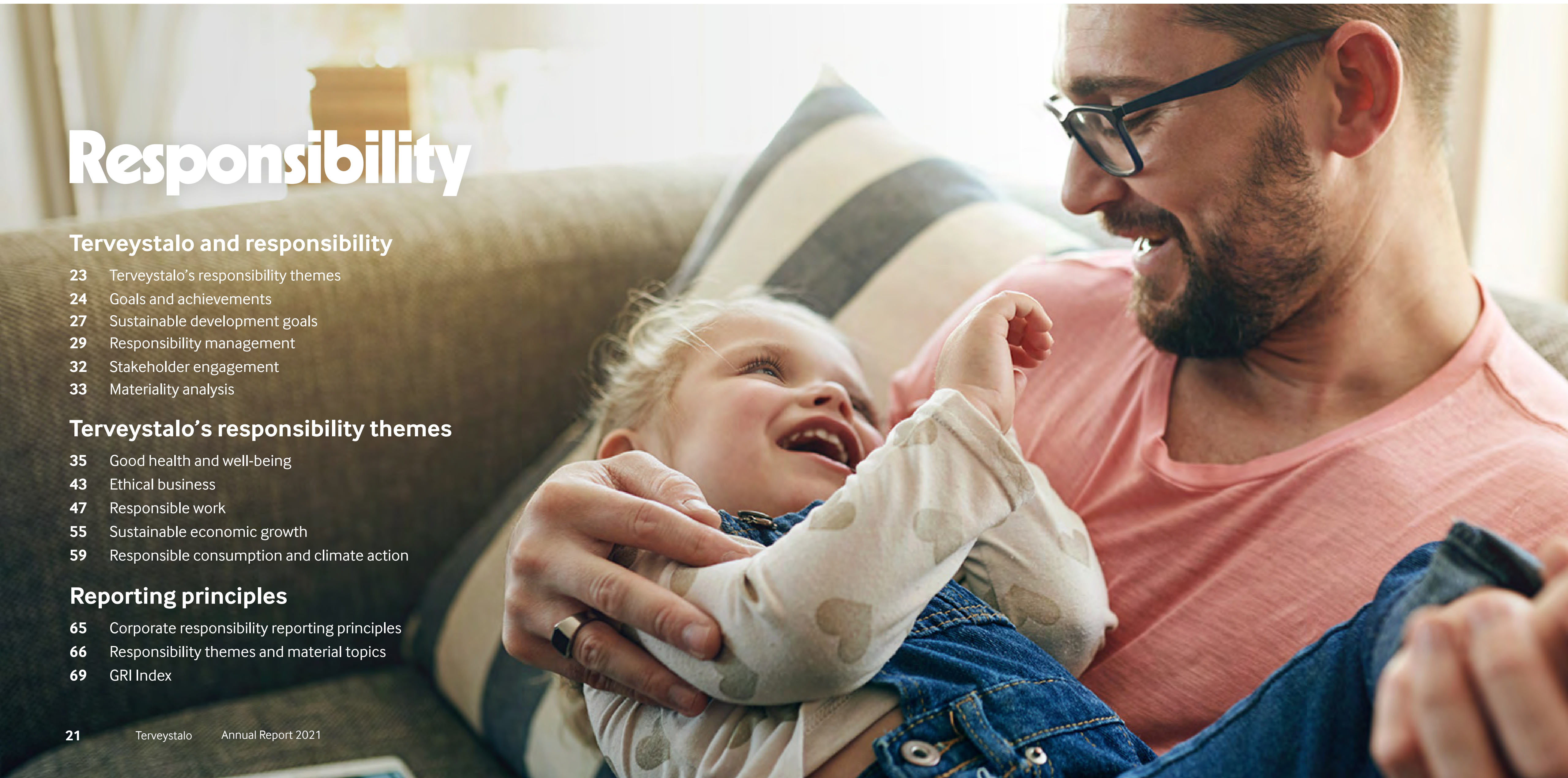
- 23 Terveystalo's responsibility themes
- 24 Goals and achievements
- 27 Sustainable development goals
- 29 Responsibility management
- 32 Stakeholder engagement
- 33 Materiality analysis

Terveystalo's responsibility themes

- 35 Good health and well-being
- 43 Ethical business
- 47 Responsible work
- 55 Sustainable economic growth
- 59 Responsible consumption and climate action

Reporting principles

- 65 Corporate responsibility reporting principles
- 66 Responsibility themes and material topics
- 69 GRI Index



Terveystalo and responsibility

Responsibility is a core value for Terveystalo. Above all, we want to promote the health and well-being of our customers and personnel. We also create positive impacts on the entire society around us and promote ethical business practices throughout our value chain. Our aim is also to minimize our environmental impacts in all of our operations and products.

Our responsibility and corporate responsibility efforts are guided by Terveystalo's Code of Conduct, our common values and strategic goals as well as the responsibility themes that are essential to our stakeholders. We regularly monitor the results of our work pertaining to responsibility and corporate responsibility.



Terveystalo's responsibility themes

Good health and well-being

- All members of our personnel are responsible for ensuring that our customers receive appropriate, high-quality and safe care.
- We aim to stand out by providing an outstanding experience in all customer encounters, regardless of the channel.
- We develop our work by listening to our customers and utilizing new technology.

Ethical business

- Terveystalo's employees and practitioners must do the right thing regardless of where we are, who we are with or what the circumstances are.
- A workplace culture that always insists on doing what is right creates a foundation for long-term success.
- In addition to the company's values, Terveystalo's operations are guided by Terveystalo's Code of Conduct and Supplier Code of Conduct.

Responsible work

- Competent and committed personnel form the foundation for our operations.
- We offer diverse career and development opportunities in a wide range of jobs.
- We aim to be our industry's most attractive employer for physicians as well as other professionals.
- Equality, fairness and non-discrimination are important principles to which we are committed.

Sustainable economic growth

- Responsible business is also financially profitable and sustainable.
- We create value for our customers, society, and our shareholders by continuously developing the quality of our operations, enabling faster access to care, reducing sickness absences, and employing directly and indirectly more than 15,500 professionals.
- We are a significant employer, taxpayer and provider of health services in Finland.

Responsible consumption and climate action

- Our goal is to be carbon neutral in 2022 and achieve zero emissions in our own operations in 2030.
- We reduce the emissions arising from our operations by using emission-free green electricity and prioritizing vehicles with low emissions.
- We promote the conservation and sustainable use of natural resources in our supply chain by reducing plastic consumption, recycling and increasing the efficiency of material management.
- Our digital services enable us to simultaneously improve service availability and reduce our customers' travel times and the emissions generated by travel.



Goals and achievements

We have set targets in accordance with our key responsibility themes and we monitor their achievement on a regular basis. In 2020, we developed a quality index to promote reporting and transparency of quality by measuring clinical and experienced quality, access to care as well as pre-

ventive care. The quality index consists of seven different impact indicators and we use it to measure clinical, experienced and process results based on international best practices. Our quality indicators and their continuously updated results are available to the public on our [website](#).

In 2021, we set new ambitious climate goals: we aim to be carbon neutral in 2022 and achieve zero emissions in our own operations in 2030.

 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 for a physician, < 1 for a nurse	T3, i.e. the third available appointment with a physician	< 7	●	6.5	5.6	11.7	3
		T3, i.e. the third available appointment with a nurse	< 1	●	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%	61.0%	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	27	25	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%	●	17.1%	-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
Previous climate target: Reducing the carbon footprint	Reducing the carbon footprint by 40% by 2030 (using 2018 as the baseline) ¹⁾	Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions, tCO ₂	- 40% by 2030	●	1,565.6	2,168.6	2,141.2	13
New climate targets (set in 2021) Reducing the carbon footprint	Carbon neutrality in 2022, zero emissions from own operations in 2030. ²⁾ 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 tCO ₂)	-100% by 2030	●	-89%	-66%	-17%	13
	We will reduce direct and indirect CO ₂ emissions (Scope 1 and Scope 2) by 80% by 2025 (using 2018 as the baseline).	Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions, tCO ₂	-80% by 2025	●	664.0	2,165.4	5,255.8	13
	Zero emissions from own operations in 2030 ²⁾	Reduction of direct (scope 1) and indirect (Scope 2) greenhouse gas emissions compared to 2018 (6,316.8 tCO ₂)	-100% by 2030	●	-89%	-66%	-17%	13
Energy consumption	We will purchase 100% green electricity in Finland by 2025 ³⁾	Share of green electricity of all purchased electricity, %	100% by 2025	●	89%	62%		13
Waste recovery	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, % ⁴⁾	100% by 2025	●	100%	99%		12
		The recycling rate of waste generated at Terveystalo units, % ⁴⁾	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

¹⁾ Location based

²⁾ 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.

³⁾ In the units where we purchase electricity ourselves.

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

Terveystalo contributes to the achievement of sustainable development goals

We have analyzed our operations and business strategy in relation to the UN Sustainable Development Goals (SDGs) by considering our positive and negative impacts. From among the 17 goals, we selected and prioritized the ones that are most essential for us. We actively promote eight sustainable development goals.



This is our most important sustainable development goal. We have a significant opportunity to contribute to people's health and holistic well-being. In ensuring comprehensive health care, we have a positive impact larger than our size. Possible negative effects may be due, for example, to excessive or unnecessary prescription of drugs. We systematically aim to reduce this kind of practice through our clinical quality efforts.

[+ Read more on p. 35](#)



We have plenty of direct positive effects on this goal through, for example, economic growth, innovations that improve profitability and job creation. We are a strong enabler as a provider of occupational health services that maintain and improve the work ability of our customers. Our growth improves people's well-being without risking natural resources.

[+ Read more on p. 55](#)



Health care is an essential part of infrastructure. We have invested in the development of the quality and effectiveness of the care we provide, as well as innovations that improve the availability of care. Our biobank supports scientific research.



We produce health care services cost-effectively in close cooperation with the public sector. Public partnerships represent one third of our business.



We uphold the principles of transparency, justice and good governance. As a member, we have committed to promoting the principles of the UN Global Compact initiative. We accomplish this with the help of our Code of Conduct and training.

[+ Read more on p. 43](#)



We train our professionals and engage in research and education cooperation with several universities. Our trainee programs also promote youth employment.

[+ Read more on p. 47](#)



We transparently report on our climate impacts. We are committed to the targets agreed upon in international climate summits for the mitigation of climate change. We reduce the emissions arising from our operations by increasingly shifting to green electricity and preferring vehicles with low emissions. We promote the conservation and sustainable use of natural resources in our supply chains by reducing plastic consumption, recycling, increasing the efficiency of material management and reducing the number of small orders. Promoting the use of digital health services in society helps to reduce emissions from unnecessary travel.

[+ Read more on p. 59](#)

Our key commitments and responsibility indices

We are committed to the principles of the UN Global Compact initiative, according to which we promote human rights, labour rights, environmental efforts and anti-corruption.

Terveystalo is the first Finnish health service provider to receive the ISS ESG Prime responsibility rating. This means we meet the high responsibility standards of ISS ESG in our industry and we are in the top 10 percent globally in the ISS ESG Prime rating framework. Our sco-

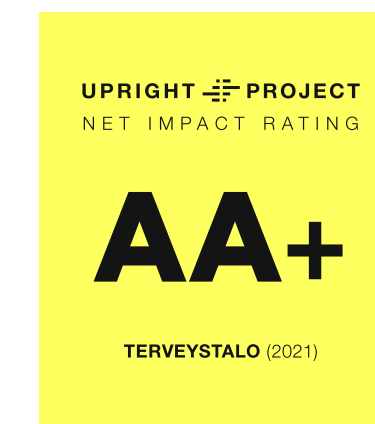
res were better than average particularly in the areas of quality, patient safety, employee relations, and the working environment.

In 2021, Terveystalo received a rating of AA+ (Excellent+) in the Upright Project’s assessment of the company’s net impact on society. The rating is higher than 93.3% of all of the evaluated companies, 96.1% higher than the companies listed on Nasdaq Helsinki and 50% higher than other health care companies. Net impact refers to the difference between positive and negative impacts, i.e. the comprehensive net value creation of companies. The Net Impact Scorecard is an indicator of what

resources a company uses and what it achieves with those resources. Inspired by credit ratings, the scorecard summarizes each company’s net impact using a rating scale of AAA-CC.

Terveystalo is a member of the Finnish corporate responsibility network FIBS and an official partner of Helsinki Pride 2021.

In 2021, Terveystalo completed the CDP (formerly the Carbon Disclosure Project) comprehensive climate assessment for the first time and was awarded a rating of C.



Terveystalo has received a net impact rating of **AA+** (Excellent+) in 2021, driven by its contribution to **health** and **society**.
Only 6.7% of all companies receive this or a higher net impact rating.
Source: Upright Project, 2021

Responsibility management

Our responsibility efforts are based on our Code of Conduct and shared values.

Our systematic management of responsibility is aimed at ensuring that we achieve our responsibility targets. Our continuous improvement model ensures that our

services will continue to create value for our customers in the future. The management of Terveystalo’s key responsibility themes is described in the table below.

 **Good health and well-being**

Description and purpose of the management approach	Policies and commitments	Objectives	Resources and responsibilities	Feedback mechanisms	Projects and initiatives in 2021	How successful were we in leadership and management in 2021?
<p>The health and well-being of our customers are the starting point for the planning of all operations. The purpose of the management approach is to ensure patient safety and high-quality care.</p>	<ul style="list-style-type: none"> • Terveystalo’s operating policy, quality policy, internal control and risk management policy, self-monitoring, Code of Conduct, data protection and information security policy and compliance rules • Operations are guided by the Current Care Guidelines • Government Decree on the Principles of Good Occupational Health Care Practice 708/2013 • General Data Protection Regulation (EU) 2016/679 • Other laws and regulations governing business operations, the industry and the operations of private service providers as well as customer agreements • The harmonized processes and procedures that ensure patient safety and high-quality care are documented in Terveystalo’s operating handbook. • Our policies and procedures pertaining to the data protection of patient data are documented in the Data Protection Handbook for patient care. 	<ul style="list-style-type: none"> • Our services are of high clinical quality and are the most conveniently available to customers. • We provide the right service regardless of time, place, and channel, from the beginning to the end of the care path. 	<ul style="list-style-type: none"> • The Chief Medical Officer, physicians-in-charge, occupational health physicians-in-charge and dentists-in-charge are responsible for clinical quality at the national level, while regional service managers and specialty directors are responsible at the regional level. • The customer experience director is responsible for the quality and development of the customer experience. • The assurance and development of quality and patient safety are managed by the Group’s quality steering group, data protection team, safety team, and the regional quality network. 	<ul style="list-style-type: none"> • Incident reports, customer feedback • Each Terveystalo employee and practitioner is required to report actual or suspected misconduct to their supervisor, the supervisor’s supervisor, Terveystalo’s Legal & Compliance department or via the Terveystalo whistleblowing channel. 	<ul style="list-style-type: none"> • We conducted an annual assessment of patient safety risks as well as internal and external audits of the quality system in accordance with the ISO 9001:2015 standard. • Terveystalo became the first health service provider in Finland to receive an ISO 13485 quality management system certificate. • We conducted several assessments of patient and occupational safety risks related to the COVID-19 pandemic and the new testing methods. • The realization of patient safety was assessed by means of a patient safety survey, the results of which were reviewed regionally under the leadership of the patient safety team. Based on the results, we will start development measures at the unit, regional and Group levels. • We expanded the use of online courses on data protection and information security that are mandatory for all Terveystalo employees. • We continued to develop quality and effectiveness reporting and adopted new quality indicators. We published a set of 25 quality indicators on our website. 	<p>We assess our management model based on feedback, identified development targets and achievement of goals, and modify it when necessary.</p>

 Ethical business

Description and purpose of the management approach	Policies and commitments	Objectives	Resources and responsibilities	Feedback mechanisms	Projects and initiatives in 2021
<p>At the general level, our responsibility is guided by Terveystalo's Code of Conduct and values. The purpose of the management approach is to ensure the effective implementation of our strategy and the achievement of our business goals as planned.</p>	<ul style="list-style-type: none"> • Terveystalo's Code of Conduct and Supplier Code of Conduct. • We always observe the laws and regulations governing our operations. • In addition to compliance with legislation and Terveystalo's Code of Conduct, we aim to observe widely accepted ethical standards, such as the UN Global Compact principles. We also expect our partners and subcontractors to share and observe the same ethical principles. 	<ul style="list-style-type: none"> • All Terveystalo employees have familiarized themselves with the Code of Conduct and completed an online course on Compliance to confirm this. • All of our suppliers have accepted the Supplier Code of Conduct. • Ensuring patients' data protection and information security. 	<ul style="list-style-type: none"> • Terveystalo's Board of Directors approves the Code of Conduct. • Terveystalo's Legal & Compliance department is responsible for the implementation of the Code of Conduct in the organization and supervisors are responsible for communication related to the Code of Conduct. 	<ul style="list-style-type: none"> • Actual or suspected violations of the Code of Conduct are primarily reported to the supervisor, the supervisor's supervisor or Terveystalo's Legal & Compliance department. They can also be reported anonymously via the Terveystalo whistle-blowing channel. 	<ul style="list-style-type: none"> • Two different Compliance courses were created to better respond to the challenges in the daily work of Terveystalo's various professionals. In 2021, an entirely new online course on the Code of Conduct was launched for employees in clinical duties and the broader Compliance course for administrative employees was updated.

 Responsible work

Description and purpose of the management approach	Policies and commitments	Objectives	Resources and responsibilities	Feedback mechanisms	Projects and initiatives in 2021
<p>The objective of our HR management is to ensure that our personnel have a high level of well-being and that they perform their jobs successfully. The management approach pertaining to occupational health and safety is described in more detail in the Sustainable work section of this report.</p>	<ul style="list-style-type: none"> • Terveystalo Group's equality and non-discrimination policy • Terveystalo's HR policy 	<ul style="list-style-type: none"> • Our goal is to be the best and most attractive employer in our industry. • Improving Terveystalo's employee Net Promoter Score (eNPS) to reach a good level. • Accident rate below the industry average. • Reducing sickness absences 	<ul style="list-style-type: none"> • The Senior Vice President, Human Resources is responsible for HR management and its development at Terveystalo. 	<ul style="list-style-type: none"> • Personnel and private practitioner surveys • Hazardous incident reports by the personnel • Performance reviews 	<ul style="list-style-type: none"> • As the COVID-19 pandemic continued, ensuring the safety of Terveystalo employees remained a key priority. • Starting a development effort focused on occupational safety • Starting the Towards better leadership program for all supervisors • Development of the hybrid work model • Investments in recruitment and well-being at work

 Sustainable economic growth

Description and purpose of the management approach	Policies and commitments	Objectives	Resources and responsibilities	Feedback mechanisms	Projects and initiatives in 2021
<p>We always aim to operate responsibly and bring openness, transparency and a patient-centered approach to health care. In addition to the renewal of health care and the prevention of illnesses, it means being a responsible corporate citizen and adhering to a responsible tax policy. We also aim to use our strengths to continue profitable growth and increase the efficiency of our operations.</p>	<ul style="list-style-type: none"> • With regard to communication and financial reporting, we observe the rules of the Helsinki stock exchange in accordance with our disclosure policy. • With regard to taxation, Terveystalo and its subsidiaries comply with a responsible tax policy in accordance with Terveystalo’s tax strategy. • Our suppliers and subcontractors are required to commit to the Supplier Code of Conduct and comply with the laws and regulations governing their operations. 	<ul style="list-style-type: none"> • Growth: at least 5% annual revenue growth in the long term • Profitability: Adjusted EBITA 12–13% of revenue in the medium to long term • Capital structure: Net Debt/Adjusted EBITDA not to exceed 3.5x • Dividend policy: At least 40% of the profit for the financial period distributed as dividends • We openly report our tax footprint annually. • We create jobs. 	<ul style="list-style-type: none"> • The CEO is responsible for the Company’s day-to-day management and the implementation of strategy. The CEO ensures that the management of the Company is adequately arranged, and the Company’s accounting complies with the legislation. The CEO also ensures the appropriate arrangement of the Company’s administration and asset management. 	<ul style="list-style-type: none"> • Each Terveystalo employee and practitioner is required to report actual or suspected misconduct to their supervisor, the supervisor’s supervisor, Terveystalo’s Legal & Compliance department or via the Terveystalo whistleblowing channel. 	<ul style="list-style-type: none"> • Strategy and its implementation. Read more on p. 13-15

 Responsible consumption and climate action

Description and purpose of the management approach	Policies and commitments	Objectives	Resources and responsibilities	Feedback mechanisms	Projects and initiatives in 2021
<p>Our aim is to take our environmental impacts into consideration in all operations. The objective of our environmental program is that everyone at Terveystalo takes the potential environmental impacts into account in their day-to-day work and strives to operate in environmentally friendly ways.</p>	<ul style="list-style-type: none"> • Some of our clinics have ISO 14001:2015 Environmental Management System certification, which was expanded in 2021 to include the Group services. • Our Environmental Policy and Environmental Program cover the entire Terveystalo Group and meet the requirements of the environmental standard. 	<ul style="list-style-type: none"> • Carbon neutrality in 2022, zero emissions from own operations in 2030. The remaining emissions will be compensated between 2022 and 2030. • We will reduce our direct and indirect CO2 emissions (Scope 1 and Scope 2) by 80% by 2025 (using 2018 as the baseline). • We will purchase 100% green electricity in Finland by 2025. • We will minimize waste in all of our operations and forward all waste to be recovered: <ul style="list-style-type: none"> • The recovery rate and recycling rate of waste generated at Terveystalo units will be 100% by 2025. • Reducing the mixed waste intensity 	<ul style="list-style-type: none"> • The manager of quality and development is responsible for the ISO 14001: 2015 certificate as well as approving the environmental program and ensuring that the operations comply with it. • The Quality Steering Team monitors the implementation of the environmental program. 	<ul style="list-style-type: none"> • Internal and external feedback and internal development suggestions, whistleblowing channel, incident reports. 	<ul style="list-style-type: none"> • ISO 14001:2015 Environmental Management System certification was expanded in 2021 to include Group services. • We set new environmental targets. • Annual assessment of environmental risks • Internal and external audits in line with ISO 14001:2015, supplier audits. • The plastic and cardboard recycling project continued.

Stakeholder engagement

Terveystalo’s role in society means the company has several stakeholders with whom it engages in active dialogue. In addition to customers, personnel, private practitioners, and shareholders, our primary stakeholders include the authorities and social decision-makers that can influence the relevant legislation and its drafting. Other key stakeholders include the supervisory authorities and the media. We also engage in close interaction with lobbyists within the sector. Open dialogue and effective cooperation enable a more predictable operating environment for every-one involved. The adjacent table describes Terveystalo’s engagement with various stakeholders in 2021.

Key memberships in organizations and advocacy organizations

Terveystalo's representatives work in several organizations. The most significant of these are listed below.

- The Confederation of Finnish Enterprises
- Central Chamber of Commerce
- Helsinki Region Chamber of Commerce
- The Finnish Association of Private Care Providers HALI ry
- The Association of Finnish Private Healthcare Providers
- Finnish Association of Purchasing and Logistics LOGY
- FIBS ry

<u>Stakeholder group</u>	<u>Stakeholder expectations</u>	<u>Terveystalo’s response to the expectations</u>	<u>Channels of engagement</u>
Customers	Competitive and responsibly produced high-quality services.	In response to the challenges caused by COVID-19, we provided COVID-19-related services, such as testing, and increased our provision of digital services.	Physical and digital encounters with customers, online services, feedback surveys and channels, marketing communication, social media.
Personnel and private practitioners	Responsible management, smooth interaction, equality, a good working atmosphere and working conditions, development of competence, competitive pay.	We continued a change process to support successful work performance and even more effective cooperation. We actively communicated with the personnel on the COVID-19 situation, changes to our practices in various stages of the epidemic and other topical issues.	Personal interaction, intranet, newsletters, personnel satisfaction survey, development discussions, training, seminars, and events.
Shareholders	In addition to creating financial additional value, open communication about the implementation of the growth strategy and financial performance, responsible business.	We engaged in active communication on business development, Terveystalo’s entry into the Swedish market, the impacts of COVID-19 as well as Terveystalo’s new strategy and its implementation.	Open and active dialogue; regular and continuous reporting with stock exchange releases and reports, personal communication channels, such as meetings with investors and analysts, general meetings of shareholders, and other events. Our Investor Relations function coordinates interaction with investors, aiming to ensure equal opportunities to receive information and meet with the company management.
The authorities and decision-makers	Good cooperation and open disclosure of information and interaction to facilitate the preparation of decisions. The development and renewal of healthcare is a shared goal for Terveystalo, the authorities and decision-makers.	We engaged in active dialogue on issues related to the industry.	Open dialogue, meetings, and communication in various working groups and events, etc.
Media	Openness of communication, reliability of information and prompt service. Use of Terveystalo’s expertise in health care-related topics.	We engaged in active communication regarding our operations and made our professionals available on topics related to health and health care.	Open and active communication through various channels. Quick and open response to requests from media.
Industry organizations	Effective and open cooperation that makes our expertise available to the entire industry. Development of Finnish health care and promotion of citizens’ health constitute a common goal.	We engaged in active dialogue on issues related to the industry.	Diverse cooperation with organizations such as the Finnish Association of Private Care Providers and Lääkäri-palveluyritykset. Our cooperation channels include working groups and various events.

Materiality analysis as the foundation of our responsibility efforts

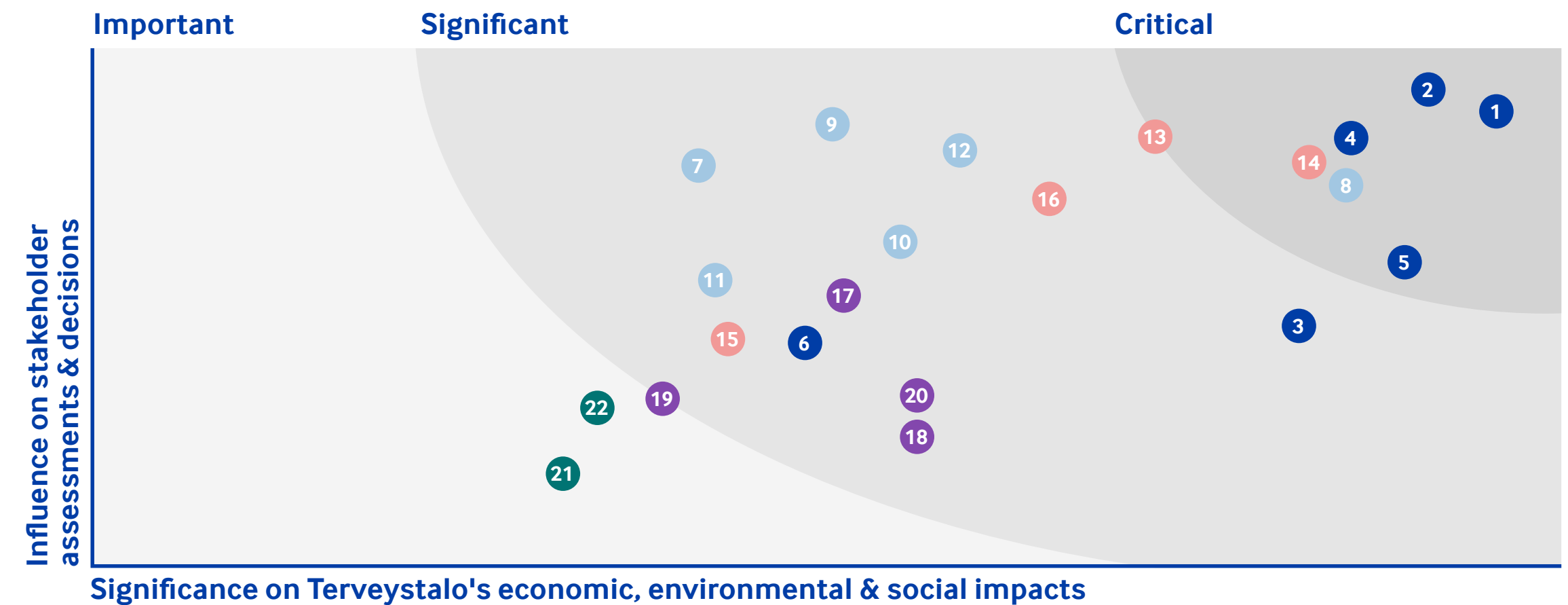
We have defined our material aspects of responsibility in collaboration with the representatives of our key stakeholders. The materiality analysis conducted in 2019 serves as the foundation of our responsibility efforts, corporate responsibility communications and their development.

Based on our materiality analysis, we also analyzed in detail the views of ESG investors regarding various aspects of corporate responsibility. As part of the background work for the materiality analysis, we surveyed the global leaders of our industry. To identify Terveystalo’s responsibility priorities, we arranged a workshop with our selected experts. After the workshop, we reinforced the results by conducting a survey targeted at our experts, which was then used as the basis for an online survey of stakeholders. Terveystalo’s employees and private practitioners were particularly well represented in the survey. Other stakeholders represented in the survey included our shareholders, investors, media, and industry organizations. In addition to the online survey, we interviewed the representatives of our key stakeholders with the help of our partner Milton.

The order of priority of our material themes of responsibility was largely the same regardless of the stakeholder mix.

Our key responsibility themes are closely related to our core function

All our stakeholders were unanimous in their view of Terveystalo’s critical themes of corporate responsibility. Terveystalo must operate in the best possible manner in its core business of health care service provision and particularly ensure the clinical quality and effectiveness of care, patient safety, high service quality, occupational safety, data protection, information security, the promotion of customer well-being, and the prevention of illnesses. In addition, Terveystalo’s shareholders emphasized the importance of focusing on the company’s carbon footprint. Terveystalo has made several major acquisitions in recent years, and the well-being at work of the company’s personnel was substantially emphasized in the results of the materiality analysis. The link between employee well-being and patient well-being was highlighted in the responses of customers and shareholders alike. In addition, the most significant risks and opportunities were seen by all the stakeholders as being linked to both information security and digitalization.



Good health and well-being

- 1 Quality and impact of care
- 2 Guaranteeing patient security
- 3 Availability of care
- 4 Offering high quality services
- 5 Increasing customer wellbeing and preventing illnesses
- 6 Creating service innovations and developing operations

Ethical business

- 7 Preventing corruption and bribery
- 8 Ensuring data protection and information security
- 9 Respecting human rights
- 10 Responsible marketing
- 11 Using AI responsibly
- 12 Playing fair

Responsible work

- 13 Employee well-being
- 14 Guaranteeing safety
- 15 Diversity of employees
- 16 Developing know-how of employees

Sustainable economic growth

- 17 Responsible tax policy and paying taxes
- 18 Creating added economic value for the society and owners
- 19 Sustainable supply chain operations and the share of domestic purchases

- 20 Providing employment in Finland

Responsible consumption and climate action

- 21 Minimizing our carbon footprint
- 22 Material efficiency and recycling

Terveystalo's responsibility themes

We have defined our main responsibility themes in collaboration with the representatives of our key stakeholders. Our five responsibility themes - Good health and well-being, Ethical business, Responsible work, Sustainable economic growth and Responsible consumption and climate action - are presented in this section.





Good health and well-being

All members of our personnel are responsible for ensuring that our customers receive appropriate, high-quality and safe care. We aim to stand out by providing an outstanding experience in all customer encounters, regardless of the channel. We develop our work by listening to our customers and utilizing new technology.

Quality and impact are at the core of our operations

We are committed to the high quality and continuous development of our operations. We measure, monitor and manage our quality actively. Developing our service quality and operational efficiency even further allows us to ensure the best possible working conditions for our professionals and the optimal impact of our customers' service experience, without compromising on the all-important aspects of human contact and empathy.

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	> 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 for a physician, < 1 for a nurse	T3, i.e. the third available appointment with a physician	< 7	6.5	5.6	11.7	3
		T3, i.e. the third available appointment with a nurse	< 1	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%	61.0%	3

We divide our quality-related work into four areas:

Clinical quality

- Health care must be based on evidence and good care and operating practices, and it must be high quality, safe and appropriately implemented. At Terveystalo, we actively monitor, measure and manage clinical quality.

Operational efficiency

- Streamlined processes ensure the smart allocation of resources and the reliability of operations. All services provided by Terveystalo are based on our comprehensive and certified quality management system. Our customers can always trust the quality of our care, the smooth use of services, and the efficiency and safety of our services. In addition, we promote pleasant and efficient everyday life by developing our expertise and management. Our comprehensive network, digital tools and extensive service range constitute a platform for providing efficient, personal and local services for customers.

The customer’s experienced quality

- The customer’s experience is always personal and develops through every encounter. It is important to us that customers receive the care they need without delay and they are encouraged to make choices that promote their well-being. Our objective is to be the preferred provider of healthcare services for all customer groups.

The professional’s experienced quality

- We believe that satisfied employees provide a better customer experience in customer encounters, and so enhancing customer satisfaction. The realization of the strategy requires that we are able to attract qualified and motivated health care professionals to Terveystalo and retain them. This enables us to achieve clinical quality, superior service experience and operational efficiency.

Clinical quality is the basis of everything we do



Quality management at all levels of the organization

The cornerstones of our quality system are patient safety and the national legislation governing the field. Our quality assurance system is a management system that provides a framework for managing quality and effectiveness at all levels of the organization. Our strategic priority areas, joint processes and measurability guide us towards consistently high-quality operations. Continuous improvement of our operations is an essential part of our quality efforts. The objectives of our quality-related efforts also include ensuring service availability, patient safety, an excellent customer experience, compliance with recommendations, data protection, information security and the development of the effectiveness of care. The Group's 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 our 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. We ensure service quality, safety, customer orientation and productivity through consistent operating methods, the continuous training of our experts as well as modern premises and technology. We manage

patient safety 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. We ensure 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 are able to 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, Terveystalo conducted 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. Based on the results, we will start development measures at the unit, regional and Group levels.

The quality index measures clinical and experienced quality

We continuously develop our services, the quality and effectiveness of provided care and the service experience of our customers. We measure clinical, experienced and process results based on international best practices.

Terveystalo uses a quality index that consists of four components:

- high clinical quality
- availability of care
- preventive care
- experienced quality from the professional's perspective and the patient's perspective

Our 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, we continued to develop quality and effectiveness reporting and also adopted new quality indicators. We published a set of 25 quality indicators on our [website](#).

Use of the WHO Surgical Safety Checklist in surgical operations

We perform surgeries in our network of 18 hospitals. We systematically apply the WHO Surgical Safety Checklist before the start of each procedure. It is a standard list of questions to check safety issues relevant for the operation in the OR. In 2021, the WHO Surgical Safety Checklist was used in 99.8 (97.8) percent of the operations we 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. We have 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, we have prepared detailed guidelines for prescribing drugs affecting the central nervous system 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, our clinics wrote prescriptions for drugs affecting the central nervous system 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

Our 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. We systematically develop the treatment chain for our surgery patients. Our 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 are managing. With targeted health examinations, we survey the organization's health and work ability risks and obtain information to support the management efforts. Our occupational health examinations always include an electronic, scientifically validated health survey. The survey is a self-assessment for the employees. Based on the survey, we can identify possible risks related to health and work ability. With the survey, we can target measures particularly to those with significant risks. In 2021, preventive work accounted for 70.2 (67.8) percent of all of our occupational health appointments.



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

We continuously develop the availability of care by managing the balance between supply and demand as well as by developing our digital services and the work of our professionals. We measure the availability of care by the T3 indicator, which is the number of days until the third available non-urgent appointment at our clinics. The figure indicates how quickly a customer can have an appointment with a physician. 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

We aim to stand out by providing an excellent experience in all customer encounters. We develop our work by listening to our customers and utilizing new technology. NPS (Net Promoter Score) is our most important indicator of customer satisfaction. We collect feedback with SMS and browser-based surveys, and we are continuously adding NPS measurements at new customer encounter points. In 2021, the NPS for our appointments was 83 (83). The NPS for our hospital services remained at a high level at 94.7 (94.4).

Employee Net Promoter Score (eNPS)

We want to be the most attractive workplace for professionals. The professional survey is one of our 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 our employees and private practitioners who would recommend Terveystalo as a workplace to others. Our 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.

Care guidance is developed by means of consistent care protocols

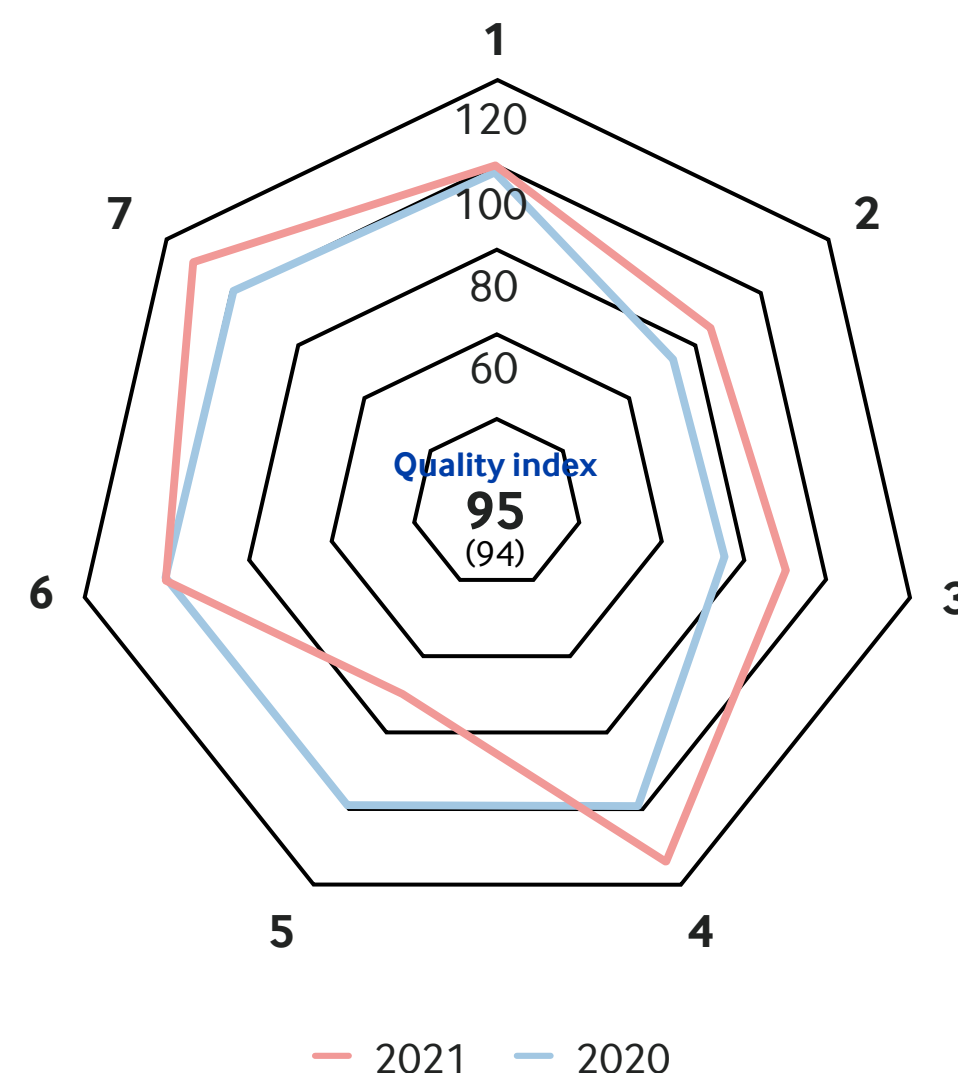
Science-based care guidance is developed with the help of consistent care protocols. Our goal is to support professionals and customers in planning and implementing increasingly effective treatment by making it easy to make day-to-day decisions in line with care protocols. The care protocols are treatments defined by Terveystalo, based on the Current Care Guidelines and other generally accepted clinical recommendations, to treat a given illness or ailment for which a customer seeks treatment. Our aim is to first define 6–8 care key protocols, which helps us model this new approach. The first care protocols we have adopted are for treating lower back pain, depression and anxiety.

For professionals, the care protocols propose suitable next steps on the customer’s care path. Together with the customer, the professional then decides which of the proposals to put into action, taking the customer’s individual situation and needs into consideration. Customers can also be given direct guidance, for example in the case of reminding them of a laboratory referral that has yet to be used, a national recommendation concerning influenza vaccination, a referral to a COVID-19 test or some other simple care protocol.

We aim to support customers in various ways, including reminders on digital channels regarding the next steps of their treatment and by maintaining active contact with customers to ensure that treatment is carried out

Quality index

% of target



1. Use of the WHO Surgical Safety Checklist in operations
2. Prescriptions for drugs affecting the central nervous system in relation to visits to a physician
3. Median sickness absence days after operation
4. Percentage of preventive work of occupational health appointments
5. Days until next available appointment, T3
6. Appointment NPS
7. eNPS



appropriately. For the patients, this means a clearer, smoother and more predictable care pathway through our digital services and during appointments with our professionals. For our professionals, the care protocols provide tools that make their work easier as well as clearer and smoother workflow.

Growth in digital health, COVID-19-related services and mental well-being services

The demand for services related to COVID-19 remained high in 2021, with the demand for other health care services returning to normal. When the pandemic began in early 2020, we quickly responded to the needs emerging from COVID-19 and created entirely new service solutions ranging from risk assessment to testing and tracing. During the pandemic, we have established COVID-19 testing units across Finland and built a fully digital care pathway for COVID-19 testing in the Terveystalo app that includes every step of the process except the actual sample taking. Our clinics have conducted more than 730,000 COVID-19 tests during the pandemic. We have also introduced several alternative test solutions, including an antibody test and gargle test in cooperation with Synlab as well as a rapid test to enable better management of the flu season and the COVID-19 pandemic. The distribution of COVID-19 vaccines began in Finland in late 2020 and the mass vaccinations of the working-age population

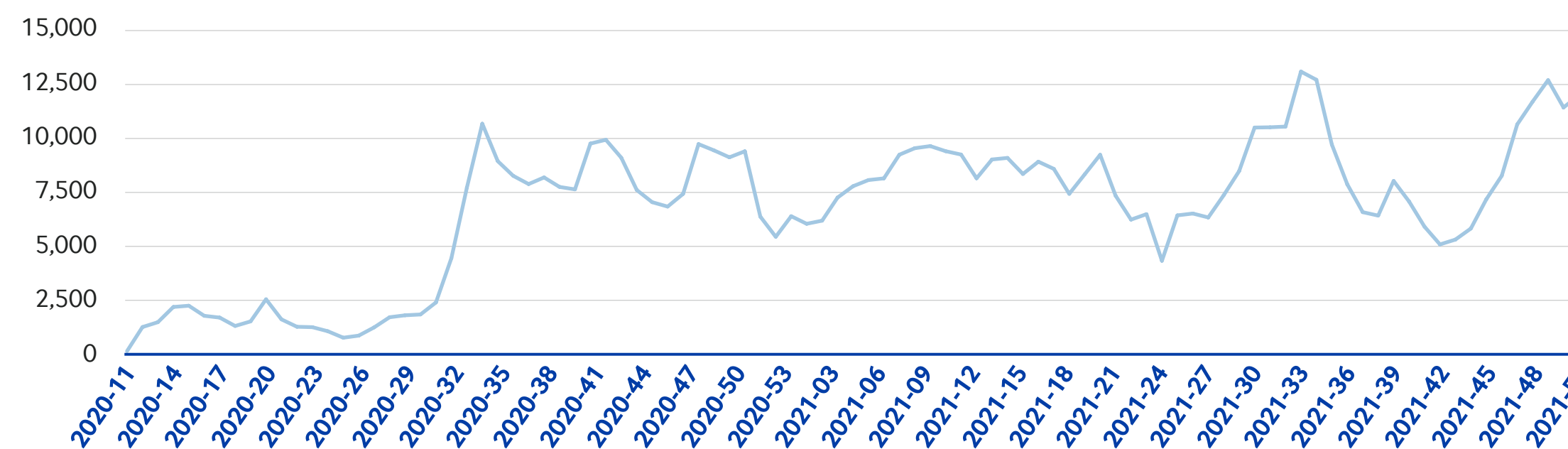
started in May 2021. Terveystalo has played an active role in the vaccination effort. COVID-19 vaccinations have been available at Terveystalo for the residents of about 147 municipalities as well as employees whose employer has concluded a vaccination agreement with Terveystalo. Our [open reporting](#) provides information on tests, diagnoses and vaccines administered on a daily basis.

The COVID-19 pandemic has seen the demand for our services shift increasingly toward digital services, and digital appointments have become established as an important aspect of our normal operations. Thanks to our digital capabilities, we have been able to respond quickly to the strong growth in the demand for digital services. The total number of digital appointments

during the year was approximately one million (700,000), and our customers were able to reach a physician in seconds through our online chat service. A total of 2.0 (1.8) million appointments were conducted remotely and as much as 25 (26) percent of all appointments were conducted remotely, digitally or by phone.

The pandemic has increased mental health problems. According to the customer data we have collected, anxiety disorders are the third most common diagnosis and three of the top five causes of sickness absences are related to mental health problems. The demand for services related to mental well-being has also multiplied during the COVID-19 pandemic. Terveystalo's Fokus special unit for mental well-being started its operations at the beginning of 2021. The special unit provides psychologist, psychiat-

Terveystalo COVID-19 tests per week 2020-2021



Source: <https://avoinraportointi.terveystalo.com/korona/>, Reporting does not include on-site testing at customer companies.

Care path for lower back pain

At Terveystalo, the treatment of lower back pain is guided by a care path for lower back pain based on the Käypä hoito- recommendations and research evidence. The first step in the care path is an assessment by a professional of the nature of the back pain. All those diagnosed with non-specific back pain are automatically referred to the lower backpain treatment path: the client is recommended to make an appointment with either an occupational physiotherapist or a physiotherapist. Other necessary treatments will be individually planned by the doctor and physiotherapist. The customer automatically receives videos of back pain and its treatment and appointment reminders in the Terveystalo application. In addition to home practice and physiotherapist guidance, treatment may also include medication and psychological support.



rist and psychotherapist services to occupational health customers and private customers through physical and remote channels. Terveystalo’s professionals can provide mental health assessment, support and treatment as well as related preventive services. Our treatment paths for mental health and low-threshold services have produced excellent treatment results. Our low-threshold mental health services and brief psychotherapy have helped our corporate customers to reduce sickness absences related to mental health problems and the associated costs by more than 30%, while the customers’ perception on their own well-being has returned to normal.

A new well-being service to support lifestyle changes

In September 2021, Terveystalo launched the first consumer version of an entirely new kind of well-being service that is based on blood analyses by the health technology company Nightingale, a health index based on the blood analyses as well as digital well-being content and programs put together by Terveystalo’s experts. The blood analysis technology is one of the world’s most widely used next-generation medical research tools and it has already been used for over a million blood samples. The effectiveness and benefits of the technology have been proven in over 300 peer-reviewed scientific publications and the techno-

logy has passed the European health care regulatory requirements. Nightingale’s biotechnology uses algorithms based on large data masses to refine data obtained from blood samples into clear and easily understandable information on health risks. Nightingale’s specification method makes it possible for Terveystalo to incorporate state-of-the-art medical technology into a new kind of well-being service. The service was launched in the form of a Terveystalo + Nightingale well-being membership that includes three annual samples taken at Terveystalo’s laboratories as well as regular coaching content and weekly programs focused on physical activity, nutrition, sleep and recovery. The service is used via the Terveystalo app.

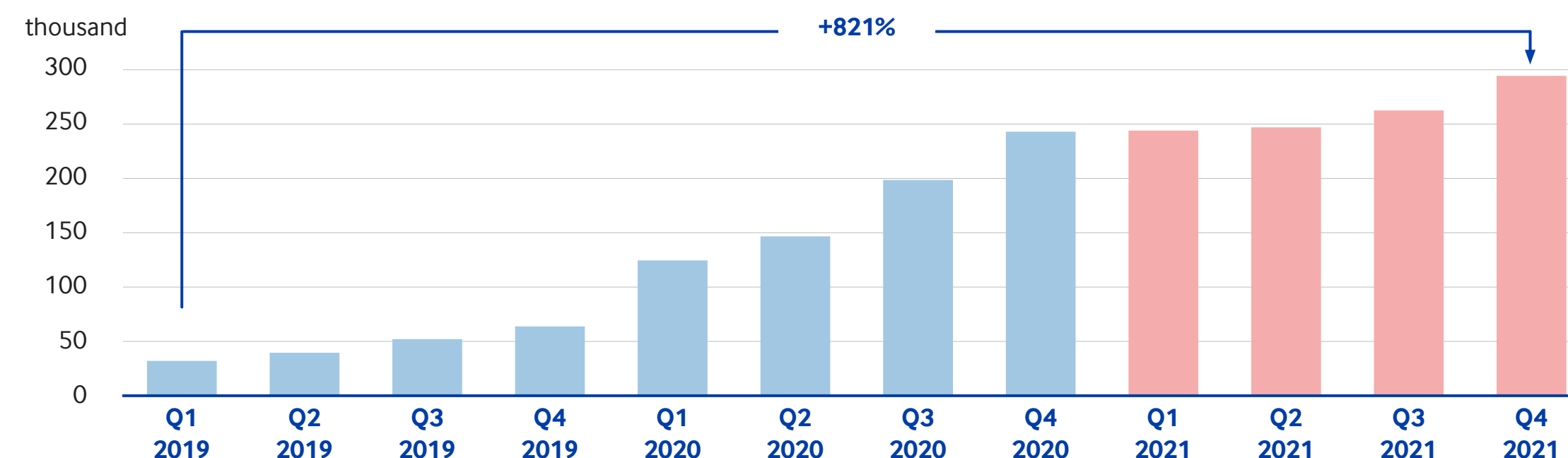
An operating model for effective work ability management and using AI in risk identification

We updated our operating model, tools and indicators related to work ability management in 2021. The outcome is the Healthy Workplace operating model, by which we create measurable value for our customer companies. A healthy workplace is not created by chance, but through planning. This requires information to support the management of employee work ability, anticipate risks and create ways in which we can work together to build healthy work communities from healthy employees and suc-

cessful companies from healthy work communities. There are multi-dimensional and strong links between work, work ability and health. The Healthy Workplace operating model enables cooperation to build a workplace that strengthens the individual’s work ability and the community’s ability to function. When work is meaningful and work ability is effectively managed, employee well-being improves while the risk of work disability and work left undone are reduced. Healthy individuals not only help a company achieve a high level of well-being, they are productive and work effectively together to achieve the organization’s goals.

We use AI to support work ability management. We rely on research-based data and use academically validated indicators that have been proven to predict potential work ability risks and prolonged sickness absences. The AI-assisted Etydi system we use helps health care professionals identify potential work ability risks at an earlier stage. The system screens the employees for even weak signals of work disability to be able to target measures at the right people. AI also combines the results of each individual’s Health Survey with the data it collects, providing good visibility into the organization’s risks and ability to influence them. Our occupational health team provides the organization with information and proposals concerning risk factors that the organization should focus on.

Development of digital visits 2019-2021



Does not include the digital appointments of the Sweden and others segment.

Suunta service brings together the best tools for occupational health care cooperation

Our Suunta service enables effective digital occupational health care cooperation. To create the service, we have brought together everything the customer organization needs to build a healthy workplace community. The Suunta service includes work ability management tools, the planning of operations, occupational health care cooperation tools and reporting as well as other occupational health care customer systems and functionalities in a single user interface. Predictive and preventive indicators of work ability risks are compiled into the Etydi artificial intelligence used by professionals.

To our customers, the results of this work are visible in the form of work ability management indicators. Suunta provides the opportunity for continuous dialogue between the customer and Terveystalo, and it also brings transparency with regard to the quality, effectiveness and costs of occupational health care cooperation.

The award-winning Terveystalo app brings health services close to the customer

At Terveystalo, a physician, nurse or therapist can also be consulted remotely via video or chat. Digital services efficiently improve the availability of care and lower the threshold of seeking treatment. Our Terveystalo app provides,

for example, access to the Doctor Chat in approximately seven seconds 24/7, every day of the year. Our low-threshold Mielen Chat for mental well-being is also available to our occupational health customers 24/7, every day of the year. Through our Terveystalo app, our customers can renew prescriptions, get referrals for laboratory tests and communicate with the nurse or physician responsible for their care. Clearly visualized laboratory test and imaging results are always available in the app. The app also provides the customer with a personalized health plan called Oma Suunnitelma. In addition, the app sends personal health-related reminders. The Terveystalo mobile application has over 500,000 active users and as many as 1.7 million Finns have registered as users of our digital services.

Terveystalo becomes a manufacturer of software-based medical devices

In August 2021, Terveystalo became the first health service provider in Finland to receive an ISO 13485 quality management system certificate. With the certificate, Terveystalo becomes a manufacturer, distributor, seller and marketer of software-based medical devices. For Terveystalo, the certificate is a strategic competence that enables the product development of smart software used in health care. The sales and marketing of medical devices is subject to the product being CE marked, which in turn is subject to the product being designed and manufac-

tured in compliance with the ISO 13485 quality management system and the provisions of the Medical Device Regulation. The certificate awarded to Terveystalo proves that Terveystalo's processes meet the requirements set for manufacturers of medical devices.

The biobank builds well-being for the future

Biobanks make samples and data available to high-quality research and product development projects that aim to find the causes of diseases and promote general health. The goals of Terveystalo's biobank are the promotion of the population's health, the identification of factors involved in disease mechanisms, the prevention of diseases and the development of products or treatment practices that promote the population's well-being or health or that are used in medical care. We investigate the causes of diseases and support the development of products and treatments used in health care. Our biobank also promotes scientific research related to COVID-19. Terveystalo's biobank has been awarded ISO 9001:2015 quality management system certification.

Excellent availability of primary health services

Fast and timely access to care is one of the biggest challenges of Finnish primary health care. We have developed

health centers' operating models over the longer term to ensure easy access to care. Our 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. We produce health center appointment services at 17 municipal health centers. At the start of October 2021, we started operating the Kannelmäki health center in partnership with the City of Helsinki, and we are now providing services for the 20,000 residents of the area. We are 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 our 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. Our 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 our health centers throughout the year. The availability of oral health care has 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

Operating ethically and responsibly is an integral element of Terveystalo’s values and strategy. Terveystalo’s Code of Conduct and Supplier Code of Conduct provide a framework that helps us ensure that we act in accordance with our values, internal guidelines and applicable laws. They support a company culture that takes ethical perspectives into account and combines a high work ethic, professionalism, solution-oriented cooperation and the pursuit of measurable impact in everything we do.

Ethical business

Area	Target	Indicator	Target	2021	2020	2019	SDG
Employees who have completed 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

Values guide our work



Human being at the center

We take responsibility for everyone’s health and well-being, the opportunity to lead a good life. Together, we work for the best of our customers, and the customers show us the direction of our renewal. We help each other and value all of our professionals.



Steered by medical science

Everything we do is based on medicine and science. The effectiveness of care and our customers’ well-being guide all of our decisions.



For the common good

Through our operations, we build a healthier and wealthier society, and provide effective treatment. We share information and invite discussion. We create better health care for everyone: customers, professionals and society.

We train our personnel to comply with the code of conduct and ethical requirements

The Code of Conduct translates our values into concrete principles that form a foundation for our daily work and decision-making. 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 and which we all adhere to. 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.

In 2021, we updated our 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% 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 responsibility 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. Our operations are also guided by our Code of Conduct, which includes anti-corruption and bribery guidelines regarding, for example, giving and accepting gifts and hospitality as well as the avoidance of conflicts of interest.

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. We emphasize that, at Terveystalo, we do not offer, give, request or accept gifts or other benefits that could



affect business decisions or have considerable personal or financial value. We also do 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 Labour Organization (ILO) and related international conventions. The company is committed to the UN Global Compact initiative and its principles pertaining to human rights and labour rights. Terveystalo's suppliers are also expected to comply with these principles and respect internationally recognized human rights. Principles related to human rights are included in Terveystalo's Code of Conduct and Supplier Code of conduct.

Maintaining a competitive advantage and responsible marketing

Terveystalo's Code of Conduct includes a commitment to fair competition. We compete fairly, with integrity and in compliance with the applicable legislation. All of our employees are required to comply with laws, regulations and internal guidelines pertaining to competition. We respect the intellectual property rights and confidential information of others. In its marketing activities, Terveystalo is committed to complying with the ethical guidelines governing the marketing of medical services. The marketing of medical services must provide patients with accurate and reliable information on the services provided by physicians and health care service providers, thereby giving patients the opportunity to obtain factual information and support patients' freedom of choice in seeking medical care.

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. We want our contractual service providers and suppliers of goods to be aware of Terveystalo's significant role in society. We also want sup-

pliers 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.

Whistleblowing channel gives everyone the opportunity to report suspected misconduct

One important aspect of our culture of responsible business is that everyone who acts on behalf of or with Terveystalo and every customer, partner and supplier feels that they can freely report any suspicions of misconduct and trust that Terveystalo will take appropriate measures to investigate any actions that are or are suspected of being in violation of the Code of Conduct. Actual or suspected infringements are primarily reported to the supervisor, the supervisor's supervisor or Terveystalo's Legal &

Compliance department. Terveystalo also uses WhistleB, a whistleblower system open to everyone. This channel enables anonymous reporting of observed or suspected misconduct at: www.report.whistleb.com/terveystalo. Any suspected misconduct and violations are investigated appropriately and confidentially. If a suspected violation proves to be unwarranted, there are no negative consequences to the reporter provided that the reporter has acted in good faith.

We are happy that the whistleblowing channel has reached our employees and that the channel has been used to respond to suspected violations. In 2021, we received a total of 22 (10) reports of suspected violations through the whistleblowing channel. Out of these, the reports already investigated did not reveal any noncompliance with or infringement of law or the Code of Conduct. One report received in 2020, the investigation of which was completed in 2021, was found to be in breach of the Code of Conduct resulting in a disciplinary process. The findings of the reports and completed investigations have been considered in the development of Terveystalo's processes.

We ensure data protection and information security for patients

Privacy protection is a core value for us. At Terveystalo, we respect everyone's privacy. We pay special attention to the appropriate and legally compliant processing of personal data. We provide our 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.

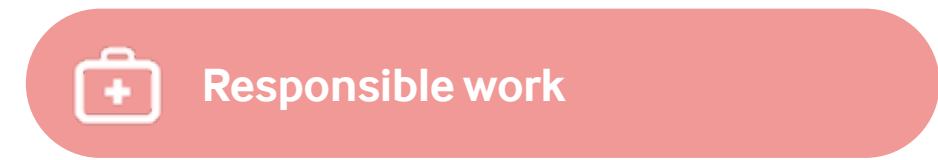
We use data and AI responsibly

The identification, prediction and prevention of illnesses and health risks benefits both the patient and society. Collecting, analyzing and using patients' health data is an

essential part of health risk identification. It ensures that we can provide timely treatment for customers and give recommendations. It is always up to the customers to decide if they want to accept them. We use and develop AI in a reliable and ethical manner. We actively monitor that the AI solutions we use are responsible, beneficial to people, relevant to both Terveystalo and the customers and that the specified objectives are achieved. We respect and monitor the realization of fundamental rights also in the context of using AI technology and we protect our customers' data and privacy in all circumstances.

We engage in internal dialogue in the company regarding the ethics of AI and topics related to data protection (including the Act on the Secondary Use of Health and Social Data). We actively monitor AI solutions, the related discussion and recommendations (including the EU regulations on AI that are currently in the process of being drafted). In the development and use of AI, we are committed to legal compliance and we adhere to the general ethical recommendations pertaining to the use of AI.

Privacy protection is a core value for us. We pay special attention to the appropriate and legally compliant processing of personal data.



Responsible work

At Terveystalo, our mission is to fight for a healthier life. To realize our goal of being a pioneer in the health care industry, we continuously develop our thinking, our competence and our working methods. We give health care professionals the opportunity to join a multidisciplinary community of top talents, a team whose members help each other succeed. In line with our values, we always focus on people and work toward the common good. Our strategic goal is to be the best and most attractive employer in the industry for physicians as well as other professionals.

Terveystalo is a significant employer

Terveystalo is a significant employer in Finland. At the end of 2021, we had 9,805 (8,253) employees and 5,644 (5,057) independent practitioners in Finland. Our acquisition of the Swedish occupational health company Feelgood in 2021 led to us having 668 new employees and 110 practitioners in Sweden. We also made 11

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

other complementary acquisitions during the year, which increased our number of personnel by 172. The exit turnover of our personnel in Finland was 14.0 (17.1) percent.

We need many professionals to support our growth

There is a chronic shortage of personnel in the health care sector. With this in mind, it is a strategic priority for us to ensure that Terveystalo has enough health and well-being professionals to enable us to achieve our strategic growth targets. We can accomplish this by recruiting new professionals, having Terveystalo's existing professionals work more (converting part-time practitioners into full-time practitioners, for example) and reducing exit turnover. This requires that Terveystalo's attractiveness as an

employer and the well-being at work and job satisfaction of Terveystalo's employees and practitioners constitute the foundation of everything we do. We strengthen that foundation by providing professionals with interesting and meaningful work, diverse career and development opportunities and by ensuring that our professionals can work smoothly and focus on what is important. As an employer, we promise to maintain a good workplace community, operate in a multidisciplinary manner, develop both as a company and as individuals and be a pioneer in our field.

Our goal is to be the best and most attractive employer in our industry. We have worked systematically toward this goal for several years, and studies show that we are the most popular employer in our industry in Finland among both students and professionals in our field.

Changes in how professionals work and supporting people through change

We contribute to the changes taking place in how people work in the field of health and well-being by striving to create the smoothest and most efficient work environment and providing broad support for our professionals in the transformation of work. Digitalization has changed the way health care and well-being professionals work and introduced new demands with regard to their competencies. The transformation of work represents an opportunity to clarify the work of professionals and make their work smoother and more productive. This allows professionals to focus on customer encounters and problem-solving. Change also requires new approaches to management and remuneration. When it comes to changes in the way

professionals work and supporting that change, we focus particularly on improving the content and guidance of work, where the development of treatment guidance with the help of care protocols holds a key role. The goal of treatment guidance based on care protocols is to provide more consistent and effective care for our customers while also making the work of our professionals easier. We are also introducing new tools to support professionals in their work, including the Terveystalo+ Nightingale health index and digital health and well-being content, instructions and weekly programs for customers, delivered through the Terveystalo app, which our professionals can also use in giving instructions and guidance to customers. We provide our professionals with diverse digital tools that are the subject of continuous development. Our work ability management model in occupational health, the AI-supported Etydi tool for identifying work ability risks, the Terveystalo Pro mobile app for professionals, medical reporting and our Dashboard support professionals with their work and also provide tools for research activities.

We look after the health and safety of our employees

Occupational health care plays an important role in the identification of health risk factors and the prevention of illnesses. Our occupational health care and occupational safety are organized on a company-specific and regional basis in accordance with Finnish legislation, according to which the employer shall arrange occupational health care

at its own expense in order to prevent and control health risks and problems related to work and working conditions and to protect and promote the safety, work ability and health of employees.

In addition to the statutory requirements, we provide our employees with a comprehensive range of primary health care, specialized care and well-being services, such as direct access to an occupational physical therapist and Mielen Chat and Mielen Sparri, digital services that support mental well-being. Mielen Chat and Mielen Sparri are low-threshold services that are provided remotely using the Terveystalo app. These services allow the user to discuss anything on their mind in strict confidentiality and they also provide tools to support mental well-being. Brief psychotherapy is also part of our occupational health services. We aim 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.

Our own occupational health services provides occupational health care for our personnel throughout Finland. Thanks to centralized and goal-driven management, the content and practices of our occupational health care are consistent and produce good results. Labquality Oy has awarded our occupational health services an ISO 9001:2015 Quality System Certificate.

In our Group, advice and guidance related to employee health and well-being at work, the assessment of work-related health risks, and the prevention and treatment of illnesses are part of our normal cooperation with our occu-

Terveystalo ranked as the most attractive employer among both industry professionals and students

Terveystalo is the most attractive employer in the health care and pharmaceutical industry and the second-most attractive employer in the entire medical sector among professionals for the second consecutive year. Terveystalo was ranked at the top of its industry among private health care service providers. These were the results of the employer image survey conducted by Universum in 2021. The approximately 1,500 respon-

dents were health care professionals from both the private and the public sector. The survey evaluated nearly 60 organizations, including public sector entities, private health care service providers and pharmaceutical companies. In Universum's employer image survey of students in the field, Terveystalo was ranked as the industry's most attractive employer for the eighth consecutive year.



Toimialansa Paras
Sairaala & Terveystalo

Terveystalo

Lääketieteen/Terveystalon ammattilaiset
Suomen Ihanteellisimmat Työnantajat 2021

pational health services and our insurance company partners. When it comes to the treatment of serious illnesses, we cooperate with primary health care and specialized health care.

During the COVID-19 pandemic, we have invested significantly in maintaining our 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.

The statutory occupational health action plan includes the general objectives of occupational health care as well as the requirements based on workplace conditions and related measures. We review the action plan annually based on workplace visits and other occupational health surveys, among other things.

Our occupational health operations are based on our Healthy Workplace model, which is aimed at ensuring that work is as efficient as possible, the workplace community functions well, the management approach is active, and individuals have a high level of well-being at work.

In occupational health care, the company, the personnel and the occupational health services work together in accordance with the set goals. The action plan is available to the personnel on the company's intranet.

Terveystalo's private practitioners are not covered by occupational health care. Instead, as self-employed

persons, they arrange their own occupational health care. Private practitioners are not in an employment relationship with Terveystalo. They decide on their own fees and provide services directly to customers as part of our service offering.

We actively seek acquisitions. Occupational health services for the employees transferred from the acquired entities are, as a rule, organized in accordance with the acquired entity's previous agreement at least for the duration of a transition period if the company in question is a subsidiary and it is not merged with Suomen Terveystalo Oy.

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).

Occupational safety played a significant role in the daily life of Terveystalo employees during the covid-19 pandemic

Ensuring the safety of Terveystalo employees remained a key priority in 2021. We closely monitored the development of the COVID-19 situation and updated our guidelines for Terveystalo employees in various roles accordingly. Active internal communication also played a significant role. For example, we regularly organized webinars for all of our personnel to cover news and current information related to COVID-19.

In 2021, we also started a development effort focused on other aspects of occupational safety, including the updating of occupational safety operating models, tools and guidelines. In late 2021, we drew up an action plan on the measures we will take over the next few years to ensure safety at work for Terveystalo employees even better than before. Among other things, the action plans includes occupational safety training, clarifications to safety-related responsibilities and new operating models for the assessment of occupational safety risks, for example. In our survey of professionals conducted in the fall of 2021, we asked Terveystalo employees and practitioners to express an opinion on the safety of their work for the first time. Some 85 percent of the respondents felt that their work environment is safe.

We develop our know-how and Terveystalo as a workplace

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 our personnel's well-being, which in turn benefits our customers through better care and a positive customer experience. We require everyone at Terveystalo to have a defined set of professional skills that is based on the values that guide our operations. At Terveystalo, competence is developed by doing (70%), by

learning from others (20%) and by participating in training (10%). In personal development discussions, the need for competence development is assessed and the discussion participants agree on how the desired development will be achieved. We provide professional training and opportunities for learning on the job. We have 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, we 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 our new strategy as well as Terveystalo's new leadership principles: people orientation, high performance and responsibility. The development program focuses on, for example, the nature of leadership at Terveystalo and how we can coach individuals and teams to perform better. The program also addresses how we create a safe workplace atmosphere where everyone feels comfortable to participate, exercise influence, take responsibility and act with courage even in situations that involve the possibility of failure. In addition to launching the leadership program, we organized Occupational Health Sparring events for occupational health care professionals during the year, began an effort to develop the well-being at work of our occupational health nurses, provided training on the implementation of new tools and operating models

and organized a wide range of training activities aimed at various professional groups to support their professional development. We also provided training to our various personnel groups on data protection, information security and our Code of Conduct.

In 2021, we 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, we engage in research and education cooperation with several universities and promote youth employment with our trainee programs, for example.

As part of workplace development, Terveystalo's employees and practitioners work flexibly on a place-independent basis, with the objectives and appropriateness of work being the deciding factors in how the work is performed. Our Group services, for example, are shifting to hybrid work, which involves teams agreeing on the most effective working method for them, considering factors such as productivity, objectives, flexibility and the well-being of personnel. Going forward, we also want to strengthen collaboration and teamwork, so we encourage our teams to meet regularly at the office. We have also developed flexible working opportunities for those of our professionals who work at the customer interface. Flexible work is now routine for physicians, occupational health professionals and those who work at our customer service centers, for example. We have supported and provided training related to the transition to remote work during

the COVID-19 pandemic and we are now providing strong support to the transition to flexible hybrid work. In this transition, it is essential to engage teams in planning the transition as well as manage different working methods and team spirit in day-to-day operations.

Personal development discussions as a tool for performance management and job satisfaction

At Terveystalo, annual personal development discussions are held with all full-time employees to support goal-driven and motivated work. The core of the discussions consists of reviewing the successes and lessons learned from the previous period together with the supervisor, setting goals for the new period and, above all, creating an open atmosphere of discussion to facilitate feedback in both directions. In addition to addressing the goals for the previous and next period, the discussion covers competence, well-being at work, working in accordance with Terveystalo's defined professional skills, cooperation as well as long-term objectives and wishes. The themes discussed in the personal development discussion are revisited in one-to-one discussions held at least once a month and in more extensive half-year reviews. The personal development discussions are a key aspect of the practical implementation of Terveystalo's strategy, values and professional skills as well as performance management and the monitoring of the achievement of goals.

Working life skills in Yrityskylä

Terveystalo's partner Economy and Youth TAT offers children and young people the opportunity to learn and get excited about working life and the economy, and to pursue an independent life as an active member of society. Yrityskylä, developed by TAT, is a learning entity based on the basic education curriculum. Through Yrityskylä, up to 83 per cent of Finland's 6th graders and 73 per cent of 9th graders have access to society and working life. In 2021, a small Terveystalo was found in eight Yrityskylä locations, which reached 51,121 sixth-graders all over Finland. In the Yrityskyläs' Terveystalo clinics, sixth-graders take care of the well-being of the employees. A day in Yrityskylä can arouse interest in the dream profession of the future.



"I learned at Terveystalo that in a nice job time flies and I get to be myself,"
— a sixth-grader after Yrityskylä Day.



Terveystalo’s professional skills are as follows:

Competent

My professional competence is extensive, and I share my competence. I have the courage and the will to develop and update my competence, and I seek solutions, challenge myself, and network with other professionals.

Caring

I build cooperation and trust between our professionals and our customers. I work in a way that is inclusive and encourages others and behave in a way that shows my respect for others.

Customer-oriented

I do everything I can to serve customers proactively, using the customer’s needs as a starting point and ending up with a solution that serves the customer. I ensure that the customer knows their care path. I create a smooth and warm customer experience for the customer.

Productive

I work in a way that is goal-oriented and proactive. I achieve results in my work and by working together with our other professionals and our customers.

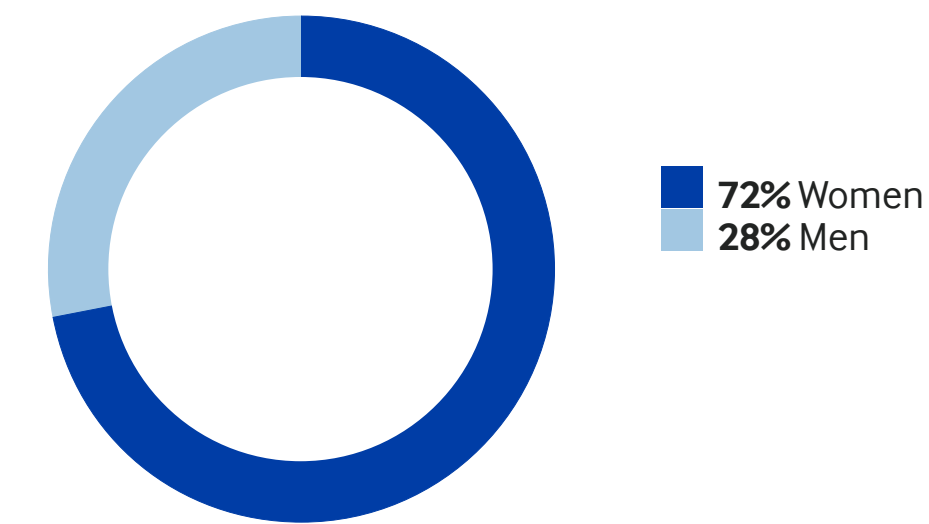
Responsible

I take responsibility for the quality of my work. I offer high-quality service to every customer. I also take responsibility for my work community by being friendly and treating all of the professionals around me equally well. We grow by growing together.

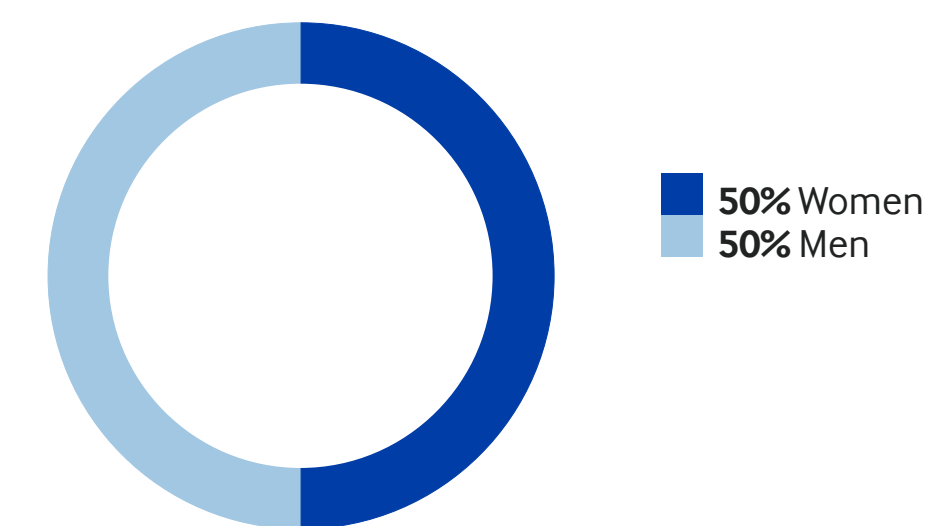
The professional survey is a key development tool

The professional survey is one of our most important tools for improving internal procedures and supervisor work. The survey is aimed at all of our personnel, including private practitioners. Conducted twice a year, the professional survey sheds light on Terveystalo employees’ and practitioners’ experiences related to well-being at work, management and the effectiveness of the workplace community, among other topics. In the personnel 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 our employees and private practitioners who would recommend Terveystalo as a workplace to others. The development areas highlighted in the 2020 survey included the ease of obtaining information, work processes and procedures as well as cooperation between units, clinics and professional groups. Based

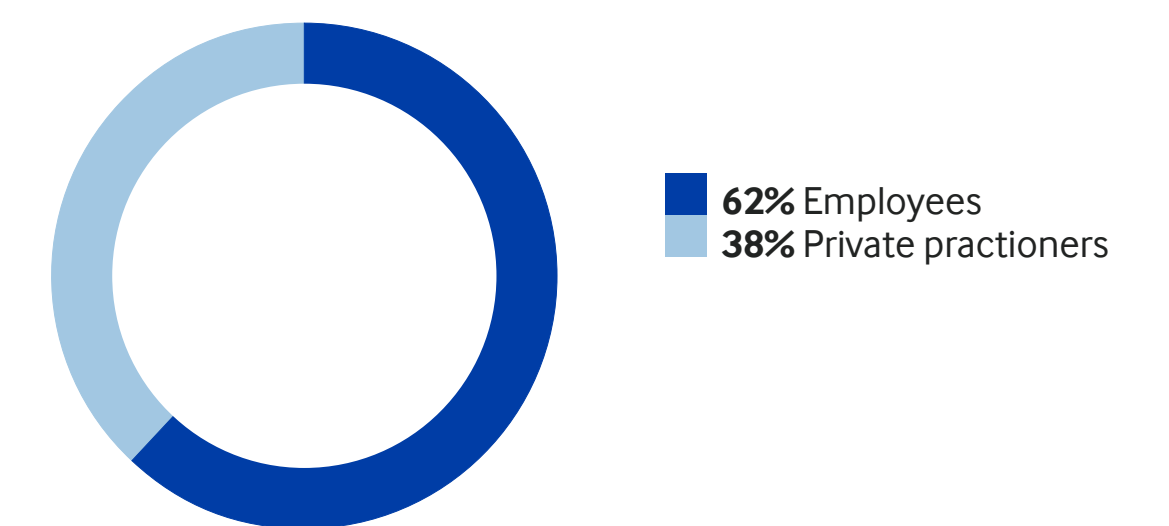
Women and men, % of all employees in Finland



Women and men, % of executive team, 2021



% of employees and private practitioners in Finland, 2021



on the results, we started initiatives such as a project to develop the work of occupational health nurses and we also started to develop practices concerning the location of shared information and improving intranet functionality. In 2021, we launched Toward Better Leadership, a development program aimed at all managers and supervisors at Terveystalo.

In the 2021 professional survey, the employee Net Promoter Score (eNPS) continued to develop favorably, rising to a record-high level of 32 (18). Based on the results, Terveystalo's strengths include the development and renewal of the company, respecting diversity and satisfaction with supervisors. We will continue to work on making it easier to obtain information and strengthen team spirit and coherence in teams. Our goal is to achieve more concrete improvements and bring the eNPS to a good level, meaning a level above 31, by 2025.

We promote diversity, equality and non-discrimination

We observe the principles of equality, fairness, and non-discrimination. We do not discriminate on the basis of race, age, ethnic or national origin, nationality, language, religion, belief, opinions, health status, disability, sexual orientation or other personal reasons or circumstances. In recruitment, we focus on the person's professional competence, the ability

to take responsibility and the will to improve our 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 our Board of Directors, our 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.

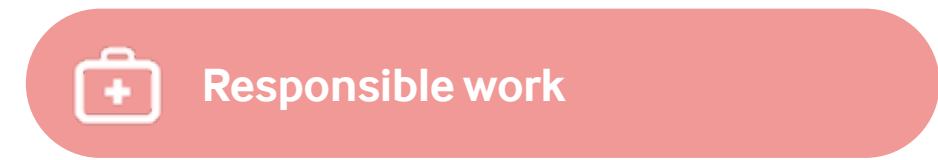
The remuneration of our personnel is based on the principles of performance, equal treatment and competitiveness. For jobs that fall under collective agreements, such as nurses, the pay categories correspond to the classifications specified in the collective agreements. Pay is also influenced by job-specific 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.

Terveystalo is an official partner of Helsinki Pride – we focus on promoting non-discrimination

Terveystalo was an official partner of Helsinki Pride 2021 and participated in Helsinki Pride Week 2021 to celebrate human rights efforts and the historical milestones already achieved. While tremendous progress has been achieved with regard to non-discrimination, there are many steps still ahead – and Terveystalo is no exception. We recognize that the world is not yet free of discrimination. It will take continuous work to ensure that, in the future, everyone is free to be exactly who they are, and we at Terveystalo want to be part of that change. To this end, we announced Terveystalo's five steps towards more equal and non-discriminatory working life. We are committed to the five steps and will monitor their achievement. In the fall, we organized a brief information

campaign on sexual and gender minorities and diversity for everyone at Terveystalo in collaboration with Helsinki Pride. We also distribute information on rainbow sensitivity in customer encounters. In the professional survey conducted in the fall, Terveystalo employees' and practitioners' experiences related to non-discriminatory treatment and respect for diversity had improved substantially from the previous good level.





Number of Terveystalo's personnel and private practitioners in Finland

	2021	2020	2019	2018
Personnel	9,137	8,253	8,685	4,494
Private practitioners	5,644	5,057	5,068	4,877

Personnel by occupational group in Finland

	2021	2020	2019
Personnel in Finland	14,781	13,310	12,983
Physicians	5,900	5,707	5,599
Nurses	3,933	3,628	3,302
Other health care professionals	2,554	1,963	1,603
Customer service	915	749	646
Management	1,462	1,210	878
Senior management	12	12	12

Salaried employees and private practitioners

Personnel by country

	2021	2020
Finland	14,781	13,310
Sweden and others	778	0
Total	15,559	13,310

Salaried employees and private practitioners

Personnel in Finland by type of employment relationship, %

	2021	2020	2019
Permanent	77	84	64
Fixed-term	23	16	36
Full-time	50	55	49
Part-time	50	45	51

Percentage of women and men, %

	2021		2020	
	Women	Men	Women	Men
Personnel in Finland	72	28	71	29
Physicians	49	51	48	52
Nurses	95	5	96	4
Other health care professionals	78	22	83	17
Customer service	91	9	95	5
Management	77	23	80	20
Senior management	50	50	55	45
Board of Directors	29	71	29	71
Personnel (salaried) in Sweden	83	17	N/A	N/A

Age structure of the personnel in Finland, %

	2021	2020	2019
Under 30 years	14	13	13
30–49 years	49	48	48
Over 50 years	37	39	39

Salaried employees and private practitioners

Sickness absences, %

	2021	2020	2019
Personnel (salaried) in Finland	4.4	3.8	3.8
Physicians	0.9	1.3	1.8
Nurses	5.6	5.7	5.9
Other health care professionals	4.5	4.3	5.4
Customer service	9.5	5.6	6.3
Management	1.4	1.3	1.6
Personnel (salaried) in Sweden	4.0	N/A	N/A

The figures published in 2020 were reported without the so-called self-reported sick leave, which have now been added to the figures for the comparison years.

Personnel in Finland, exit turnover, %

	2021	2020	2019
Personnel in Finland	14.0	17.1	13.2
Physicians	19.8	28.8	20.2
Nurses	13.8	13.2	9.7
Other health care professionals	7.8	6.0	5.5
Customer service	8.9	8.4	8.2
Management	8.1	6.0	9.3

Due to the different nature of the operations, staffing services are not included in the figures. Salaried employees and private practitioners

Employee Net Promoter Score (eNPS)

	2021	2020	2019
Personnel in Finland	32	18	9

Salaried employees and private practitioners

Accidents and accident frequency

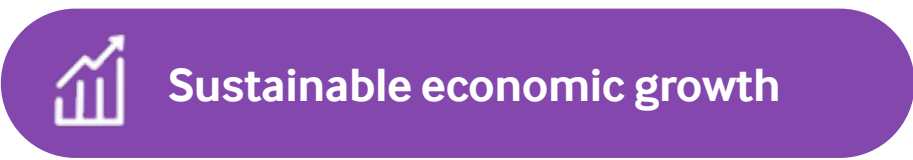
	2021	2020	2019	2018
Personnel (salaried) in Finland				
Number of accidents	198	253	293	250
Accident frequency (per one million working hours)	15	25	27	30
Personnel (salaried) in Sweden				
Number of accidents	8	N/A	N/A	N/A
Accident frequency (per one million working hours)	0	N/A	N/A	N/A

The figures for 2018-2020 have been adjusted due to the availability of more detailed calculations.

Hours of training

	2021	2020
Personnel (salaried) in Finland	79,847	63,864
Physicians	3,754	7,893
Nurses	44,505	35,851
Other health care professionals	9,784	14,534
Customer service	1,851	N/A
Management	18,928	5,534
Hours of training per employee	8.7	7.5
Physicians	1.9	3.4
Nurses	11.4	10.3
Customer service	2.0	N/A
Other health care professionals	10.8	9.4
Management	13.1	5.3

Sustainable economic growth



Responsible business is also financially profitable and sustainable. We create value for our customers, society, and our shareholders by continuously developing the clinical, operational, and experienced quality of our work, enabling faster access to care, reducing sickness absences, and employing directly and indirectly more than 15,500 people. We are a significant employer, taxpayer and provider of health services in Finland.

Terveystalo’s success benefits the society

We 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, we save the taxpayers’ money because we 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 we expanded into by acquiring Feelgood in 2021, we mainly produce diverse preventive occupational health services, helping Swedish companies and their employees achieve a higher level of well-being.

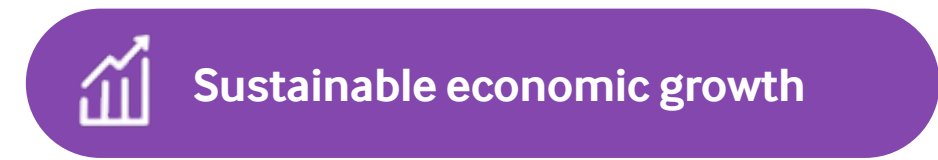
We create economic value added not only for our customers but also for other key stakeholders, such as our personnel, private practitioners, companies that provide us with materials and services, and society. Our most significant cash flows consist of revenue from service sales, purchases from suppliers of goods and services, wages and salaries paid to our personnel, taxes, investments and dividends paid to the shareholders.

Well-functional occupational health keeps the economy going.

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%	17.1%	-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.



Creation and distribution of direct economic value added

MEUR	2021	2020	2019
Customers			
Revenue and other operating income	1,158.0	989.1	1,032.8
Suppliers			
Purchased products, materials and services	488.9	447.6	472.9
Value added	669.1	541.5	559.9
Distribution of value added			
Distributed to stakeholders:			
Personnel			
Salaries and fees	315.9	262.5	261.9
Public sector			
Taxes and social expenses	82.6	58.4	65.2
Creditors			
Net financing costs	9.0	10.0	14.4
Shareholders			
Dividends	33.1	16.5	25.5
Buyback of own shares	11.2	0	0
Communities			
Business development	42.6	32.7	33.2

Terveystalo is one of the largest employers in Finland

Terveystalo was one of the largest employers in Finland in 2021. At the year-end our personnel in Finland included approximately 9,137 (8,253) salaried employees and 5,644 (5,057) private practitioners. In Sweden, we had 668 employees and 110 private practitioners.

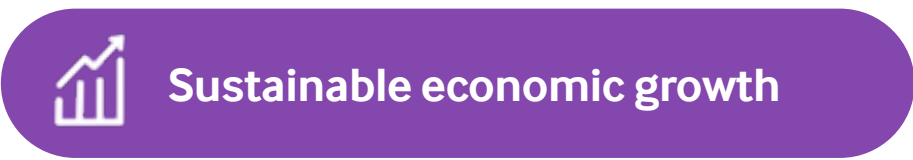
Terveystalo pays its taxes to the countries it operates in

In accordance with Terveystalo’s public tax strategy, we pay, collect, account and report our indirect and direct taxes in full at the right time and place, i.e. where the economic activity, addition of value and work generating the profit actually take place. This means that, as a Group, we pay almost all of our taxes to Finland, which is where most of our operations take place. Following the Feelgood acquisition, the expansion of the operations of Relahierojat and the Evalua sales company, we also pay taxes in Sweden, Estonia and the Netherlands for the operations of our local companies in those jurisdictions. Our responsible tax policy ensures that our financial profit is divided fairly between our key stakeholders, i.e. customers, shareholders, municipalities and the state. Tax revenue is used in turn to finance public services and investments that support the national government’s capabilities, responsibility and responsiveness.

We publish our tax footprint annually. It describes the total sum of taxes paid to society and tax-like charges and how this sum is divided. Our direct taxes include corporate income tax, transfer tax and real estate tax, and our indirect taxes include value added tax, for example. In accordance with the Tax Accounting Act, a share of the corporate income tax we pay is paid to the municipalities where Terveystalo’s employees have worked, based on the number of employees. This means that all of Terveystalo’s clinics and outsourcing operations accrue tax revenue for the municipality they operate in.

As a rule, private health care companies are not eligible to deduct value added tax on purchases, which means that VAT is a substantial factor for them. Indeed, the proportion of value added tax that is not deducted increases our tax footprint. The healthcare services sold by a private service provider are tax-free for customers. However, some services – such as cosmetic surgery – are not exempted from VAT for the customer, which means we collect and pay VAT.

The parent company of the Terveystalo Group and the financing and purchasing company operate in Finland and pay their taxes to Finland. Terveystalo has companies providing health care and other services in Finland, Sweden, Estonia and the Netherlands. All of the Group companies engage in economic activities in the countries they are domiciled in and pay taxes for their operations in accordance with the local regulations. Terveystalo’s tax footprint



reporting covers all of the Group’s Finnish companies. For Sweden and Feelgood, the tax footprint is reported for the period of Terveystalo’s ownership. As the share of revenue represented by the subsidiaries operating in Estonia and the Netherlands is still low compared to the Group as a whole, the other countries’ share of the tax footprint is presented as a combined figure.

In 2021, our tax footprint totaled EUR 191.0 (152.3) million. The tax footprint is an indicator of the total tax revenue generated for society by Terveystalo’s business activities. In addition, we paid a total of EUR 316.3 (283.2) million in fees to private practitioners, who pay their individual taxes separately. The taxes paid by private practitioners are not included in Terveystalo’s tax footprint.

Terveystalo’s tax footprint in Finland

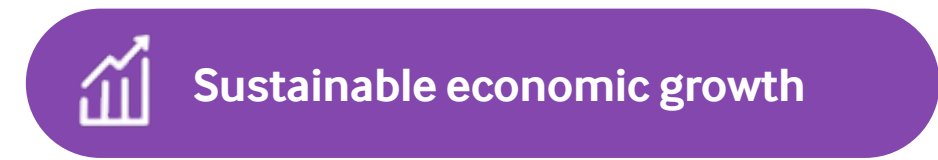
MEUR	2021	2020
Performance-based statutory payments related to personnel	62.0	47.8
TyEL employee insurance premiums (employer’s share)	50.6	38.6
Unemployment insurance contributions (employer’s share)	5.3	4.3
Accident insurance premiums and group life insurance premiums + other social security costs	0.7	0.7
Employer’s health insurance contributions	5.1	3.5
Social security costs outside Finland	0.4	0.6
Taxes withheld from salaries¹⁾	76.4	65.1
Taxes paid	52.5	39.5
Value-added tax ²⁾	29.1	21.3
Real estate tax	0.3	0.1
Income tax (cash-based)	20.7	17.2
Asset transfer tax	0.4	0.1
Taxes on dividend payments	1.9	0.8
Total tax footprint	191.0	152.3

¹⁾ In addition, a total of EUR 316.3 (283.2) million in fees was paid to self-employed persons working as subcontractors and responsible for paying taxes at their own initiative.

²⁾ Value-added tax is a significant factor for companies in the health care sector, as private healthcare companies are not, as a rule, eligible to deduct value-added tax.

Terveystalo’s tax footprint by country in 2021

MEUR	2021
Finland	182.8
Sweden and others	8.2
Total	191.0



Taxes in Terveystalo's operations

Procurement

Terveystalo does not deduct VAT from its procurement; it mainly bears the burden of the VAT because as a general rule, private healthcare companies are not eligible to deduct VAT.



Terveystalo pays transfer tax when it expands its network through acquisitions.

Independent Practitioners

Terveystalo pays fees to independent practitioners, who in turn pay and file their own taxes.

Sale of healthcare services

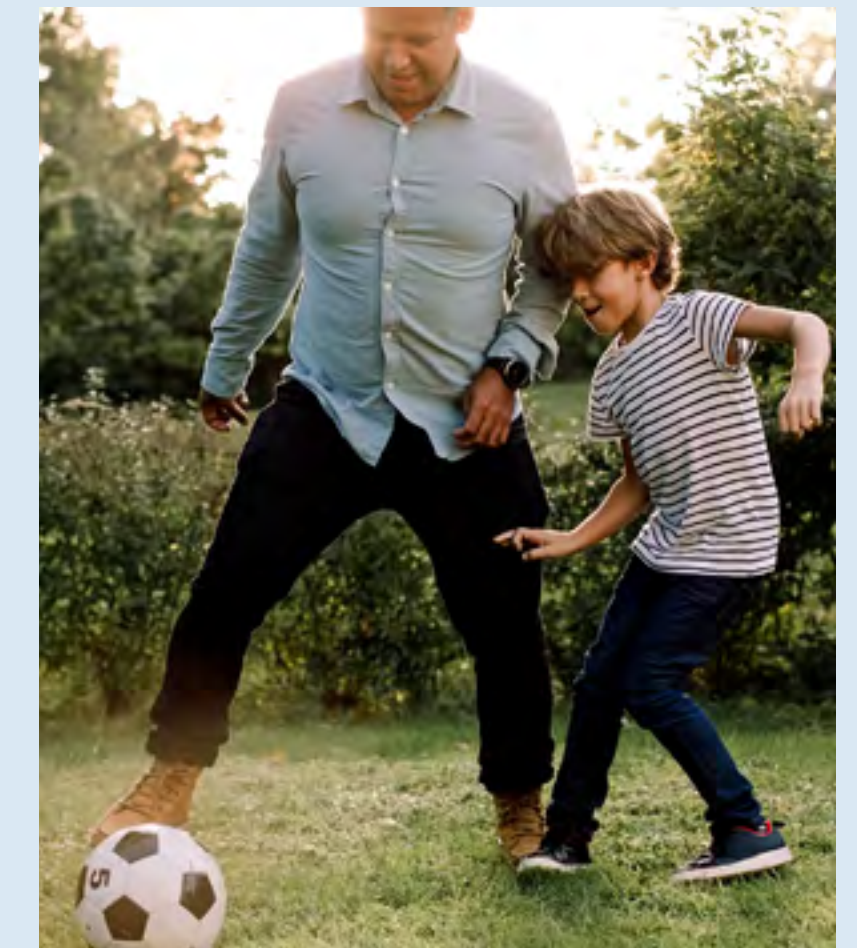
Personnel

Terveystalo pays accrual-based statutory payments related to personnel, and withholds taxes from salaries.

Customers

Customer fees for healthcare services are exempted from VAT in accordance with the Value Added Tax Act.

Some services, such as cosmetic surgery, are however not VAT. In such cases, Terveystalo collects and pays VAT.



Procurement



Shareholders

Terveystalo withholds and pays taxes on dividends to the shareholders of the lister company.

Sale of healthcare services

Terveystalo pays income taxes based on its taxable profit.

Terveystalo pays real estate taxes on buildings and properties.

Responsible consumption and climate action

We are committed to the targets agreed upon in international climate summits for the mitigation of climate change. Our goal is carbon neutrality in 2022 and zero emissions from our own operations in 2030. We promote the conservation and sustainable use of natural resources in our supply chains by reducing plastic consumption, recycling, increasing the efficiency of our material management and reducing the number of small orders. Our digital services enable us to simultaneously improve service availability and reduce our customers' travel times and the emissions generated by travel.

Responsible consumption and climate action

Area	Target	Indicator	Target	2021	2020	2019	SDG
Previous climate target: Reducing the carbon footprint	Reducing the carbon footprint by 40% by 2030 (using 2018 as the baseline) ¹⁾	Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions, tCO ₂	- 40% by 2030	1,565.6	2,168.6	2,141.2	13
New climate targets (set in 2021) Reducing the carbon footprint	Carbon neutrality in 2022, zero emissions from own operations in 2030 ²⁾ 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 tCO ₂)	-100% by 2030	-89%	-66%	-17%	13
	We will reduce direct and indirect CO ₂ emissions (Scope 1 and Scope 2) by 80% by 2025 (using 2018 as the baseline)	Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions, tCO ₂	-80% by 2025	664.0	2,165.4	5,255.8	13
	Zero emissions from own operations in 2030 ²⁾	Reduction of direct (scope 1) and indirect (Scope 2) greenhouse gas emissions compared to 2018 (6,316.8 tCO ₂)	-100% by 2030	-89%	-66%	-17%	13
Energy consumption	We will purchase 100% green electricity in Finland by 2025 ³⁾	Share of green electricity of all purchased electricity, %	100% by 2025	-89%	62%		13
Waste recovery	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, % ⁴⁾	100% by 2025	100%	99%		12
		The recycling rate of waste generated at Terveystalo units, % ⁴⁾	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

¹⁾ Location based.

²⁾ 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.

³⁾ In the units where we purchase electricity ourselves.

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

We updated our environmental policy and expanded iso 14001:2015 environmental management system certification to include group services

In line with Terveystalo’s environmental policy, we build a sustainable relationship with the environment. Our environmental policy is guided by Terveystalo’s values and strategy, which the management and personnel have undertaken to comply with.

We operate in line with the principles of sustainable development in order to reduce and eliminate environmental risks. We comply with all applicable laws, regulations and procedures in place in our industry to ensure patient safety.

// Terveystalo carbon neutral in 2022 and zero emissions from our own operations in 2030.

Our 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

We prevent adverse environmental impacts 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 of our clinics in Finland and its appropriateness is evaluated in quality management and environmental management system audits. Some of our clinics are ISO 14001:2015 certified. In 2021, we expanded ISO 14001:2015 certification to include our Group services.

New climate targets: carbon neutrality in 2022, zero emissions from own operations in 2030

We set ambitious new climate targets in late 2021. Our goal is to reduce our carbon footprint so that Terveystalo is carbon neutral in 2022 and we will achieve zero emissions in our own operations in 2030. Between 2022 and 2030, we will compensate any remaining greenhouse gas emissions by investing in certified CO₂ emission compensation projects. Our aim is to eventually discontinue compensation measures and to achieve zero emissions in our own operations by 2030.

A further goal is to reduce our direct and indirect CO₂ emissions (Scope 1 and Scope 2) by 80 percent by 2025 (using 2018 as the baseline). As regards energy consumption, our target is for green electricity to account for 100 percent of the electricity we purchase for our operations in Finland. The recycling and recovery of waste is another key theme in our environmental responsibility, with the goal being to minimize waste in all our operations. The indicators we use for this are the mixed waste intensity and the

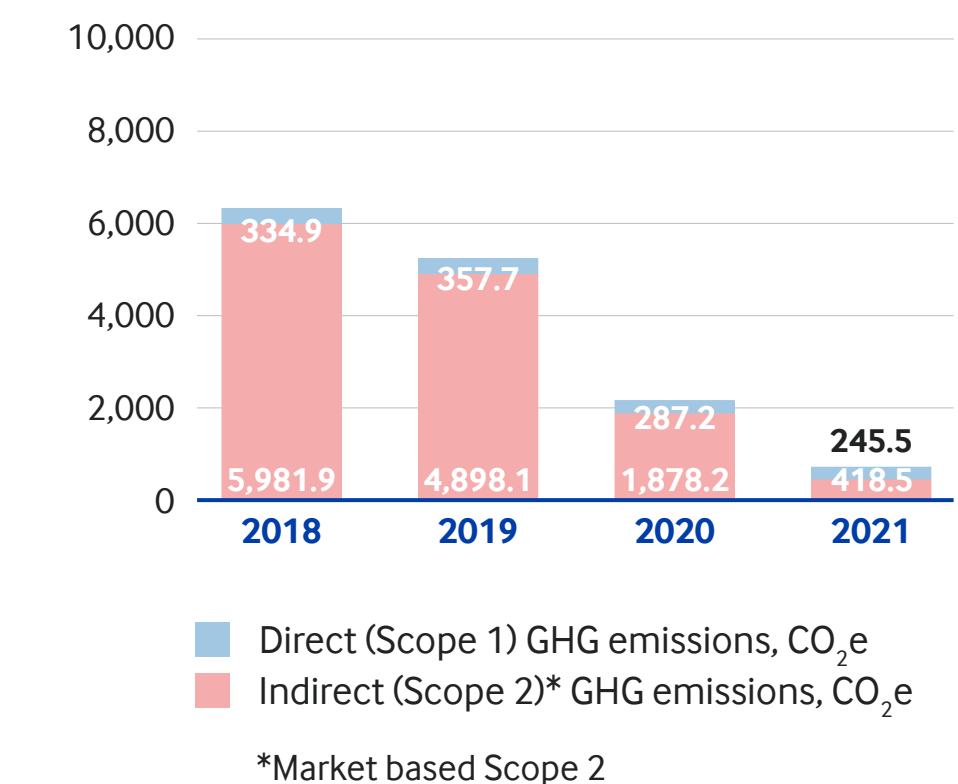
Responsible consumption and climate action

recovery rate and recycling rate of waste generated at Terveystalo’s units.

Our carbon footprint was reduced by 69 percent

In 2021, Terveystalo’s carbon footprint from Scope 1 and Scope 2 emissions (market-based) totaled 644.0 (2,165.4) tCO₂-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

GHG-emissions development



generated by Terveystalo's operations are reduced, for example, by increasingly transitioning to green electricity and prioritizing low-emission vehicles.

Emissions

We report the direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions arising from our operations – and part of our indirect Scope 3 emissions – in accordance with the GHG standard.

Scope 1

As we do not, for the most part, own or control the properties at which we operate, our greenhouse gas emissions mostly consist of the emissions from our fleet of cars and the trucks used for imaging operations. The emissions arising from our own driving and driving under our direct control are calculated based on fuel consumption. In 2021, Scope 1 CO₂ emissions totaled 245.5 (287.2) metric tons of carbon dioxide equivalent (tCO₂e).

Scope 2

Indirect Scope 2 greenhouse gas emissions arise from the production of electricity purchased by Terveystalo and the production of district heating consumed at properties controlled by Terveystalo. In 2021, electricity purchases for properties controlled by Terveystalo totaled 14,159

(15,944) MWh. Since January 2020, the company's electricity portfolio (electricity purchased for properties) is zero-CO₂ green electricity. Zero-CO₂ 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 CO₂ equivalent (tCO₂e, market-based). As regards energy consumption, our target is for green electricity to account for 100% of the electricity we purchase for our operations in Finland.

Scope 3

For indirect Scope 3 emissions, we report emissions arising from work-related travel by employees and waste created by the company's operations.

We aim to avoid unnecessary work-related travel by encouraging the use of remote meetings whenever possible. In 2021, our personnel flew a total of 0.3 (0.3) million kilometers in work-related travel, equaling 39 (37) tCO₂e. With regard to reimbursable work-related travel, our personnel traveled a total of 1.9 (1.6) million kilometers, equaling 322.1 (273.4) tCO₂e. We encourage our 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 CO₂e/km.

The indirect emissions arising from waste totaled 36.6 (30.2) tCO₂e in 2021.



Terveystalo has a low CO₂ emissions intensity

Terveystalo's CO₂ 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 gCO₂e/EUR (2020: 2.2 gCO₂e/EUR). Relative to the number of employees, the emissions intensity was 0.12 (0.44) tCO₂e.

Digital services improve access to care and reduce environmental effects

Our digital services enable us to simultaneously improve service availability and reduce our customers' travel times and the emissions generated by travel. In 2021, the number of digital appointments increased by 48 percent year-on-year, amounting to one million. Remote appointments through digital channels or over the phone accounted for 25 (26) percent of all appointments.

Minimization and utilization of waste

The recycling and recovery of waste is another key theme in our environmental responsibility, with our goal being to minimize mixed waste in all operations and forwarding as large a share of our waste as possible to be recovered. The indicators we use for this are the mixed waste intensity and the recovery rate and recycling rate of waste generated at Terveystalo's units. We are committed to reducing the plastic waste generated by our operations in accordance with the EU's plastic strategy by improving our recycling efforts and reviewing the packaging options offered by our suppliers when possible. We also keep a close eye on our medical waste and try to minimize it by increasing the efficiency of our 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.

Greenhouse gas emissions / Carbon footprint

Metric tons of CO ₂ eq.	2021	2020	2019	2018
Direct (Scope 1)				
Transport managed by Terveystalo	245.5	287.2	357.7	334.9
Indirect (Scope 2)				
Purchased electricity in Finland (market-based) ²⁾	418.5	1,878.2	4,898.1	5,981.9
Purchased electricity in Finland (location-based)	1,320.1	1,881.4 ¹⁾	1,784.1	2,125.4
Scope 1 and 2 (market-based) total	664.0	2,165.4	5,255.8	6,316.8
Change from 2018	-89%	-66%	-17%	N/A
Change from previous year	-69%	-59%	-17%	N/A
Scope 1 and 2 (location-based) total	1,565.6	2,168.6	2,141.1	2,460.30
Change from 2018	-36%	-12%	-13%	N/A
Change from previous year	-28%	1%	-13%	N/A
Indirect (Scope 3)				
Business travel	374.5	312.5	400.3	270.5
Waste	36.6	30.2	25.6	29.7

¹⁾ The reported Scope 2 figure for 2020 was erroneous, which is why the comparison figure presented here differs from the previously reported figure.

²⁾ 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.

Emissions intensity

	2021	2020	2019
Emissions intensity: Scope 1+2/revenue, gCO ₂ -eq./EUR	0.6	2.2	5.0
Emissions intensity: Scope 1+2 /full-time equivalent, tCO ₂ -eq.	0.1	0.4	1.1

Scope 2 marked-based

Waste

Metric tons	2021	2020	2019	2018
Documents subject to data protection	120	106	122	101
Mixed waste	72	59	50	58
Hazardous waste	27	22	23	19
Cardboard	23	28	24	22
Waste paper	12	13	13	13
Total waste	254	278	232	212

Purchased electricity

MWh	2021	2020	2019
Purchased electricity	14,195	15,944	16,219
of which green electricity (CO ₂ -free)	12,696	9,934	0
share of electricity consumption, %	89%	62%	0%
Emissions (CO ₂ -eq.) from non-green electricity (Scope 2 market-based)	418.5	1,878.2	4,898.1

Includes electricity purchasing in those Finnish units in which we purchase electricity ourselves.

Plastic recycling project

In late 2018, Terveystalo launched a plastic recycling project in collaboration with the company's waste management service provider Lassila & Tikanoja.

The project began from the idea of an operating room nurse that was piloted at the Ruoholahti unit in Helsinki. The aim is to expand the project to cover all of Terveystalo's hospital units. Helsinki Ruoholahti, Turku Pulssi, Turku Aninkainen, Helsinki Kamppi, Pori Lääkäritalo, Seinäjoki and Joensuu are already included in the project.

The project involves collecting and analyzing plastic waste that can be recovered for use in insulation, as material or as energy. This concerns the recycling of clean company plastic, which is different from the consumer plastic collected from households and break rooms.

The new processing line opened at L&T's recycling plant in Merikarvia enables the more

diverse processing of plastic, which means that plastic can be recycled as an industrial raw material instead of being incinerated. The shared goal of the project is to increase the recycling rate and separate collection of plastic and thereby reduce the volume of mixed waste.



Reporting principles

- 65 Corporate responsibility reporting principles
- 66 Responsibility themes and material topics
- 69 GRI Index



Corporate responsibility reporting principles

We report on corporate responsibility as part of our annual report. The Responsibility section describes Terveystalo's responsibility and responsibility efforts and their results in line with the GRI Standards (GRI) Core reporting guidelines. The Statement of Non-Financial Information as required by the Accounting Act is included in the Report of the Board of Directors found in the Financials section of the Annual Report.

Our reporting meets the requirements of the EU Directive regarding the disclosure of non-financial and diversity information as well as the Finnish accounting legislation. The required non-financial information is disclosed in the Corporate Governance Statement and the Report of the Board of Directors.

In our corporate responsibility reporting, we focus on the responsibility themes and aspects that are the most material for our operations in accordance with our corporate responsibility program. The material aspects of corporate responsibility were defined in the materiality analysis we conducted in 2019. In addition to materiality, we have aimed to take into account the other reporting principles of the GRI Standards in our reporting.

Terveystalo is committed to complying with the ten principles of the UN Global Compact (UNGC) initiative regarding human rights, labour rights, the environment and anti-corruption. This report is a Communication on Progress (COP) in accordance with the initiative. The reported Global Compact principles are listed in the GRI Index.

Our corporate responsibility reporting covers the reporting period 1 January –31 December, 2021. The Annual Report is available in Finnish and English. The report for 2020 was published in February 2021.

Scope of reporting and assurance

In addition to our operations, our Code of Conduct and operating principles also apply to the independent practitioners working at Terveystalo. In addition, we require our suppliers to approve the Supplier Code of Conduct. Unless otherwise stated, this report does not cover other aspects of our outsourcing business, non-integrated acquired entities, independent subsidiaries or suppliers. Responsibility reporting does not include Feelgood unless otherwise stated. This report describes our progress in our key objectives and commitments related to our most material responsibility themes.

Unless otherwise stated, the performance data given in this report covers the operations that have been completely integrated into Terveystalo and are an integral part of Terveystalo's network. The sections on the personnel and environment cover the personnel and operations of Terveystalo, excluding non-integrated acquired entities and independent subsidiaries. Our emissions reporting complies with the CHG requirements.

The report has not been externally verified.

Responsibility themes and material topics

The reported topics have been selected based on materiality.

Responsibility theme	Material GRI topics and Terveystalo's own material corporate responsibility topics	GRI topic / standard	GRI indicator or Terveystalo's own indicator
Good health and well-being	The quality and effectiveness of care	Own topic: Quality index: high clinical and experienced quality, good availability of care and preventive care	Use of the WHO Surgical Safety Checklist in surgical operations
	Availability of care		Prescriptions for drugs affecting the central nervous system in relation to visits to a physician
	Ensuring patient safety		Duration of sickness absence issued on the day of the operation (median)
	Percentage of preventive work of occupational health appointments		Repair of the rotator cuff and the anterior cruciate ligament
	Promoting the well-being of customers and preventing illnesses		Days until the next available appointment, clinics (T3)
	High-quality service		NPS, net promoter score for appointments eNPS, employee Net Promoter Score
			Quality index % total
			Days until the next available appointment T3, public services
			Reimbursed patient claims / appointments with a physician
			Near misses/hazardous incidents
	Development of new service innovations and operating methods	No indicator defined	

Responsibility theme	Material GRI topics and Terveystalo's own material corporate responsibility topics	GRI topic / standard	GRI indicator or Terveystalo's own indicator
Ethical business	Prevention of corruption and bribery	GRI 205: Anti-corruption (2016)	205-2 Communication and training about anti-corruption policies and procedures
			205-3 Total number and nature of confirmed incidents of corruption
			Own indicator: Employees who have completed Compliance training
	Compliance	Own topic: Compliance	102-16 Values, principles, standards and norms of behavior
			102-17 Mechanisms for advice and concerns about ethics
	Ensuring data protection and information security	GRI 418: Customer privacy protection (2016)	418-1 Substantiated complains received concerning breaches of customer privacy and loss of customer data
	Respecting human rights	GRI 412: Human Rights Assessment (2016)	412-2 Employee training on human rights policies or procedures
	Responsible marketing	GRI 417: Marketing and labelling	417-3 Incidents of non-compliance concerning marketing communications
	Responsible use of artificial intelligence	GRI 418: Customer privacy protection (2016)	418-1 Substantiated complains received concerning breaches of customer privacy and loss of customer data
	Compliance with fair competition	GRI 206: Anti-competitive behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

Responsibility theme	Material GRI topics and Terveystalo's own material corporate responsibility topics	GRI topic / standard	GRI indicator or Terveystalo's own indicator
Responsible work	Employee well-being at work	Own topic: Employer recommended by the personnel	Own indicator: eNPS, employee Net Promoter Score
			Own indicator: Sickness absences
			GRI 401: Employment (2016)
	Ensuring occupational safety	GRI 403: Occupational health and safety (2018)	401-1 New employee hires and employee turnover
			403-1 Occupational health and safety management system
			403-2 Hazard identification, risk assessment and incident investigation
			403-3 Occupational health services
			403-4 Worker participation, consultation and communication on occupational health and safety
			403-6 Promotion of worker health
			403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
Employee diversity	GRI 405: Diversity and equal opportunity	403-8 Workers covered by an occupational health and safety management system	
		403-9 Work-related injuries	
Personnel development	GRI 404: Training and education (2016)	405-1 Diversity of governance bodies and employees	
		404-2 Programs for upgrading employee skills and transition assistance programs	

Responsibility theme	Material GRI topics and Terveystalo's own material corporate responsibility topics	GRI topic / standard	GRI indicator or Terveystalo's own indicator
Sustainable economic growth	Responsible tax policy and tax payment	GRI 207: Tax (2019)	207-1 Approach to tax
			207-2 Tax governance, control, and risk management
			207-3 Stakeholder engagement and management of concerns related to tax
			207-4 Country-by-country reporting
		Own topic: Tax footprint	Own indicator: Tax footprint
	Creation of economic value added for society and shareholders	GRI 201: Economic performance (2016)	201-1 Direct economic value generated and distributed
			Own indicator: Revenue growth
	Responsible purchasing practices and the degree of domestic purchasing	GRI 414: Supplier social assessment	414-1 New suppliers that were screened using social criteria
		GRI 308: Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria
	Job creation nationwide		Own indicator: Employee benefit expenses

Responsibility theme	Material GRI topics and Terveystalo's own material corporate responsibility topics	GRI topic / standard	GRI indicator or Terveystalo's own indicator	
Responsible consumption and climate action	Reducing the carbon footprint	GRI 305: Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	
			305-2 Energy indirect (Scope 2) GHG emissions	
			305-3 Other indirect (Scope 3) GHG emissions	
			305-4 GHG emissions intensity	
			Own indicator: Share of green electricity of all purchased electricity	
	Material efficiency and waste recycling	Own topic: Minimization and recovery of waste	Own indicator: Mixed waste intensity	
			Own indicator: The recovery rate of waste generated at Terveystalo units, %	
			Own indicator: The recycling rate of waste generated at Terveystalo units, %	
			GRI 306: Waste (2020)	306-1 Waste generation and significant waste-related impacts
				306-2 Management of significant waste-related impacts
		306-3 Waste generated		

Contact us

We hope that our readers find this report interesting and informative, and we welcome feedback and questions.

For more information, please contact:

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GRI Index

GRI Standard	GRI content	Location	Additional information	Global Compact	SDG
GRI 102: General disclosure					
Organizational profile					
102-1	Name of the organization	Front cover			
102-2	Activities, brands, products, and services	Terveystalo in brief, p. 3			
102-3	Location of headquarters	https://www.terveystalo.com/en/company/contacts/			
102-4	Location of operations	Terveystalo in brief, p. 3			
102-5	Ownership and legal form	Terveystalo in brief, p. 3			
102-6	Markets served	Terveystalo in brief, p. 3			
102-7	Scale of the organization	Terveystalo in brief, p. 3			
102-8	Information on employees and other workers	Responsible work, p. 47, 51, 53		6	8
102-9	Supply chain	Ethical business, p. 43-45			
102-10	Significant changes to the organization and its supply chain	CEO's Review, p. 5-6			
102-11	Precautionary Principle or approach	GRI-index	Terveystalo follows the Precautionary Principle.	7	
102-12	External initiatives	Terveystalo contributes to the achievement of sustainable development goals, p. 27-28			
102-13	Membership of associations	Stakeholder engagement, p. 32, Our key commitments and responsibility indices, p. 28			17
Strategy					
102-14	Statement from senior decision-maker	CEO's Review, p. 5-6			
Ethics and integrity					
102-16	Values, principles, standards, and norms of behavior	Terveystalo's strategy, p. 13, Ethical business, p. 43-46,		10	8, 16

GRI Standard	GRI content	Location	Additional information	Global Compact	SDG
Governance structure					
102-18	Governance structure	Corporate Governance Statement, p. 73-78	Responsibility related matters are being handled by the Board of Directors.		
Stakeholder engagement					
102-40	List of stakeholder groups	Stakeholder engagement, p. 32			
102-41	Collective bargaining agreements	GRI-index	Terveystalo respects the freedom of association. 100% of our employees are under a collective bargaining agreement apart from the managerial employees.	3	
102-42	Identifying and selecting stakeholders	Stakeholder engagement, p. 32			
102-43	Approach to stakeholder engagement	Stakeholder engagement, p. 32			
102-44	Key topics and concerns raised	Stakeholder engagement, p. 32			
Reporting practice					
102-45	Entities included in the consolidated financial statements	Principles of consolidation, p. 126			
102-46	Defining report content and topic Boundaries	Materiality analysis as the foundation of our responsibility efforts, p. 33, Corporate responsibility reporting principles, p. 65, Responsibility themes and material topics p. 66-68			
102-47	List of material topics	Terveystalo's responsibility themes, p. 23, Responsibility themes and material topics p. 66-68			
102-48	Restatements of information	Corporate responsibility reporting principles, p. 65			

GRI Standard	GRI content	Location	Additional information	Global Compact	SDG
102-49	Changes in reporting	Corporate responsibility reporting principles, p. 65			
102-50	Reporting period	Corporate responsibility reporting principles, p. 65			
102-51	Date of most recent report	GRI-index	18 Feb 2021		
102-52	Reporting cycle	Corporate responsibility reporting principles, p. 65			
102-53	Contact point for questions regarding the report	Corporate responsibility reporting principles, p. 65			
102-54	Claims of reporting in accordance with the GRI Standards	Corporate responsibility reporting principles, p. 65			
102-55	GRI content index	Corporate responsibility reporting principles, p. 65			
102-56	External assurance	Corporate responsibility reporting principles, p. 65			
GRI 103: Management approach					
103-1	Explanation of the material topic and its boundary	Responsibility management, p. 29–31			
103-2	The management approach and its components	Responsibility management, p. 29–31			
103-3	Evaluation of the management approach	Responsibility management, p. 29–31			
Economic standards					
GRI 201: Economic performance					
201-1	Direct economic value generated and distributed	Sustainable economic growth, p. 55–56			8
GRI 205: Anti-corruption					
205-2	Communication and training about anti-corruption policies and procedures	Ethical business, p. 44–45		10	16
205-3	Confirmed incidents of corruption and actions taken	Ethical business, p. 45		10	

GRI Standard	GRI content	Location	Additional information	Global Compact	SDG
GRI 206: Anti-competitive behavior					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	GRI-index	No identified cases for 2021.		16
GRI 207: Tax					
207-1	Approach to tax	Sustainable economic growth, p. 56–57			
207-2	Tax governance, control, and risk management	Sustainable economic growth, p. 56–57			
207-3	Stakeholder engagement and management of concerns related to tax	Sustainable economic growth, p. 56–57			
207-4	Country-by-country reporting	Sustainable economic growth, p. 56–57			
Environmental standards					
GRI 305: Emissions					
305-1	Direct (Scope 1) GHG emissions	Responsible consumption and climate action, p. 60–62		7,8	12, 13
305-2	Energy indirect (Scope 2) GHG emissions	Responsible consumption and climate action, p. 60–62		7,8	9, 12, 13
305-3	Other indirect (Scope 3) GHG emissions	Responsible consumption and climate action, p. 60–62		7,8	12, 13
305-4	GHG emissions intensity	Responsible consumption and climate action, p. 62–63		7,8	12, 13
GRI 306: Waste					
306-1	Waste generation and significant waste-related impacts	Responsible consumption and climate action, p. 62–63		8	12
306-2	Management of significant waste-related impacts	Responsible consumption and climate action, p. 62–63	The property owner handles waste treatment, in cases where Terveystalo is not responsible for waste treatment. Otherwise, L&T is our contract partner.	8	12
306-3	Waste generated	Responsible consumption and climate action, p. 62–63		8	12

GRI Standard	GRI content	Location	Additional information	Global Compact	SDG
GRI 308: Supplier environmental assessment					
308-1	New suppliers that were screened using environmental criteria	GRI-index	Our Supplier Code of Conduct includes requirements related to the environment.	8	12
Social standards					
GRI 401: Employment					
401-1	New employee hires and employee turnover	Responsible work, p. 47, 54		6	8
GRI 403: Occupational health and safety (2018)					
403-1	Occupational health and safety management system	Responsible work, p. 47, 51, 53			3, 8
403-2	Hazard identification, risk assessment, and incident investigation	Responsible work, p. 47–49			3, 8
403-3	Occupational health services	Responsible work, p. 47–49			3, 8
403-4	Worker participation, consultation, and communication on occupational health and safety	Responsible work, p. 49, 51–52			3, 8
403-5	Worker training on occupational health and safety	Responsible work, p. 49–50			3, 8
403-6	Promotion of worker health	Responsible work, p. 47–50			3, 8
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Responsible work, p. 48–50			3, 8
403-8	Workers covered by an occupational health and safety management system	Responsible work, p. 49			3, 8
403-9	Work-related injuries	Responsible work, p. 49, 54			3, 8
403-10	Work-related ill health	Responsible work, p. 49, 54			3, 8
GRI 404: Training and education					
404-1	Average hours of training per year per employee	Responsible work, p. 49–50		6	4, 8
404-2	Programs for upgrading employee skills and transition assistance programs	Responsible work, p. 49–50		6	4, 8

GRI Standard	GRI content	Location	Additional information	Global Compact	SDG
GRI 405: Diversity and equal opportunity					
405-1	Diversity of governance bodies and employees	Responsible work, p. 51–52		6	8
GRI 412: Human rights assessment					
412-2	Employee training on human rights policies or procedures	Ethical business, p. 44–45	Respecting human rights is part of Terveystalo's Code of Conduct learning and training.	1, 2	8, 16
GRI 414: Supplier social assessment					
414-1	New suppliers that were screened using social criteria	GRI-index	Our Supplier Code of Conduct includes requirements related to the social responsibility.	2, 4, 5	8, 16
GRI 417: Marketing and labelling					
417-3	Incidents of non-compliance concerning marketing communications	Ethical business, p. 45	No incidents in year 2021.	10	16
GRI 418: Customer privacy					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	GRI-index	In 2021, the Data Protection Authority requested a report from Terveystalo on two separate privacy-related complaints.		16

Corporate Governance

- 73 Corporate Governance Statement
- 86 Remuneration Policy
- 91 Remuneration Report



Corporate governance statement

I. Introduction

Governance at Terveystalo Plc (hereinafter referred to as "Terveystalo" or the "Company") is based on applicable laws, the rules and recommendations of Nasdaq Helsinki Ltd (hereinafter referred to as the "Helsinki Stock Exchange"), and the Company's Articles of Association. In addition, the Company follows the Finnish Corporate Governance Code 2020 ("Corporate Governance Code"), issued by the Securities Market Association and available on its website at www.cgfinland.fi. Terveystalo complies with all the recommendations in the Corporate Governance Code. Terveystalo's Corporate Governance Statement has been prepared in accordance with the Corporate Governance Reporting section of the Corporate Governance Code.

This statement has been reviewed and approved by Terveystalo's Audit Committee and Board of Directors, and it has been prepared separately from the Report of the Board of Directors. The statement is available on the Company website at: <https://www.terveystalo.com/en/company/investors/corporate-governance/>.

II. Descriptions concerning corporate governance

Terveystalo Plc is a Finnish public limited liability company domiciled in Helsinki. The parent company, Terveystalo Plc, and its subsidiaries form the Terveystalo Group (hereinafter referred to as the "Group"). The responsibility for the administration and operations of Terveystalo Group lies with the governing bodies of the parent company, Terveystalo Plc. These governing bodies include the Annual General Meeting, the Board of Directors, and the CEO. The AGM elects the members of the Board of Directors on the basis of the proposal of the Shareholders' Nomination Board consisting of the largest shareholders. The work of the Board of Directors is aided by two committees. The Board elects the committee members from amongst its members. The CEO appointed by the Board manages the operations of Terveystalo Group, assisted by the rest of the Executive Team. The work of the Board of Directors, its committees, the CEO, and the rest of the Executive Team is governed by the Company's corporate governance principles, adopted by the Board of Directors. These principles include the Charters of the Board and its committees, the division

Terveystalo's governance structure



of responsibilities between the decision-making bodies, and the principles concerning the arrangement of internal control and risk management. The Company's governance structure is described in the chart on the previous page.

Annual General Meeting

The Annual General Meeting is Terveystalo's highest decision-making body. The Annual General Meeting is held annually on a date determined by the Board of Directors, within six (6) months of the end of the financial year.

The Annual General Meeting deals with matters falling within its competence pursuant to the Finnish Limited Liability Companies Act and Terveystalo's Articles of Association, and any possible other matters. An Extraordinary General Meeting is convened when necessary. More detailed information about the Annual General Meeting is provided in Terveystalo's Articles of Association, which can be found on the company website at: <https://www.terveystalo.com/en/company/investors/corporate-governance/>. The Annual General Meeting for 2021 was held on 25 March 2021. The decisions of each Annual General Meeting can be found on Terveystalo website at: <https://www.terveystalo.com/en/company/investors/corporate-governance/annual-general-meeting/>.

Shareholders' Nomination Board

In accordance with the decision of the Annual General Meeting, the Shareholders' Nomination Board (hereinafter referred to as the "Nomination Board") annually prepares proposals to the next Annual General Meeting concerning the number of the Members of the Board and their election and remuneration. It also identifies candidates for Members of the Board. The Nomination Board consists of the Chair of the Company's Board of Directors and, generally, representatives of the Company's four largest shareholders. If the ownership of the Company's fifth largest shareholder exceeds ten (10) percent of all the shares and votes in the Company, the five largest shareholders shall be represented in the Nomination Board. The composition of the Nomination Board is determined based on the shareholdings on the first bank day in September each calendar year. The Chair of the Board of Directors convenes the first meeting of the Nomination Board. The Nomination Board elects a Chair from amongst its members. Subsequent meetings of the Nomination Board are convened by the elected Chair. If more than half of the members of the Nomination Board are present, they constitute a quorum. The Nomination Board has a written Charter which includes a more detailed description of the election process and the duties of the Nomination Board members as well as the procedures of the Nomination Board's meetings. A description of the main contents of the Charter of the Nomination Board can be found on the Company website at: <https://www.terveystalo.com/en/company/investors/corporate-governance/shareholders-nomination-board/>.

In accordance with shareholdings on 1 September 2021, Terveystalo's Nomination Board consists of the representatives of the Company's four largest shareholders and the Chair of the Board of Directors. In accordance with the above, the following persons continued as members of Terveystalo's Nomination Board from 10 September 2021 onwards: Risto Murto (Varma Mutual Pension Insurance Company), Matts Rosenberg (Rettig Group AB), Peter Therman (Hartwall Capital), Olli Lehtilä (OP Group), and Kari Kauniskangas (Chair of the Board of Directors of Terveystalo Plc). There were no changes in the composition of the Nomination Board in 2021.

In its organizing meeting held on 10 September 2021, the Nomination Board re-elected Risto Murto as its Chair. The Shareholders' Nomination Board forwarded its proposals for the Annual General Meeting to Terveystalo's Board of Directors on 23 December 2021. In 2021, the Nomination Board convened 5 times. The attendance rate of members was 100 percent.

Board of Directors

According to Terveystalo's Articles of Association, the Board of Directors has a minimum of five (5) and a maximum of eight (8) ordinary members. The Annual General Meeting of Shareholders elects the members of the Board of Directors. The Board of Directors elects the Chair from among their members. In 2021, the Annual General Meeting elected seven members to the Board of Directors. Biographical details are provided on the following page.



Dag Andersson

b. 1961, BA (Hons) Stockholm School of Economics, MBA Insead, Swedish citizen. Member of the Board of Directors since 2019. Independent of the company and its largest shareholders.

Committee memberships:

Member of the Remuneration Committee

Main occupation:

President and CEO of XVIVO Perfusion AB

Primary working experience:

2008–2018 Diaverum AB (formerly Gambro Health Care), President and CEO 1998–2007 Mölnlycke Health Care AB, multiple executive positions, most recently President of the Surgical Division

Main positions of trust:

Chairman of the Board of Directors of GHP International

Main past positions of trust:

2018–2019 Diaverum Arabia, Chairman of the Board of Directors, 2009–2011, Terveystalo, Member of the Board of Directors, 2015–2020 Nolato, Member of the Board of Directors, 2018–2020 GHP AB, Member of the Board of Directors

Shareholding in Terveystalo as of 31 December, 2021:

4,888



Kari Kauniskangas

b. 1962, M.Sc. (Econ.), Finnish citizen. Chairman of the Board of Directors since 2019. Independent of the company and its largest shareholders.

Committee memberships:

Chairman of the Remuneration Committee, member of the Shareholders' Nomination Board

Main occupation:

Board Professional

Primary working experience:

2008–2017, Fiskars Corporation, President and CEO 1999–2007 Amer Sports Corporation, multiple executive positions, most recently Senior Vice President, Sales & Distribution and Head of Winter & Outdoor division

Main positions of trust:

2020–Ahlström Capital Oyj, Chairman of the Board of Directors, 2021–Ahlström Invest B.V., Chairman of the Supervisory Board, 2019–Veho Oy AB, Chairman of the Board of Directors

Main past positions of trust:

2018–2019 Raisio Plc, Vice Chairman of the Board of Directors, 2008–2010 Wärtsilä Corporation, Member of the Board of Directors

Shareholding in Terveystalo as of 31 December, 2021:

10,992



Åse Aulie Michelet

b. 1952, M. Sc. Pharm. Norwegian citizen. Member of the Board of Directors since 2016. Independent of the company and its largest shareholders.

Committees:

Member of the Remuneration Committee

Main occupation:

Board Professional

Relevant work history:

Managing Director of Teres Medical Group AS, Managing Director of Marine Harvest ASA and multiple managerial positions at GE Healthcare

Key positions of trust:

Chairman of the Board of Spin Chip Diagnostics AS, Csam Health Group AS and BI Norwegian Business School, Member of the Board of Directors of Odfjell SE

Past key positions of trust:

Chairman of the Board of Directors of Photocure ASA, Member of the Board of Directors of Royal Greenland AS, Cermaq ASA, Norske Skog ASA, Orkla ASA, and Yara ASA

Shareholding in Terveystalo as of 31 December, 2021:

28,951



Niko Mokka

b. 1979, M.Sc. (Tech.), M.Sc. (Econ.), Finnish citizen. Member of the Board of Directors since 2020. Independent of the company.

Committee memberships:

Member of the Audit Committee

Main occupation:

Managing Director, Head of Investments, Hartwall Capital Oy Ab.

Relevant work history:

2007–2019, Altor Equity Partners, multiple positions, most recently Director, 2005–2007, Merrill Lynch, Analyst

Key positions of trust:

2021–Duell Yhtiöt Oy, Member of the Board of Directors, 2020–Konecranes Plc, Member of the Board of Directors, 2019–Remeo Oy, Member of the Board of Directors, 2019–LeaseGreen Group Oy, Chairman of the Board of Directors

Past key positions of trust:

2016–2021 Realia Group Oy, Member of the Board of Directors, 2018–2019 Trioplast Industrier AB, Member of the Board of Directors

Shareholding in Terveystalo as of 31 December, 2021:

3,193



Kristian Pullola

b. 1973, M.Sc (Econ), Finnish Citizen. Member of the Board of Directors since 2021. Independent of the company and its largest shareholders.

Committee memberships:

Chairman of the Audit Committee

Main occupation:

Advisor and board professional

Primary work experience:

2017–2020 Nokia Corporation, Executive Vice President and CFO. 2006–2016 multiple executive and managerial positions in finance and treasury at Nokia Corporation, most recently Senior Vice President, Corporate Controller

Main positions of trust:

2020– Antilooppi real estate investment company, Chairman of the Board of Directors, 2021– Kemira Oyj, Member of the Board of Directors, 2021– Eduhouse Oy, Chairman of the Board of Directors

Main past positions of trust:

2010–2020 Ilmarinen Mutual Pension Insurance Company, Member of the Board of Directors and Chairman of the Audit Committee

Shareholding in Terveystalo as of 31 December, 2021:

1,783



Tomas von Rettig

b. 1980, BBA (Bachelor of Business Administration), CEFA (Certified European Financial Analyst). Finnish citizen. Vice Chairman of the Board of Directors since 2018. Independent of the company.

Committee memberships:

Member of the Audit Committee

Main occupation:

2019– Chairman of the Board of Directors, Rettig Group Oy Ab

Relevant work history:

2016–2019 Rettig Group Oy Ab, President and CEO, Several management positions at Rettig Group Oy Ab 2008–2016, 2006–2008 Skandinaviska Enskilda Banken Ab

Key positions of trust:

Chairman of the Board of Directors of Purmo Group Oy, Member of the Board of Directors of EQ Plc

Past key positions of trust:

Nordkalk Oy, Bore Oy, Roof Productions Oy, Chairman of the Board of Directors. Finlayson Oy, Member of the Board of Directors

Shareholding in Terveystalo as of 31 December, 2021:

7,944



Katri Viippola

b. 1976, Executive MBA, Master of Arts, Finnish citizen. Member of the Board of Directors since 2018. Independent of the company.

Committee memberships:

Member of the Remuneration Committee

Main occupation:

2016– Varma Mutual Pension Insurance Company, SVP, HR and Communications

Relevant work history:

2013–2015 Keva, HR and Administrative Director, HR Director, 2008–2013 Yle (Finnish Broadcasting Company), Head of Personnel Development, HR Manager, HR Consultant, 2002–2008 Yle, Yle News and Aamu-tv morning show, Journalist and News Anchor

Key positions of trust:

The Finnish Broadcasting Company Yle, Vice Chairman of the Board of Directors, Economic Information Office TAT, Member of the Board of Directors

Past key positions of trust: -

Shareholding in Terveystalo as of 31 December, 2021:

6,327

According to the Board's assessment, all the members of the Board of Directors are independent of the Company. Dag Andersson, Kari Kauniskangas, Åse Aulie Michelet and Kristian Pullola are in addition independent of major shareholders of the Company. According to the Board of Directors' assessment, the following members of the Board are not independent of major shareholders of the Company due to their main occupations: Niko Mokka (Managing Director, Head of Investments, Hartwall Capital Oy Ab.), Katri Viippola (Varma Mutual Pension Insurance Company, SVP, HR and Communications) and Tomas von Rettig (Chairman of the Board of Directors, Rettig Group Oy Ab).

In accordance with the decision of the Annual General Meeting of 2020, Kari Kauniskangas (Chair), Dag Andersson, Lasse Heinonen, Åse Aulie Michelet, Niko Mokka, Katri Viippola, and Tomas von Rettig were members of the Board of Directors until 25 March 2021.

Diversity of the Board of Directors

The Company's principles concerning the diversity of the Board of Directors came into effect on 27 September 2017. The Board of Directors updated the diversity policy on 10 February 2021. The Company regards the diversity of the Board of Directors as a material factor, which supports the Company's business and its development as well as achievement of the Company's strategic targets. The work of the Board of Directors requires understanding of differences in cultures, values, and business practices. Diversity is assessed from different perspectives, including age, gender, education, and professional background. Both

genders shall be represented on the Board of Directors. In planning the composition of the Board of Directors, the Nomination Board considers the composition of the Board from the perspective of the Company's current and future business needs, taking into account the diversity of the Board. In 2021, the Company's Board of Directors met the diversity criteria. The age span of Board members is 41-69 years. Two of the Board members are women and five are men.

Description of the work of the Board of Directors

The Board of Directors has adopted a written Charter of the Board on 23 January 2018 and updated it on 10 February 2021. It supplements the provisions of the Articles of Association and the applicable laws and regulations. The Charter of the Board of Directors describes the Board's composition, election process of the directors reporting directly to the CEO, responsibilities of the Board, meeting arrangements, and Terveystalo's executive management's reporting to the Board of Directors. The CEO attends Board meetings.

The Chief Financial Officer (CFO), General Counsel, and other members of the Executive Team attend Board meetings upon invitation by the Board of Directors. The Board of Directors has general competence to decide and to act in matters that do not fall within the competence of the General Meeting or the CEO's general authority under law or the Company's Articles of Association. The Board of Directors is responsible for the Company's governance and

the appropriate arrangement of its operations. In addition, the Board of Directors is responsible for ensuring appropriate supervision of the Company's accounting and asset management. The Board of Directors decides on matters of principle and on any issues that could have broad-ranging implications for the Company. It decides on major corporate plans and transactions. The Board of Directors also establishes limits for capital expenditure, investments, divestments, and financial commitments. The Board of Directors' responsibilities also include reviewing and approving the strategic objectives and strategic plans of the Company and its various business functions as well as monitoring their implementation. The Board of Directors also reviews and approves the Company's financial targets. In addition, the Board of Directors monitors and assesses the Company's financial reporting system, approves the Company's financial reports, and monitors the Company's external audit process. It also ensures that the Company has defined the operating principles of internal control, internal auditing, and risk management, and monitors compliance with these principles. In all situations, the Board of Directors shall act in the best interest of the Company and its shareholders. The Board of Directors appoints and dismisses the CEO, supervises the CEO's actions, and approves the CEO's service contract. It also approves the CEO's remuneration and other benefits upon the recommendation of the Remuneration Committee, within the framework of the Remuneration Policy presented to the Annual General Meeting. Upon the proposal of the CEO, the Board of Directors appoints the rest of the Executive Team reporting directly to the CEO and approves

their service contracts and remuneration based on the recommendation of the Remuneration Committee. In addition, the CEO shall consult the Chair of the Board of Directors on dismissal of members of the Executive Team reporting directly to the CEO. The number of terms or the age of Board members has not been limited. A description of the main contents of the Charter of the Board of Directors can be found at: <https://www.terveystalo.com/en/company/investors/corporate-governance/board-of-directors/>.

The Board of Directors may establish committees to support the Board with the preparation and performance of its duties and responsibilities. The Board of Directors determines the size and composition of such committees and approves their charters. In 2021, the Board of Directors convened 20 times. The average attendance rate at Board meetings was about 96 percent. Attendance rate by member is shown in a separate table under Attendance of Board members at Board and Committee meetings in 2021.

Committees of the Board of Directors

The Company's Board of Directors has established two committees to improve the efficacy of the work of the Board: the Audit Committee and the Remuneration Committee.

Audit Committee

The Audit Committee carries out its responsibilities under its Charter adopted by the Board of Directors on 23 January 2018 and updated on 10 February 2021. The Audit Committee assists the Board of Directors in performing and monitoring its supervisory duties related to the financial reporting process and auditing. In addition, the Audit Committee assists the Board of Directors in supervising matters related to financial reporting, internal control, internal auditing, and risk management. The Audit Committee monitors and assesses the financial reporting system, the quality and integrity of the financial statements and other financial reports, and the Company's financial performance. In addition, the Audit Committee monitors and assesses the statutory audit of the financial statements, consolidated financial statements, and the annual, half-year, and interim reports. The Audit Committee also monitors and assesses the efficiency of the Company's internal control, internal auditing, and risk management systems and assesses the performance of internal auditing. Furthermore, the Audit Committee evaluates the qualifications and independence of the external auditor and, in particular, the provision of non-audit ser-

vices to the Company, prepares the proposal for the election of the external auditor, and monitors compliance with laws and regulations. The Audit Committee prepares the proposal for the remuneration and election or re-election of the external auditor and submits its recommendation for the appointment of the external auditor to the Board of Directors. The Audit Committee monitors and assesses how agreements and other legal acts between the Company and its related parties meet the requirements of the ordinary course of business and arm's-length terms. In addition, the Audit Committee shall ensure that the Board of Directors is aware of matters which may significantly impact the Company's financial condition or business operations. A description of the main contents of the Charter of the Audit Committee can be found at: <https://www.terveystalo.com/en/company/investors/corporate-governance/board-of-directors/>.

The Audit Committee consists of at least three members appointed by the Board of Directors. The Audit Committee has a Chair, elected by the Board of Directors. The members of the Audit Committee must meet the expertise and independence criteria and other criteria applicable to Audit Committee members of publicly listed companies in Finland. These provide, for example, that the majority of the Audit Committee members shall be independent of the Company, and at least one member shall be independent of the major shareholders of the Company.

Lasse Heinonen served as Chair of the Audit Committee, and Niko Mokka and Tomas Von Rettig served as Committee members until 25 March 2021. As of 25 March 2021, the Audit Committee members

comprised Niko Mokka and Tomas Von Rettig, as well as Kristian Pullola as the Chair. The Audit Committee convened 5 times in the financial year 2021. The average attendance rate of the Committee members was 100 percent. Attendance rate by member is shown in a separate table under Attendance of Board members at Board and Committee meetings in 2021.

Remuneration Committee

The Remuneration Committee carries out its responsibilities under its Charter adopted by the Board of Directors. The Charter of the Remuneration Committee was adopted on 23 January 2018 and updated on 10 February 2021. The Board's Remuneration Committee prepares Terveystalo's Remuneration Policy for Governing Bodies and Remuneration Report to the Company's management. The Remuneration Committee prepares the appointment of the CEO of the Company and the rest of the senior management team. It also assists the Board of Directors with any major management reorganizations based on the preparation and proposals by the CEO. The Remuneration Committee assists the Board of Directors with the evaluation and remuneration of the CEO and the rest of the Executive Team reporting directly to the CEO, oversees the Company's remuneration policies, schemes, and plans, as well as reviews appropriate succession planning procedures for the Executive Team. A description of the main contents of the Charter of the Remuneration Committee can be found at: <https://www.terveystalo.com/en/company/investors/corporate-governance/board-of-directors/>.

The Remuneration Committee consists of a minimum of three members elected by the Board of Directors from among its number. The members of the Remuneration Committee must meet the independence criteria applicable to such committee members of publicly listed companies in Finland, including that the majority of the members of the committee must be independent of the Company. Remuneration Committee members must possess the expertise and experience required for the performance of the duties and responsibilities of the Remuneration Committee. Desirable qualifications for members of the Remuneration Committee include experience in business management, corporate governance, human resources management, and personnel and executive remuneration.

The Remuneration Committee establishes its own schedule and meets as frequently as necessary to carry out its responsibilities under its Charter, and in any event at least twice a year. Kari Kauniskangas served as the Chair of the Remuneration Committee and Dag Andersson, Åse Aulie Michelet, and Katri Viippola are Committee members until 25 March 2021 and as of 25 March 2021. The Remuneration Committee convened 4 times during the financial year. The average attendance rate of the Committee members was 100 percent. Attendance rate by member is shown in a separate table under Attendance of Board members at Board and Committee meetings in 2021.

Attendance of Board Members at Board and Committee Meetings in 2021

Name	Attendance at Board meetings*	Attendance at Audit Committee meetings*	Attendance at Remuneration Committee meetings*
Kari Kauniskangas	20/20		4/4
Dag Andersson	15/20		4/4
Åse Aulie Michelet	19/20		4/4
Niko Mokka	20/20	5/5	
Kristian Pullola	16/16	4/4	
Katri Viippola	20/20		4/4
Tomas von Rettig	20/20	5/5	
Members of the Board of Directors until 25 March 2021			
Lasse Heinonen	4/4	1/1	

* Attendance rates cover meetings held during each member's term of office.

Chief Executive Officer

The CEO is responsible for the day-to-day management of the company and for implementing the Company strategy in accordance with the instructions and orders issued by the Board of Directors. The CEO undertakes the execution of measures approved by the Board of Directors and oversees preparations for strategically important measures. The CEO ensures that the management of the Company is adequately arranged, and that the Company's accounting complies with the applicable legislation. The CEO also ensures the appropriate arrangement of the Company's administration and asset management. Ville Iho has served as the CEO for Terveystalo since late 2019. Biographical details of the CEO are provided below under Group Management.

Group Executive Team and management system

The Company's CEO serves as the Chair of the Executive Team. In 2021, the Executive Team also included the Chief Medical Officer and the Officers and Senior Vice Presidents responsible for digitalization, finances, HR, legal, as well as the various business lines and clinic network. The share holdings of the members of the Executive Team and their controlled entities on 31 December 2021 are presented below.



Ville Iho

President and CEO

Born 1969, M.Sc. (engineering), Finnish citizen. President and Chief Executive Officer from 6 December 2019.

Relevant work history:

CEO of Nurminen Logistics Plc, multiple managerial positions at Finnair, most recently as COO, Deputy CEO, and acting CEO

Key positions of trust:

The Finnish Association of Private Care Providers, Chairman of the Board of Directors, Confederation of Finnish Industries (EK), Member of the Executive Committee and of the Labor Committee

Shareholding in Terveystalo as of 31 December, 2021:

0



Petri Bono

CMO

Born 1970, M.D., specialist in oncology, adjunct professor. Finnish citizen. Chief Medical Officer and member of the Terveystalo Executive Team since 2019.

Relevant work history:

Hospital District of Helsinki and Uusimaa (HUS), Deputy Chief Medical Officer, Helsinki University Hospital (HUCH), Chief Medical Officer, HUS Comprehensive Cancer Center, Director

Key positions of trust:

Association of Finnish Private Healthcare Providers, Vice Chairman of the Board of Directors, Instru Science Foundation, Chairman of the Board of Directors, Finnish Medical Association, Member of the Quality Council, TILT therapeutics, Oncorena and Faron Pharmaceuticals, member of the Scientific Advisory Board

Past positions of trust:

Member of the Board of Directors at HUS Kiinteistöt Oy and HYKS Instituutti Oy, Vice Chairman of the Board of Directors at Orion Research Foundation

Shareholding in Terveystalo as of 31 December, 2021:

0



Juha Juosila

Chief Digital Officer

Born 1972, MSc (Econ), Finnish citizen. Chief Digital Officer since 2016, Member of the Executive Team since 2016

Relevant work history:

Director of Business Development and Strategy of Sanoma Pro Ltd, Chief Marketing and Technology Officer of Realia Group Oy, several managerial positions at MTV Sisällöt Oy (MTV3) and Sonera Plc

Past key positions of trust:

Member of the Boards of Directors of Realia Isännöinti Oy, Huoneistokeskus Oy, Huoneistomarkkinointi Oy, Realia Management Oy, SKV Kiinteistöväilytys Oy, Sentraali Oy and Jokakoti Oy (currently Oikotie Asunnot Oy), a deputy Member of the Board of Directors of Oy Suomen Uutisradio Ab

Shareholding in Terveystalo as of 31 December, 2021:

87,435



Petri Keksi

Senior Vice President, Growth businesses

b. 1974, M.Sc (Econ), Finnish Citizen. SVP, Growth businesses and Member of the Executive Team since 2021

Relevant work history:

Several management positions at Terveystalo since 2009, most recently as Business Director for Oral Health, previously Director of M&A

Shareholding in Terveystalo as of 31 December, 2021:

92,585



Ilkka Laurila

CFO

Born 1977, MSc (Econ), MSc (Forestry), Finnish citizen. Chief Financial Officer since 2015, Member of the Executive Team since 2015.

Relevant work history:

Terveystalo Head of Treasury and Finance and Head of Procurement, Associate Director of Rahoituksen neuvontapalvelut Inspira Oy, managerial positions at Ernst & Young Oy

Key positions of trust:

Confederation of Finnish Industries (EK), Member of the Economy and Tax Committee, Hurtti-Paino Oy, Member of the Board of Directors. Since 21 January 2021, member of the Board of Directors of Musti Group Plc

Shareholding in Terveystalo as of 31 December, 2021:
281,900



Siina Saksi

Senior Vice President, Medical clinic network

Born 1966, MSc (Econ), EMBA, Finnish citizen. Senior Vice President, Medical clinic network since 2019, Member of the Executive Team since 2016

Relevant work history:

Chief Operating Officer, Clinic Network, Business Director, Western and Central Finland at Terveystalo, Senior Vice President, HR Specialist Sales at Pohjola Insurance Ltd, Country Manager of Tryg Finland at Tryg Forsikring A/S, Finnish Branch, and a member of Tryg's Sweden-Finland Executive team at Tryg A/S, several managerial positions at Tryg A/S, If P&C Insurance Company Ltd, Merita Bank Plc and Kansallis-Osake-Pankki

Shareholding in Terveystalo as of 31 December, 2021:
50,559



Elina Saviharju

Senior Vice President, Legal

Born 1981, LL.B, LL.M (Harvard), Finnish citizen. SVP, Legal and member of the Terveystalo Executive Team since 2020.

Relevant work history:

Senior Associate at Avance Attorneys involved, inter alia, in healthcare M&A transactions as well as on intellectual property and regulatory issues related to healthcare services, Life Sciences IP Litigation Associate, Paul Hastings LLP (New York City) and Technology Associate, Roschier Attorneys

Shareholding in Terveystalo as of 31 December, 2021:
0



Veera Siivonen

Senior Vice President, Consumer business

Born 1980, M.Sc. Tech, Industrial Engineering, Finnish citizen. SVP, Consumer business since 2021 and member of the Terveystalo Executive Team since 2020.

Relevant work history:

SVP, Marketing and Communications in 2020, several leading positions in Sanoma Corporation, as, inter alia Vice President, Portfolio Development and Marketing of Sanoma News & Feature and Marketing Director and Head of Strategy and Business Development for Helsingin Sanomat, Business manager in Blyk Services Oy and multiple international managerial positions in Nokia Mobile Phones

Shareholding in Terveystalo as of 31 December, 2021:
348



Minttu Sinisalo

Senior Vice President, Human Resources

Born 1980, MSc (Econ), Finnish citizen. SVP HR and member of the Executive Team since 2020.

Relevant work history:

Multiple HR leadership positions at Finnair, most recently VP, People and Culture at Finnair Operations business unit, August Associates HR manager and management consultant

Key positions of trust:

Hakonen Solutions Oy, Member of the Board of Directors

Past key positions of trust:

A-Talent Recruiting Oy, Member of the Board of Directors, Finnair Pension Fund Board member and Chairman of the Board

Shareholding in Terveystalo as of 31 December, 2021:

0



Mikko Tainio

Senior Vice President, Public Partnerships

Born 1979, M.Sc (Econ), Finnish citizen. Senior Vice President, Public Partnerships and Member of the Executive Team since 2020.

Relevant work history:

Managing Director at Finnair Cargo Oy and before that several managerial positions at Finnair Plc

Past key positions of trust:

Member of the logistics committee of Confederation of Finnish Industries EK.

Shareholding in Terveystalo as of 31 December, 2021:

518



Marja-Leena Tuomola

Senior Vice President, Corporate health

Born 1962, LL.M., eMBA, Finnish citizen. Senior Vice President, Corporate health and Member of the Executive Team since 2021.

Relevant work history:

President & COO Schibsted Finland (formerly Sanoma Digital Finland), previously held several management positions in the Sanoma Group, including as SVP Business & Digital Operations Development

Key positions of trust:

Suomi Broadcast Networks Holdings Oy, Member of the Board of Directors

Shareholding in Terveystalo as of 31 December, 2021:

1,000

The current information on the Executive Team can be found from the Company’s website: <https://www.terveystalo.com/en/company/investors/corporate-governance/ceo-and-executive-team/>.

The Executive Team meets once or twice a month or as needed. It assists the CEO with tasks such as the preparation and execution of the Company strategy, business plans, matters of principle, and any other important matters. In addition, the rest of the Executive Team assists the CEO in ensuring the flow of information and working internal cooperation. The Company’s Board of Directors decides on the nomination and remuneration of Executive Team members.

Subsidiaries – operative business

Group Organization



The CEO, CFO, and General Counsel usually serve as members of the subsidiaries’ Board of Directors. From the perspective of business operations, the Group subsidiaries operate in accordance with the Group’s management system. The Group’s operative business activities are mainly carried out by Suomen Terveystalo Oy, Terveystalo Julkiset Palvelut Oy and Terveystalo Kuntaturva Oy in Finland and by Feelgood Företagshälsövård AB in Sweden. Terveystalo Healthcare Oy is the Group’s purchasing company.

III. Descriptions of internal control procedures and the main features of risk management systems

Risk management

Risk management is part of Terveystalo’s management system. The Company applies a risk management policy adopted by the Board of Directors. The purpose of risk management is to ensure fulfilment of the customer promise, patient and occupational safety, high quality of the operations, financial performance, business continuity, a good public image of the Company, and corporate social responsibility.

Risk management is an integral part of the planning processes as well as the monitoring and reporting routines in Terveystalo Group. It is implemented in the day-to-day

management and activities at all levels of the organization. Risk management must be consistent and commensurable. It is important to understand the causes and consequences of risks and to ensure that the risk management measures are correct and properly targeted.

The objectives of risk management include, among others:

- Ensuring business continuity
- Ensuring the achievement of strategic and operative objectives
- Managing risks associated with financial transactions
- Supporting decision-making
- Ensuring top quality care and patient safety
- Ensuring employees’ expertise and occupational safety
- Avoiding operational risks and risks of damage and minimizing damage if a risk is realized
- Ensuring data security, data protection, and environmental responsibility
- Improving risk awareness within the organization
- Identifying opportunities associated with risk-taking, improving risk tolerance
- Identifying development opportunities within the operations
- Gaining the trust of external and internal stakeholders

Terveystalo strives to proactively identify, analyse and manage major risks. Risk management is an integral part of management. It contributes to strategic development, helps managers make informed choices, puts measures in an order of priority, takes into account opportunities,

uncertainties, and their effects, and distinguishes between alternative approaches.

The Board of Directors is responsible for risk management and its adequacy and adopts the risk management policy. The CEO is responsible for organizing risk management in the Group. The rest of the Executive Team support the CEO in implementing risk management, monitoring operational risks, assessing risks, and implementing measures related to risks.

Risk management process

Risks are assessed on all levels of Terveystalo Group’s organization. Terveystalo identifies risks using, for example, performance indicators, market statistics, effectiveness data, customer feedback, register data, inspection reports and inquiries from the authorities, occupational safety risk surveys, incident information, results of internal audits and audits, and competitor information. Terveystalo’s risk management is assessed annually in internal and external audits of the ISO 9001: 2015 quality system, the ISO 14001: 2015 environmental system and the ISO 13485 quality system for application development.

Internal control

In its operations, the Company applies a risk management and internal control policy, adopted by the Board of Directors. The objectives of internal control related to the financial reporting process are to ensure that Terveystalo’s financial reporting is reliable; that interim reports and financial statements are prepared in accordance with the

accounting principles and policies applied by Terveystalo and give essentially correct information of the Company's finances; and that regulations and principles of operation are complied with. Internal control is based on Terveystalo's risk management system, business culture, and respective practices. The Company values, Code of Conduct, and Group policies and principles, such as the risk management and internal control policy, financial policy, procurement policy, credit policy, disclosure policy, and approval authorizations, guide the internal control. The purpose of compliance is to ensure compliance with corporate governance principles throughout the Company and the accuracy of financial reporting. It aims to create a uniform control environment by applying appropriate internal control principles in the various business processes. Terveystalo uses WhistleB, a whistleblower system open for everyone. This channel enables anonymous reporting of observed or suspected misconduct at: www.report.whistleb.com/terveystalo.

Generally, financial reporting related policies are owned by the Chief Financial Officer. Internal control is carried out by the Board of Directors, Audit Committee, operational management and, in respect of the financial reporting process, the employees in financial administration. Terveystalo's Board of Directors bears overall responsibility for internal control and risk management in the Company. The Board of Directors has delegated the practical implementation of an efficient control environment and control measures related to the reliability of financial reporting to the CEO. The Chief Financial Officer is responsible for the control environment of financial reporting. The CFO acts as the owner of reporting risks, reporting to

the Audit Committee and the Board of Directors on risk management and internal control. Control involves various measures, such as the revision of financial reports, the balancing of accounts, subledgers, and system transfers, logical analyses of reported figures, and reference analyses of forecasts and realizations. Monitoring of monthly performance in relation to the specified targets is an essential factor. These control measures are carried out at different organizational levels.

IV. Other information provided in the statement

Internal audit

The primary objective of internal audit is to support the Board of Directors, other corporate bodies, and the management in performing their control duties. The Company has outsourced internal audit to be carried out by authorized public accountants. On the basis of a report drafted by the authorized public accountants, the Company adopts a plan of appropriate measures and monitors the fulfilment of that plan. The internal audit function reports to the Audit Committee on the audits carried out in accordance with its annual audit plan. The report will be brought before the Board of Directors if deemed necessary by the Audit Committee.

The key principles applied in the Company's internal audit are the principles of independence, objectivity and

confidentiality. The purpose of internal audit is to produce impartial and independent information for the Board of Directors and the management. Internal audit focuses, in particular, on issues that are important both in the long and short term from the perspective of strategy, business, and operations. When preparing the audit plan and establishing the scope and focus areas of internal audit, the following matters are typically considered: business-driven internal audit, internal audit relating to the Company's risks and strategy execution, and internal audit focusing on Corporate Governance and Compliance. The planning and risk assessment process of internal audit also includes reviewing the annual plans and work results of the other second line of defence players. In 2021, audits were conducted on the payroll administration processes and the management of outsourcing partnerships, as well as on Terveystalo's Heimo development function and its processes. Terveystalo's quality system has been certified in accordance with the ISO 9001:2015 standard. Compliance is assessed regularly through internal audits and audits conducted by an external accredited party. The Company's internal quality function ensures that the organization complies with the quality standards in accordance with the certificate.

Related party transactions

To identify related party transactions, the Company keeps a record of the individuals and legal persons falling amongst its related parties. According to the Company's definition, related parties include the Group companies, members of the Board of Directors, the CEO and the rest

of the Executive Team, including close family members of the aforementioned as well as entities in which the aforementioned have control, joint control, or significant influence. In agreements and other legal acts between the Company and its related parties, the ordinary course of business of the Company and market conditions shall be followed. If a transaction with the Company's related parties were not part of the ordinary course of business of the Company or if it deviated from arm's length terms, the decision on entering such related party transaction should be made by the Company's Board of Directors. With regard to agreements or other legal acts between the Company and its related parties, provisions on conflicts of interest shall be observed, as applicable, and the persons connected to the related party in question shall not participate in the decision-making process regarding the related party transaction.

The Company has documented guidelines to identify related party transactions as well as procedures to notify the Company thereof and to handle such transactions. The Company's financial administration monitors related party transactions as part of the Company's normal reporting and control procedures and submits regular reports on related party transactions to the Audit Committee. The Audit Committee monitors and evaluates transactions between the Company and its related parties to ensure that they are in the ordinary course of business and at arm's length. Material transactions between the Company and its related parties are presented annually in Notes to the Consolidated Financial Statements.

Main procedures of insider management

Terveystalo complies with the EU Market Abuse Regulation (MAR), the Finnish Securities Markets Act, the guidelines and regulations issued by the European Securities and Markets Authority (ESMA) and the Finnish Financial Supervisory Authority (FIN-FSA), and the Guidelines for Insiders published by Nasdaq Helsinki Oy. The insider policy adopted by the Company's Board of Directors supplements the applicable insider regulation and specifies the procedures of the Company's insider management.

The Company has identified persons in charge of insider management tasks and their substitutes. The Company does not have a permanent, company-specific insider list. Instead, it has project-specific insider lists. In accordance with MAR, the Company has specified the members of the Board of Directors, the CEO, the CFO, and the Senior Vice President, Legal as executives, as well as the SVPs of business lines with profit and loss responsibility. The executives must specify the persons and legal persons closely associated with them and disclose them to Terveystalo as their related parties. Terveystalo's executives and their related parties must report to the Company and FIN-FSA their transactions with Terveystalo's financial instruments that exceed the limit specified by FIN-FSA for a calendar year (EUR 5,000). In order for Terveystalo to monitor compliance with the above notification obligation, Terveystalo has recommended that executives and their related parties unofficially report all transactions with Terveystalo's financial instruments to

the Company, regardless of whether the abovementioned threshold is met or not. Terveystalo publishes all executive transactions officially reported to the Company in a stock exchange release. The executives and persons involved in the preparation of the Company's financial reviews, i.e., those who participate in the preparation or publication of interim reports and annual financial statements/financial statement releases shall not, directly or indirectly, carry out transactions with the Company's financial instruments themselves or on behalf of a third party, or advise anyone to do so, during a silent period of 30 calendar days preceding the publication of the Company's each interim report and annual financial statements release and on the date of publication of such a report.

Auditor

The Company's auditor in 2021 was Authorised Public Accountants KPMG Oy Ab. APA Henrik Holmbom, elected by the Annual General Meeting 2020, and re-elected by the Annual General Meeting 2021 served as the auditor in charge. Auditor's fees in 2021 for statutory audit totalled EUR 275,150 and fees for other services totalled EUR 41,245.50. Auditor's fees are presented without VAT.

Terveystalo remuneration policy for governing bodies

1. Introduction

This remuneration Policy of Terveystalo Plc is the Policy referred to in reporting requirements of the Finnish Corporate Governance Code for listed companies issued by the Securities Market Association on November 1, 2019. This policy presents the governance and principles of remuneration for governing bodies at Terveystalo Group. This policy has been approved by the Board of Directors of Terveystalo Plc. It will be presented to the Annual General Meeting in the spring 2022.

Adjustments have been made to the remuneration policy reviewed by the Annual General Meeting in the spring 2021 regarding the CEO's long-term incentive opportunity, to clarify the definition of the maximum earning opportunity.

Remuneration at Terveystalo is based on the principles of performance, fairness and competitiveness. These remuneration principles apply to all Terveystalo employees and the purpose is to ensure that Terveystalo as an employer attracts motivated and competent professionals. Remuneration shall support the achievement of Terveystalo's strategic goals, align management's priorities with the interests of Terveystalo's shareholders, encourage

behaviour consistent with Terveystalo's values, and reward excellent performance.

The Company's compensation philosophy is based on the underlying principle of shareholder value creation. The incentives are aligned with the Company's business strategy. The objective is to reward concrete achievements in implementing the company's strategy and in achieving its business targets. The Company's compensation structures are designed to be competitive in the relevant market. According to the pay for performance principle, incentive plans place emphasis on performance to ensure that management achieves its goals.

Remuneration is designed to attract and retain the desired talent and to motivate the employees to deliver the strategy and to maximize shareholder value creation. The targets and rewards in the incentive systems are balanced between long-term value creation and efficient achievement of short-term goals.

This policy describes the principles and governance of the remuneration paid to the Company's Board of Directors and to the CEO of Terveystalo. In the event that a Deputy was appointed to the CEO position, the same principles would apply to the Deputy CEO.

The Board of Directors may make minor amendments to the remuneration arrangements regarding the CEO described in the policy for regulatory, exchange control, tax or administrative purposes or to take account of changes in the legislation.

2. Description of the decision-making process

The Shareholders' Nomination Board reviews and prepares the remuneration principles for the members of the Board of Directors, defined in this policy. The Shareholders' Nomination Board also prepares its proposal for the remuneration of the members of the Board of Directors annually. The proposal shall be based on the principles defined in this policy. The AGM makes the final decision on the Board of Directors' remuneration. According to the decision of the AGM, the Chairman of the Board of Directors is a member of the Shareholders' Nomination Board as his/her role in providing insight regarding the Board of Directors' work and composition is crucial.

The Board of Directors reviews and approves the remuneration principles for the CEO defined in this policy based

on preparatory work carried out by the Board of Directors' Remuneration Committee. The Board of Directors also decides on the salary, incentive schemes and associated targets of the CEO based on preparatory work carried out by the Board of Directors' Remuneration Committee. All share-based incentive schemes are decided by the Board of Directors based on the preparatory work of the Remuneration Committee.

The CEO normally participates in the Remuneration Committee's meetings, except for matters relating to the service terms and remuneration of the CEO.

The governance principles in decision-making on remuneration in the Company follow principles aimed at ensuring the prevention of and for the management of conflicts of interest. The underlying principle is that the corporate organ which elects the respective corporate organ also decides on its remuneration. The Company observes the rules set in its Code of Conduct, the Finnish Companies Act and the Finnish Corporate Governance Code which stipulate governance procedures and rules for the avoidance of conflicts of interest. The decision-making process described above aims at guaranteeing that the decisions are fair and unbiased.

3. Description of the remuneration of the Board of Directors

The purpose of the Board remuneration is to ensure that Terveystalo has a Board consisting of highly competent professionals representing a diverse and relevant mix of skills, capabilities and experience. The Board of Directors' remuneration shall be transparent, reasonable and comparable to market levels. The Board of Directors' remunera-

tion is designed to align the Board's interests with those of all shareholders.

The Shareholders' Nomination Board prepares and presents its proposal on the remuneration of the members of the Board of Directors to the AGM. The proposal should take into account the relevant market level and the time and effort required from the members of the Board of Directors, as well as additional responsibilities assigned to the members, such as chairmanship of the Board of Directors or its Committees.

Remuneration of the Board of Directors

Remuneration element	Purpose and link to strategy	Description
Annual remuneration	The annual remuneration should be sufficient to attract, retain and motivate high-performing individuals.	The Shareholders' Nomination Board prepares and presents its proposal on the remuneration of the members of the Board of Directors to the AGM based on what the AGM decides on the Board's remuneration annually. The proposal should take into account the relevant market level and the time and effort required from the members of the Board of Directors, as well as additional responsibilities assigned to the members, such as chairmanship of the Board of Directors or its Committees. The annual remuneration is paid as a combination of Terveystalo shares and cash or fully in cash.
Meeting fees	The meeting fees are intended to link part of the remuneration to the time and effort required from the members of the Board of Directors in respect of the meetings.	Meeting fees are paid in cash.
Travel expenses	Intended to reimburse the members of the Board of Directors for reasonable costs and expenses related to their work.	The members of the Board are entitled to reimbursement for reasonable travel expenses related to their work.

Decision-making procedure



4. Description of the remuneration of the CEO

Terveystalo’s approach to the remuneration of the CEO is that the remuneration should align the interest of the CEO with those of the company’s shareholders. Terveystalo uses various remuneration elements to attract, motivate and retain high performing individuals with the right skills, capabilities and mindset. Performance correlates with reward level, and this promotes sustained high performance and focus to business targets and strategy execution. The remuneration structure and level should be comparable to the relevant national and industry benchmarks. The CEO is encouraged to accumulate and maintain a personal shareholding in Terveystalo.

Remuneration components, grounds for determining variable remuneration components and proportional shares of overall remuneration

The remuneration of the CEO is defined to be competitive with a significant part of the remuneration being performance-based.

CEO fixed remuneration

Remuneration element	Purpose and link to strategy	Description
Base salary	Base salary provides a core compensation for the role and attracts, retains and motivates high-calibre individuals.	<p>Base salary is set by the Board of Directors, taking into account a number of factors, such as:</p> <ul style="list-style-type: none"> • recognition of the value of an individual’s personal performance and contribution to the business • the individual's skills and experience • internal salary levels • relevant external market conditions <p>Base salary is reviewed annually.</p>
Benefits and insurance coverage	Insurance coverages and other benefits that are in line with local market practices attract and retain high-calibre individuals.	<p>Taxable fringe benefits, standard Terveystalo personnel benefits, and other benefits are included in the base salary.</p> <p>Insurances include leisure time accident insurance, travel insurance and management liability insurance.</p> <p>The Board of Directors has a possibility to decide on supplementary defined contribution pension in line with local market practices. In such case the maximum annual pension contribution may not exceed 20 percent of annual base salary.</p>

CEO variable remuneration

Up-to-date descriptions of ongoing incentive plans are published on the Terveystalo website, www.terveystalo.com.

Remuneration element	Purpose and link to strategy	Description
Short-term incentives (STI)	The STI is aimed at driving short-term (annual) performance against specific Group targets and individual objectives based on key strategic priorities for the year.	<p>Performance is measured over a one-year period and potential rewards are paid in the following year. The terms of the Short-Term Incentive plan are described on the company website.</p> <p>Performance criteria:</p> <ul style="list-style-type: none"> • Performance criteria are set annually by the Board based on the key priorities for the financial year. Criteria may include both financial and non-financial criteria. Reaching maximum level requires exceptional performance. • Following the end of the performance period the Board of Directors confirms the achievement of the criteria and determines the amount of the payout. <p>Incentive opportunity:</p> <ul style="list-style-type: none"> • Incentive opportunity at maximum level of performance may not exceed 120 percent of the annual base salary.
Long-term incentives (LTI)	LTI is aimed at driving long-term performance against specific group targets, as well as committing the CEO to the company and aligning the CEO's interests with the interests of the shareholders.	<p>The terms and conditions for each Long-Term Incentive plan are decided by the Board of Directors. The terms of ongoing Long-Term Incentive plans are described on the company website.</p> <p>Performance criteria:</p> <ul style="list-style-type: none"> • Performance criteria for each plan are set by the Board of Directors based on the key priorities for the performance period. Reaching the maximum level requires exceptional performance. • Following the end of the performance period the Board of Directors confirms the achievement of the criteria and determines the amount of the payout. • The LTI performance period shall, as a rule, be no fewer than three years. Performance criteria for each plan are set by the Board of Directors based on the key priorities for and within the performance period. <p>Discretion and claw-back:</p> <ul style="list-style-type: none"> • The Board of Directors is entitled, subject to a particularly weighty reason, to change or cancel the incentive payout or to postpone its payment, and, in exceptional cases, such as intentional misstatement of financials underlying the measures, to recover rewards paid prior to said misconduct. <p>Incentive opportunity:</p> <ul style="list-style-type: none"> • The Board of Directors decides on LTI allocation on individual level. • At the maximum level, the amount of incentives paid in the same year may not exceed, at grant, 220 percent of the annual base salary.

Proportion of remuneration elements

The remuneration of the CEO is defined to be competitive with a significant part of the remuneration being performance-based. Incentive opportunity at maximum level performance of STI is 120 percent of the annual base salary. For the LTI, the amount of incentives paid in the same year may not exceed, at grant, 220 percent of the annual base salary.

Other key terms applicable to the service contract

Share ownership requirement

To encourage building a meaningful shareholding in Terveystalo, the CEO is expected to retain at least 50 percent of the net shares received based on the LTI plans until his/her share ownership in Terveystalo corresponds to at least his/her annual gross base salary.

Termination of the service contract and severance pay

Regarding the termination of the service contract and severance pay of the CEO, the agreement may be terminated by both parties by giving six (6) months' notice. Should the Company terminate the agreement, the Company is required to pay an additional severance pay, equivalent to 12 month's base salary.

Supplementary information

As a benchmarking approach, the Remuneration Committee reviews market benchmark data from Finnish and, where necessary, international healthcare companies of a similar size and complexity to Terveystalo when setting total remuneration packages for the CEO. This is used more as a guide than a direct determinant of pay levels. Other factors considered include each individual's role and experience, as well as Company performance and personal performance.

Terms for deferral and possible clawback of remuneration

Clawback provisions apply to LTI and STI plan awards in exceptional circumstances. The Board of Directors is entitled, subject to a particularly weighty reason, to change or cancel the incentive payout or to postpone its payment, and, in exceptional cases, such as intentional misstatement of financials underlying the measures, to recover rewards paid prior to said misconduct.

Previously agreed or granted awards

The Board reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed prior to the presentation of this Policy to the AGM.

5. Temporary deviation

The Board of Directors may temporarily deviate from any sections of the Policy and from any contents of the Policy based on its full discretion in any of the circumstances and on any of the grounds described below:

- a structural change (change in the Company's corporate, group, business or organizational structure or a material change in its ownership structure),
- a personnel change (such as changes in the Board of Directors or in the top management of the Company or need to recruit a new CEO or Deputy to the CEO),
- other exceptional or unexpected event or change or materially changed circumstances in the Company or in its business or operating environment or a material change in the Company's strategy or business plan,
- material change in the Company's financial position or outlook,
- regulatory or judicial changes, changes in governmental or administrative orders or in taxation or taxation practice, or
- other change or circumstances not specified above if the Board of Directors, after careful consideration, deems that a deviation is necessary or advisable in order to safeguard the Company's long-term interests or sustainability such as, without limitation, in order to ensure the continuity of the Company's management.

The procedure to be followed in the deviation from this Policy shall be the same as the decision-making procedure for the implementation of this Policy described elsewhere

in this policy. If the deviation concerns Board remuneration, the decision-making may involve an annual or extraordinary shareholder meeting as applicable in the individual circumstances. The deviation and its grounds shall be reported in the next annual remuneration Report and presented to the next AGM as part thereof.

Remuneration report

Terveystalo’s remuneration principles are based on performance, fairness and competitiveness. Remuneration supports the achievement of Terveystalo’s strategic goals and the long-term financial success of the Company. The remuneration policy and the decision-making process is described in more detail in the remuneration policy for governing bodies.

Terveystalo’s revenue and profitability have improved steadily over the last five years, excluding the exceptional year 2020. The positive business development is also reflected in remuneration levels. In remuneration development, the figures for 2017 are not fully comparable due to a change in the ownership structure and listing in the stock exchange in 2017.

Remuneration development 2017–2021:

Total remuneration, EUR (rounded to the nearest thousand)	2017 ²⁾	2018	2019	2020	2021
Chair of the Board	50,000	102,000	91,000	101,000	102,000
Vice Chair of the Board	25,000	54,000	62,000	67,000	69,000
Other members of the Board, on average	25,000	50,000	53,000	57,000	56,000
CEO	675,000	910,000	938,000	367,000	640,000
Salary development of average employees ¹⁾	58,000	55,000	62,000	62,000	65,000

¹⁾ Salary development of average employees has been calculated by dividing the personnel costs for each year (excluding other social security costs) by the average number of personnel.

²⁾ Not comparable due to a change in the ownership structure and listing in the stock exchange in 2017.

Changes in the remuneration of the Board after 2017 are due to a change in the ownership structure and listing in the stock exchange, and the Board remuneration was determined to correspond to the market level by the decision of the AGM 2018. The remuneration level was reviewed in 2020.

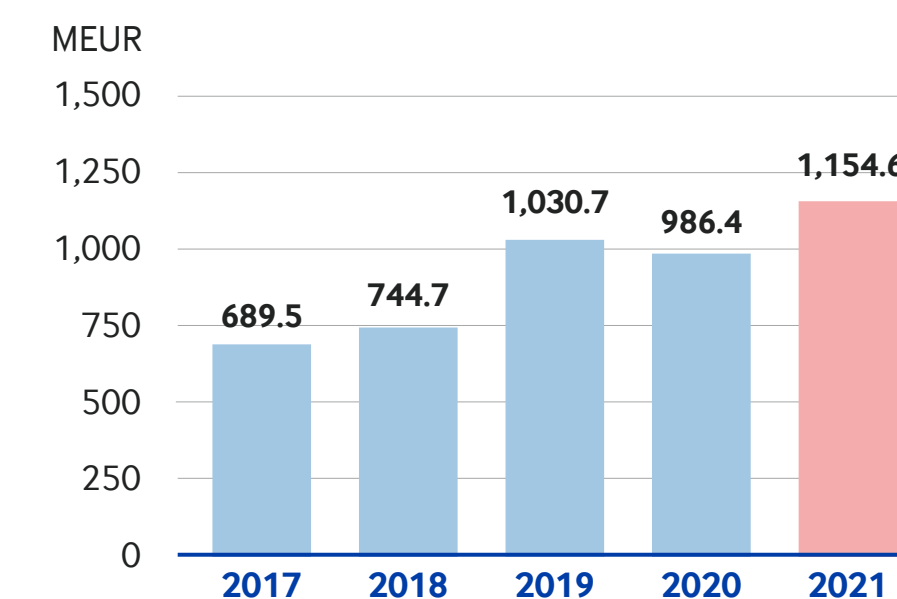
In accordance with the remuneration policy, remuneration of the CEO is strongly based on performance, and a significant share of the overall remuneration of the CEO consists of short-term and long-term incentives. The targets of the incentive schemes are directly linked to the Company performance, and the Company’s positive financial development in 2017-2018 is reflected in the remuneration of the CEO. A CEO change took place at the end of

2019, and in 2020, remuneration of the CEO exceptionally only consisted of the base salary. In 2021, the CEO's remuneration includes short-term incentives for the year 2020. As a part of company’s mitigation measures due to the corona epidemic, the CEO's short-term incentive earning opportunity was restricted to 50 percent of the normal.

The average salary development of employees has shown a rising trend with the exception of year 2018, when the number of personnel increased, and the structure changed due to acquisitions. Approximately 65 percent of the personnel is covered by collective agreements, and the general increases determined in the collective agreements guide the salary development of this personnel group.

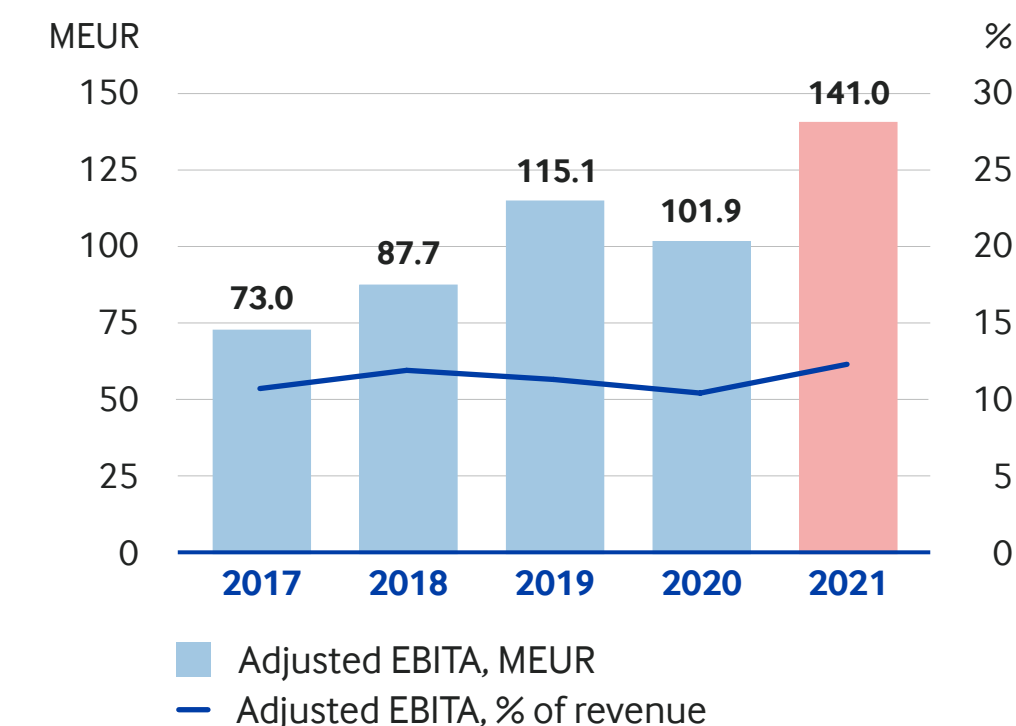
Revenue

Target of at least 5% growth annually



Adjusted EBITA and EBITA-%

Target 12-13% of revenue



Remuneration of the Board of Directors for the financial year 2021

Terveystalo's Annual General Meeting, held on 25 March, 2021, resolved in accordance with the proposal of the Shareholders' Nomination Board that the Chair of the Board of Directors will be paid an annual remuneration of EUR 85,000, the Vice Chair an annual remuneration of EUR 50,500, the members an annual remuneration of EUR 40,250, and the Chair of the Audit Committee EUR 50,500. In addition, an attendance fee of EUR 625 will be paid for members of the Board of Directors and Committee members residing in Finland, EUR 1,300 for members residing elsewhere in Europe, and EUR 2,600 for members residing

outside of Europe for each Board and Committee meeting that they attend. For Board and Committee meetings that are held by telephone or other electronic means, the attendance fee is EUR 625. Travel costs are reimbursed based on the company's travel policy.

The annual remuneration of the Board is paid as a combination of company shares (40%) and cash (60%). The Company will reimburse the transaction costs and capital transfer tax related to trading. Attendance fees are paid in cash.

The following table presents the remuneration paid to the Board of Directors during the financial year 2021:

Name	Annual fee, total, EUR ¹⁾	Annual fee in shares, EUR	Annual fee in cash, EUR	Other financial benefits, EUR ²⁾	Meeting fees of the Board of Directors and Board's Committees, EUR	In total, EUR
Kari Kauniskangas	85,000	33,993	50,464	544	16,875	101,875
Tomas von Rettig	50,500	20,189	29,988	323	18,900	69,400
Åse Aulie Michelet	40,250	16,090	23,902	257	16,925	57,175
Katri Viippola	40,250	16,090	23,902	257	16,875	57,125
Dag Andersson	40,250	16,090	23,902	257	13,800	54,050
Niko Mokka	40,250	16,090	23,902	257	16,250	56,500
Kristian Pullola (from 25 March, 2021)	50,500	20,189	29,988	323	10,000	60,500
As members of the Board until 25 March, 2021:						
Lasse Heinonen	-	-	-	-	6,875	6,875

¹⁾ Total annual compensation consists of stock award (40%) and cash compensation (60%).

²⁾ Other financial benefits include transfer tax fees for the annual fees paid in shares.

Remuneration of the CEO for the financial year 2021

The following table presents the remuneration paid to the CEO during the financial year 2021:

Name	Fixed annual salary (including taxable benefits), EUR	Short-term incentives, EUR	Remuneration based on long-term incentive schemes, EUR	In total, EUR
Ville Iho, CEO	400,000	240,000	-	640,000

In 2021, the CEO's compensation consisted of the fixed annual salary and the short-term incentives paid for 2020. The 2020 short-term incentives were based on Adjusted EBITA as well as eNPS and NPS scores.

In the performance period 2021, the short-term incentives were based on the following indicators: Adjusted

EBITA, revenue, NPS score, productivity, eNPS score and employee turnover. Based on the short-term incentive program, the CEO will receive a payment of EUR 434,000 in the spring 2022, which corresponds to 136 percent of the target earnings.

**The CEO's allocated earning opportunity in the long-term incentive schemes
(the President and CEO Ville Iho):**

Long-term incentive plan	Grant date	Earning opportunity (maximum number of shares granted)*	Vesting date (end of performance period)	Pay-out year (subject to the achievement of performance targets)	Number of shares vested*
Bridge Plan 2021–2022	April 28, 2021	58,600	December 31, 2022	2023	Plan ongoing
Performance Share Plan (PSP) 2021–2023	April 28, 2021	88,000	December 31, 2023	2024	Plan ongoing

* Gross number of shares from which the applicable payroll tax will be withheld upon payment and the remaining net amount paid in shares

In the performance periods 2021–2022 and 2021–2023, the performance criteria for the share-based long-term incentive schemes are based on the Total Shareholder Return (TSR) as well as digital footprint, which consists of productivity and digital sales indicators.

Report of the Board of Directors and consolidated financial statements



Contents

96	Report of the Board of the Directors	131	2.14 Provisions and contingent liabilities	145	16. Impairment testing of cash-generating units including goodwill	160	32. Group's key financial ratios
119	Consolidated financial statements, IFRS	131	2.15 Revenue recognition	147	17. Investment properties	161	33. Calculation of financial ratios and alternative performance measures
119	Consolidated statement of comprehensive income	131	2.16 Segment information	147	18. Associated companies	163	34. Reconciliation of alternative performance measures
120	Consolidated statement of financial position	131	2.17 Government grants	148	19. Share-based payments	165	35. Subsequent events
121	Consolidated statement of cash flows	131	2.18 Operating profit	149	20. Financial assets and liabilities – carrying amount, fair value and fair value hierarchy		
122	Consolidated statement of changes in equity	132	2.19 Earnings per share	150	21. Financial risks	166	Parent company's financial statements, FAS
123	1. Corporate information	132	2.20 Income taxes	150	21.1 Financial risk management	166	Parent company's statement of income
123	2. Accounting policies for the consolidated financial statements	136	3. Business combination	150	21.2 Interest rate risk and currency risk	166	Parent company's statement of financial position
123	2.1 Basis of preparation	137	4. Revenue	151	21.3 Credit risk	167	Parent company's statement of cash flows
123	2.2 Application of new and amended IFRSs and new IFRIC agenda decisions	137	5. Segment information	151	21.4 Liquidity risk	168	Parent company's accounting policies and measurement and recognition principles and methods
125	2.3 Critical accounting estimates and judgments	138	6. Other operating income	151	21.5 Capital management	168	Notes to the parent company's financial statements
126	2.4 Principles of consolidation	138	7. Material and services	152	22. Trade and other receivables	172	Signatures to the financial statements and Board of Director's report
127	2.5 Foreign currency transactions	138	8. Employee benefit expenses	152	23. Cash and cash equivalents	173	Auditor's Report
127	2.6 Property, plant and equipment	138	9. Depreciation, amortisation and impairment	153	24. Share capital and invested non-restricted equity reserve	177	Information for shareholders
127	2.7 Investment properties	139	10. Other operating expenses	153	25. Financial liabilities	179	Contact information
128	2.8 Goodwill and other intangible assets	140	11. Financial income and expenses	154	26. Trade and other payables		
128	2.9 Impairment	140	12. Taxes	155	27. Provisions		
129	2.10 Leases	140	12.1 Income taxes	156	28. Defined benefit plans		
129	2.11 Financial assets and liabilities	140	12.2 Deferred tax assets and liabilities	157	29. Collateral and contingent liabilities		
130	2.12 Inventories	141	13. Earnings per share	157	30. Related party transactions		
130	2.13 Employee benefits	142	14. Property, plant and equipment	159	31. Group companies		
		143	14.1 Right-of-use assets and lease liabilities	160	31.1 Changes in the Group structure		
		144	15. Intangible assets				
		145	15.1 Development expenditure				

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). 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 ¹⁾	201.8	158.3	27.4
EBITDA, % ¹⁾	17.5	16.1	-
Adjusted EBITA* ¹⁾	141.0	101.9	38.4
Adjusted EBITA, %* ¹⁾	12.2	10.3	-
EBITA ¹⁾	136.7	97.4	40.3
EBITA, % ¹⁾	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), % ¹⁾	13.6	8.2	-
Equity ratio, % ¹⁾	42.2	42.1	-
Earnings per share (EUR)	0.63	0.36	75.9
Net debt	519.0	490.9	5.7
Gearing, % ¹⁾	85.2	85.9	-
Net debt/adjusted EBITDA (last 12 months) ¹⁾	2.5	3.0	-
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 ²⁾	94.6	94.2	0.4
Net Promoter Score (NPS), appointments	83.0	82.8	0.2
Employee Net Promoter Score (eNPS)	32	18	77.8
Mixed waste intensity ³⁾	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 appointments¹⁾ 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 tests²⁾ 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.

¹⁾ Does not include the digital appointments of the Sweden and others segment.

²⁾ Excludes sample collection services.

Revenue breakdown

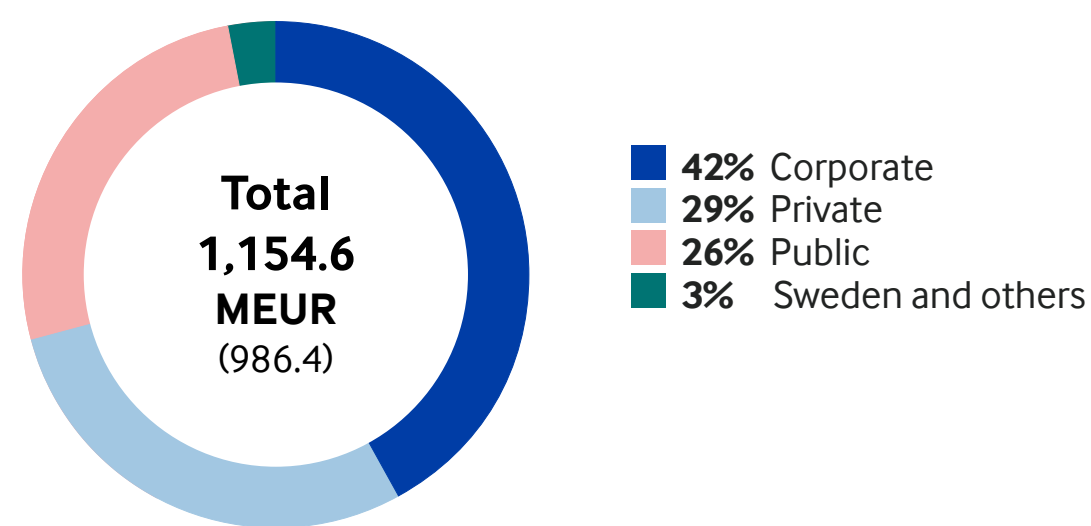
2021

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	94.0	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.

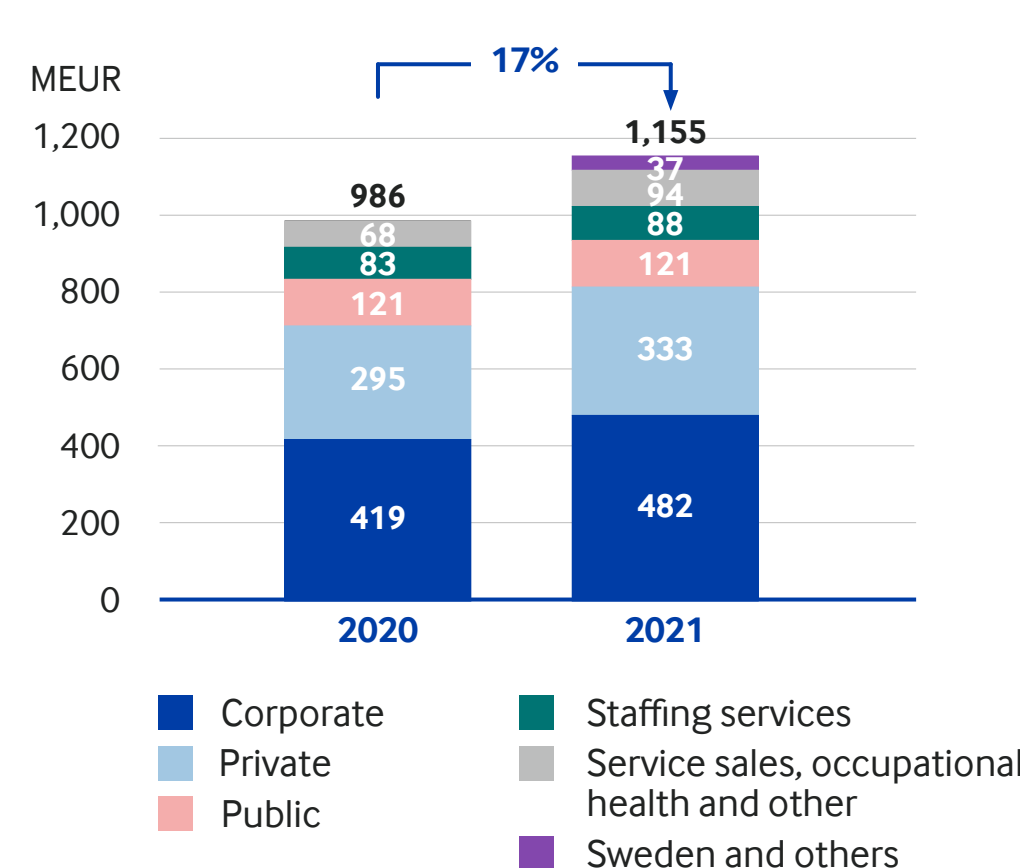
Revenue breakdown 2021

% of total revenue 2021



Feelgood (Sweden) consolidated 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 services¹⁾ 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 services²⁾ 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.

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

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

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 tests¹⁾ 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.

¹⁾ 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 Report¹⁾. 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.

¹⁾ 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
Previous climate target: Reducing the carbon footprint	Reducing the carbon footprint by 40% by 2030 (using 2018 as the baseline) ¹⁾	Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions, tCO ₂	-40% by 2030	1,565.6	2,168.6	2,141.2	13
New climate targets (set in 2021) Reducing the carbon footprint	Carbon neutrality in 2022, zero emissions from own operations in 2030. ²⁾ 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 tCO ₂)	-100% by 2030	-89%	-66%	-17%	13
	We will reduce direct and indirect CO ₂ emissions (Scope 1 and Scope 2) by 80% by 2025 (using 2018 as the baseline)	Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions, tCO ₂	-80% by 2025	664.0	2,165.4	5,255.8	13
	Zero emissions from own operations in 2030 ²⁾	Reduction of direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions compared to 2018 (6,316.8 tCO ₂)	-100% by 2030	-89%	-66%	-17%	13
Energy consumption	We will purchase 100% green electricity in Finland by 2025 ³⁾	Share of green electricity of all purchased electricity, %	100% by 2025	89%	62%	-	13
Waste recovery	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, % ⁴⁾	100% by 2025	100%	99%	-	12
		The recycling rate of waste generated at Terveystalo units, % ⁴⁾	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

¹⁾ Location based

²⁾ 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.

³⁾ In the units where we purchase electricity ourselves.

⁴⁾ 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 CO₂ 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 CO₂ emissions (Scope 1 and Scope 2) by 80 percent by 2025 (using 2018 as the baseline). As regards energy consumption, the target is for green electricity to account for 100 percent of the electricity purchased for Terveystalo's operations 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) tCO₂-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 CO₂ emissions totaled 245.5 (287.2) metric tons of carbon dioxide equivalent (tCO₂e).

Scope 2

Indirect Scope 2 greenhouse gas emissions arise from the production of electricity purchased by Terveystalo and the production of district heating consumed at properties controlled by Terveystalo. In 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-CO₂ green electricity. Zero-CO₂ 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 CO₂ equivalent (tCO₂e, 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) tCO₂e. Regarding reimbursable work-related travel, the personnel traveled a total of 1.9 (1.6) million kilometers, equaling 322.1 (273.4) tCO₂e. 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 CO₂e/km. The indirect emissions arising from waste totaled 36.6 (30.2) tCO₂e in 2021.

Terveystalo's CO₂ 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 gCO₂e/EUR (2020: 2.2 gCO₂e/EUR). Relative to the number of employees (FTE), the emissions intensity was 0.12 (0.44) tCO₂e.

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

<u>Name</u>	<u>Number of shares</u>	<u>% of shares</u>	<u>Votes</u>	<u>% of votes</u>
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
Total	25,693	100.0	128,036,531	100.00	128,036,531	100.00
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			128,036,531	100	128,036,531	100

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
Total	112,317,734	100.00
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
Revenue	4, 5	1,154.6	986.4
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
Operating profit		110.1	67.2
Financial income	11	0.8	0.5
Financial expenses	11	-9.9	-10.6
Net finance expenses		-9.0	-10.0
Share of results in associated companies		-0.3	-0.6
Profit before taxes		100.7	56.6
Income tax expense	12	-20.3	-10.8
Profit for the period		80.4	45.8
Profit attributable to			
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
Other comprehensive adjustments			
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	-
Other comprehensive income for the period, net of tax		-0.6	-
Total comprehensive income		79.8	45.8
Total comprehensive income attributable to:			
Owners of the parent company		79.8	45.8
Non-controlling interest		0.0	0.0
Earnings per share for profit attributable to the shareholders of the parent company, in euro			
Basic earnings per share	13	0.63	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
ASSETS			
Non-current assets			
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	-
Total non-current assets		1,275.8	1,181.3
Current assets			
Inventories		6.4	6.8
Trade and other receivables	22	128.3	95.1
Cash and cash equivalents	23	38.1	77.1
Total current assets		172.8	179.0
Non-current assets held for sale	23	-	0.8
TOTAL ASSETS		1,448.6	1,361.0

EUR mill.	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		0.1	0.1
Invested non-restricted equity reserve		492.8	492.8
Treasury shares		-18.0	-6.7
Retained earnings		134.0	85.3
Equity attributable to equity holders of the Company total		608.9	571.4
Non-controlling interest		0.0	-
TOTAL EQUITY		608.9	571.4
Non-current liabilities			
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
Total non-current liabilities		441.9	486.6
Current liabilities			
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
Total current liabilities		397.9	303.1
TOTAL LIABILITIES		839.7	789.6
TOTAL EQUITY AND LIABILITIES		1,448.6	1,361.0

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
Cash flows from operating activities			
Profit before income taxes		100.7	56.6
Adjustments for			
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
Changes in working capital			
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
Net cash from operating activities		195.2	143.7

EUR mill.	Note	1.1.-31.12.2021	1.1.-31.12.2020
Cash flows from investing activities			
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
Net cash from investing activities		-108.0	-36.0
Cash flows from financing activities			
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
Net cash from financing activities		-126.1	-71.2
Net change in cash and cash equivalents			
		-39.0	36.5
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-controlling interests	
Equity 1 Jan 2021	0.1	492.8	-6.7	85.3	571.4	0.0	571.4
Comprehensive income							
Profit for the period	-	-	-	80.5	80.5	0.0	80.4
Other comprehensive income				-0.6	-0.6	-	-0.6
Transactions with owners							
Acquisition of treasury shares	-	-	-11.3	-	-11.3	-	-11.3
Share-based payments	-	-	-	1.9	1.9	-	1.9
Dividends	-	-	-	-33.1	-33.1	-	-33.1
Transactions with non-controlling interests							
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	12.8	12.8
Transactions with non-controlling interest	-	-	-	0.1	0.1	-12.8	-12.7
Equity 31 Dec 2021	0.1	492.8	-18.0	134.0	608.9	0.0	608.9

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-controlling interests	
Equity 1 Jan 2020	0.1	492.8	-6.7	55.1	541.2	0.0	541.2
Comprehensive income							
Profit for the period	-	-	-	45.8	45.8	0.0	45.8
Transactions with owners							
Share-based payments	-	-	-	0.9	0.9	-	0.9
Dividends	-	-	-	-16.5	-16.5	-	-16.5
Equity 31 Dec 2020	0.1	492.8	-6.7	85.3	571.4	-	571.4

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, from Terveystalo Oyj / Corporate Communications, Jaakonkatu 3, 00100 Helsinki, Finland, or via e-mail at investors@terveystalo.com.

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

In its meeting on 9 February 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 arise 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
Total consideration transferred	47.2

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

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

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

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

The non-controlling interest from the acquisition has been 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 Sivupersoonaa 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
Total consideration transferred	31.4

Identifiable assets acquired and liabilities assumed**EUR mill.**

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

As a result of these business combinations, a 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 regulatory 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
Total	3.4	2.7

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
Total	-488.9	-447.6

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
Total	-378.2	-310.2
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
Depreciation and amortisation by asset type		
Intangible assets		
Trademarks	-4.5	-4.1
Customer relationships	-10.0	-17.8
Other intangible assets	-10.8	-8.2
Total	-25.3	-30.2
Property, plant and equipment		
Buildings	-0.0	-0.0
Machinery and equipment	-13.6	-13.8
Improvement to premises	-5.5	-5.1
Total	-19.2	-18.9
Right-of-use assets	-45.9	-42.0
Investment property	-0.0	-0.0
Depreciation and amortisation total	-90.3	-91.1
Impairment losses by asset groups		
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	-
Impairment total	-1.3	-0.1
Total depreciation, amortisation and impairment losses	-91.7	-91.2

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
Total	-89.2	-73.0

Auditor's fees

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

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
Total financial income	0.8	0.5
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
Total financial expenses	-9.9	-10.6
Net finance expenses	-9.0	-10.0

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
Total income taxes	-20.3	-10.8

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
Total income taxes in the statement of income	-20.3	-10.8

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
Total	4.4	0.1	0.9	-0.0	5.4

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
Total	26.0	4.6	-2.2	-0.0	28.5

The Group has no material deductible temporary differences, unused tax losses or unused tax credits for which no deferred tax asset has been 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
Total	3.7	-	0.7	4.4

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
Total	30.3	0.1	-4.3	26.0

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

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

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

Lease liabilities

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

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
Carrying amount 31 Dec 2020	161.7	16.8	178.5

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

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

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
Total	0.1	0.1

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

Fair values of investment properties

Investment	m2	Value per m2 (In thousands of euro)	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%
Terveysten 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.

<u>Plan</u>	<u>2021</u>
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.

<u>Plan</u>	<u>2021</u>
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
Financial assets					
Non-current					
Loan receivables	0.1	-	0.1	0.1	Level 2
Unquoted equity investments	0.8	-	0.8	0.8	Level 3
Current					
Trade receivables	-	103.4	103.4	103.4	
Contract assets	-	15.0	15.0	15.0	
Cash and cash equivalents	-	38.1	38.1	38.1	
Interest rate derivatives	0.6	-	0.6	0.6	Level 2
Total	1.6	156.5	158.1	158.1	
Financial liabilities					
Non-current					
Loans from financial institutions	-	249.8	249.8	249.8	
Hire purchase liabilities	-	8.1	8.1	8.1	
Contingent considerations	5.4	-	5.4	5.4	Level 3
Current					
Loans from financial institutions	-	115.6	115.6	115.6	
Hire purchase liabilities	-	5.3	5.3	5.3	
Trade payables	-	57.1	57.1	57.1	
Contingent considerations	2.8	-	2.8	2.8	Level 3
Interest rate derivatives	1.2	-	1.2	1.2	Level 2
Total	9.4	435.8	445.2	445.2	

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 percent). 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 million 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	-
Total	615.4	631.9	231.2	89.4	288.6	22.8

* 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	-
Total	609.3	636.1	173.6	87.5	340.6	34.2

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
Non-current		
Loan receivables	0.1	0.3
Total non-current receivables	0.1	0.3
Current		
Trade receivables	103.4	80.2
Other receivables	2.0	1.4
Prepaid expenses	7.9	7.9
Contract assets	15.0	5.6
Total	128.3	95.1

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
Total	7.9	7.9

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
Total	120.1		-1.6	118.4

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
Total	87.0		-1.2	85.8

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
1 Jan 2020	127,307	730	128,037	0.1	492.8	-6.7	486.1
31 Dec 2020	127,307	730	128,037	0.1	492.8	-6.7	486.1
1 Jan 2021	127,307	730	128,037	0.1	492.8	-6.7	486.1
Acquisition of treasury shares	-1,000	1,000	-	-	-	-11.3	-11.3
31 Dec 2021	126,307	1,730	128,037	0.1	492.8	-18.0	474.9

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
Total	567.9	-59.8	21.9	27.1	-0.0	557.2

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
Total	588.8	-44.7	-	23.8	-	567.9

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
Total	214.1	162.7

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
Total	75.9	64.8

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
Total	73.9	54.5

27. Provisions

Carrying amounts of provisions

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

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

Changes in provisions during the financial year 2021

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

Changes in provisions during the financial year 2020

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

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	-
Total	11.4	-
Securities for own debts		
Deposits	0.2	0.2
Guarantees	0.9	0.7
Total	1.1	0.9

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	-	-	-	-
Total:	0.7	12.5	0.2	1.1

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

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
Total	1,276.4	696.3

Remuneration 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
Total	3,724.3	3,220.4

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

Remuneration to Board of Directors, in thousands of euro	2021				2020			
	Annual fee settled in cash	Annual fee settled in shares	Meeting fees	Other financial benefits*	Annual fee settled in cash	Annual fee settled in shares	Meeting fees	Other financial benefits*
Kari Kauniskangas (Chairman of the board)	50.5	34.0	15.0	0.5	51.0	34.0	16.0	0.5
Tomas Von Rettig	30.0	20.2	17.0	0.3	30.3	20.2	18.0	0.3
Åse Aulie Michet	23.9	16.1	16.4	0.3	24.2	16.1	19.1	0.3
Katri Viippola	23.9	16.1	15.0	0.3	24.2	16.1	15.4	0.3
Dag Andersson	23.9	16.1	15.3	0.3	24.2	16.1	17.3	0.3
Niko Mokka	23.9	16.1	15.0	0.3	24.2	16.1	9.4	0.3
Kristian Pullola**	30.0	20.2	12.5	0.3	-	-	-	-
Members of the Board until 25 March 2021								
Lasse Heinonen	-	-	3.1	-	30.3	20.2	14.8	0.3
Members of the Board of Directors until 28 May 2020								
Olli Holmström	-	-	-	-	-	-	5.4	-
Paul Hartwall	-	-	-	-	-	-	5.4	-
Total	206.0	138.7	109.3	2.2	208.4	138.8	120.8	2.3

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

** Member of the Board of Directors from 2021.

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 Mokka	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 Företagshälsövård AB	Sweden	100.0%	100.0%
Feelgood Företagshälsövård Södra AB	Sweden	100.0%	100.0%
Feelgood Företagshälsövård 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%
Sivupersoonaa 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 Medlnari 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

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

Terveystalo Group, EUR mill.	2021	2020	2019
Adjusted EBITA* ¹⁾	141.0	101.9	115.1
Adjusted EBITA, %* ¹⁾	12.2	10.3	11.2
EBITA ¹⁾	136.7	97.4	110.0
EBITA, % ¹⁾	11.8	9.9	10.7
Adjusted operating profit (EBIT)* ¹⁾	114.4	71.6	86.5
Adjusted operating profit (EBIT), %* ¹⁾	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), % ¹⁾	13.6	8.2	10.3
Equity ratio, % ¹⁾	42.2	42.1	39.9
Earnings per share (€)	0.63	0.36	0.43
Net debt	519.0	490.9	548.20
Gearing, % ¹⁾	85.2	85.9	101.3
Net debt/Adjusted EBITDA ¹⁾	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* ¹⁾	156.9	118.0	131.4
Net debt, excluding IFRS 16	340.6	312.4	366.4
Net debt/Adjusted EBITDA, excluding IFRS 16* ¹⁾	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.

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

33. Calculation of financial ratios and alternative performance measures

Financial ratios

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

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

Alternative performance measures to the statement of financial position

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

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

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

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

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

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

Alternative performance measures to the statement of income

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

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

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

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

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

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

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

* Adjustments are material items outside the ordinary course of business and these relate to acquisition related expenses, restructuring related expenses, gains and losses on sale of assets (net), 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
Return on equity, %	13.6	8.2	10.3

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
Equity ratio, %	42.2	42.1	39.9

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
Gearing, %	85.2	85.9	101.3

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
Net debt / Adjusted EBITDA	2.5	3.0	3.1

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
Adjusted EBITDA	206.1	162.8	176.3

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

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
Adjusted EBITA	141.0	101.9	115.1

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

Adjusted operating profit (EBIT), 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
Adjustments*	4.3	4.5	5.1
Adjusted EBITA	114.4	71.6	86.5

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

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
EBITDA	201.8	158.3	171.2

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

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
Amortisation and impairment losses	26.6	30.3	28.6
EBITDA	136.7	97.4	110.0

EBITDA, %	2021	2020	2019
EBITDA	136.7	97.4	110.0
Revenue	1,154.6	986.4	1,030.7
EBITDA, %	11.8	9.9	10.7

Operating profit (EBIT), 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
EBIT	110.1	67.2	81.4

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

Adjustments based on subject area*, EUR mill.	2021	2020	2019
Acquisition related expenses ¹⁾	3.1	0.5	3.3
Restructuring related expenses ²⁾	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
Adjustments	4.3	4.5	5.1

Adjustments based on account group*, EUR mill.	2021	2020	2019
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
Adjustments	4.3	4.5	5.1

Adjusted EBITDA, excluding IFRS 16	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
IFRS 16 lease expense adjustment	-49.2	-44.8	-45.0
Adjusted EBITDA, excluding IFRS 16	156.9	118.0	131.4

Net debt / Adjusted EBITDA, excluding IFRS 16	2021	2020	2019
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
Net debt/Adjusted EBITDA, excluding IFRS 16	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.

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

²⁾ 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
Revenue	1.1	517,094	924,670
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
Operating loss		-3,206,740	-3,015,279
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
Loss before appropriations and taxes		-3,241,749	-3,055,779
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
Profit for the period		43,803,313	25,958,375

Parent company's statement of financial position

EUR	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1		
Machinery and equipment		227	-
Investments	2.2		
Holdings in group companies		516,818,244	516,818,244
Total non-current assets		516,818,471	516,818,244
Current assets			
Receivables from group companies	2.3	65,338,343	49,558,965
Prepayments and accrued income	2.4	233,545	161,673
Total current assets		65,571,888	49,721,807
TOTAL ASSETS		582,390,359	566,540,051
EQUITY AND LIABILITIES			
Equity	2.5		
Share capital		80,000	80,000
Invested non-restricted equity reserve		493,503,962	493,503,962
Retained earnings		5,262,687	23,652,357
Profit for the period		43,803,313	25,958,375
Total equity		542,649,963	543,194,694
Liabilities	2.6		
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
Total liabilities		39,740,396	23,345,357
TOTAL EQUITY AND LIABILITIES		582,390,359	566,540,051

Parent company's statement of cash flows

EUR	1.1.-31.12.2021	1.1.-31.12.2020
Cash flows from operating activities		
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
Net cash from operating activities	-13,446,803	-14,014,650

EUR	1.1.-31.12.2021	1.1.-31.12.2020
Cash flows from investing activities		
Purchase of tangible and intangible items	-363	-
Proceeds from sale of tangible and intangible items	-	40,016
Net cash from investing activities	-363	40,016
Cash flows from financial activities		
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
Net cash from financial activities	13,447,166	13,973,945
Net change in cash and cash equivalents	-	-690
Cash and cash equivalents at 1 January	-	690
Cash and cash equivalents at 31 December	-	-

Accounting policies of parent company's financial statements

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

Measurement and recognition principles and methods

Holdings in group companies

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

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

1.5 Financial income and expenses

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

1.6 Appropriations

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

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

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

2.2 Investments**Holdings in group companies**

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

Parent company ownerships:

Holdings in group companies	2021	2020
Terveystalo Healthcare Holding Oy	100 %	100 %

2.3 Receivables from group companies

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

2.4 Changes in equity**Restricted equity****Share capital**

EUR	2021	2020
At the beginning of the period	80,000	80,000
At the end of the period	80,000	80,000
Total restricted equity	80,000	80,000

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

EUR	2021	2020
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

EUR	2021	2020
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
Total unrestricted equity	542,569,963	543,114,694
Total equity	542,649,963	543,194,694

Distributable equity

EUR	2021	2020
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
Total	542,569,963	543,114,694

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****Valuation of Goodwill and acquisition related Intangible Assets
(Accounting Principles for the Consolidated Financial Statements and the Notes 3, 15 and 16)**

- 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.
 - Goodwill is tested for impairment at least annually. An impairment is recognised when the recoverable amount is less than the carrying value of the asset.
 - Terveystalo determines recoverable amounts for impairment tests based on value in use. Preparation of cash flow projections underlying impairment tests requires management judgments for profitability, long-term growth rate and discount rate.
 - The acquisition-related recognised assets for customer relationships and trademark and at the year-end 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€.
 - These assets have finite useful lives and are amortised on a straight-line basis over their expected useful lives.
 - Given the high level of management judgment related to the forecasts used and the significant carrying amounts involved, valuation of goodwill and intangible assets is considered a key audit matter.
- We assessed the key assumptions used in the impairment tests, such as profitability, discount rate and long-term growth rate. To analyse the forecasts, we applied professional judgement in testing the key assumptions and assessing the resulting effects on the sensitivity analysis.
 - We involved KPMG valuation specialists when assessing the appropriateness of the assumptions used and the technical accuracy of the calculations. This included a comparison to external market and industry forecasts.
 - In respect of the acquisition-related intangible assets we evaluated the recognition and recoverability of these assets by assessing the related calculations and the underlying assumptions.
 - In addition, we considered the appropriateness of the disclosures in respect of goodwill, impairment testing and acquisition related intangible assets.

The key audit matter**How the matter was addressed in the audit****Revenue Recognition
(Accounting Principles for the Consolidated Financial Statements and the Note 4)**

- 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.
 - Given the variety and large number of sales transactions, revenue recognition is considered a key audit matter.
- As part of our audit procedures, we evaluated the sales-related internal control environment, as well as tested the effectiveness of the key controls. We also performed substantive audit procedures, using e.g. data-analytics.
 - We tested the effectiveness of the processes to 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.
 - We evaluated the IT systems relevant for revenue recognition.
 - We tested controls over cash transactions such as reconciliation routines.
 - We considered the appropriateness of the disclosures presented for revenue in the consolidated financial statements.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Other Reporting Requirements

Information on our audit engagement

We have acted as auditors appointed by the Annual General Meeting uninterrupted for 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. 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.

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Exchange

+358 (0)30 63 311

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

Terveystalo group services and management

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