Pihlajalinna Q3/2024

CEO Tuomas Hyyryläinen
7 November 2024

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Q3/2024: Solid development in organic growth and profitability

Comparable organic revenue growth
8.9 %

Revenue
164.0 Me
(165.6)

In Private Healthcare Services
14.0 %

Adj. EBITA
13.5 Me
(9.6)

Adj. EBITA-margin
8.2 %
(5.8)

Operating cashflow
9.0 Me
(6.6)

EPS
0.26 e
(0.13)

Private clinics
NPS 86
(80)

Private Healthcare Services
eNPS 20
(4)

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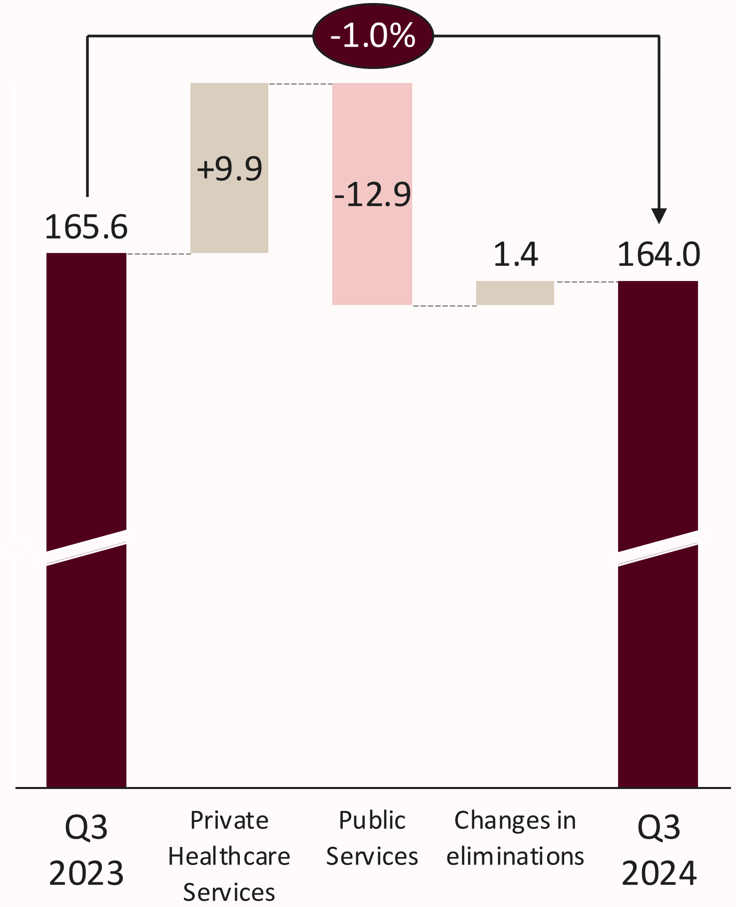
Q3: Revenue at previous year's level, comparable organic revenue growth* continued strong

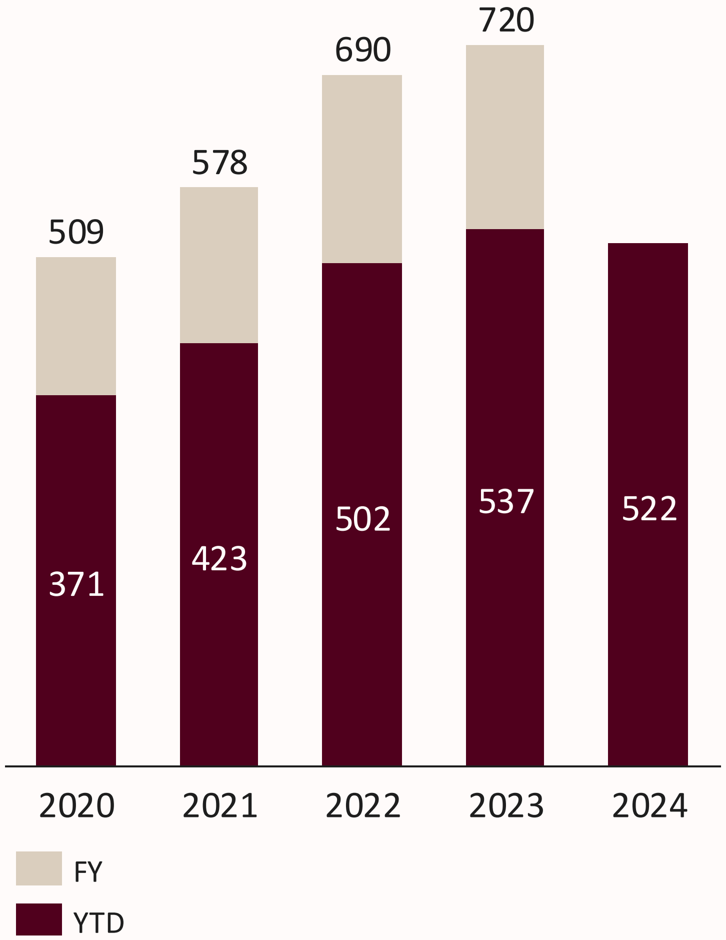
Revenue change Q3

MEUR



Revenue development

MEUR



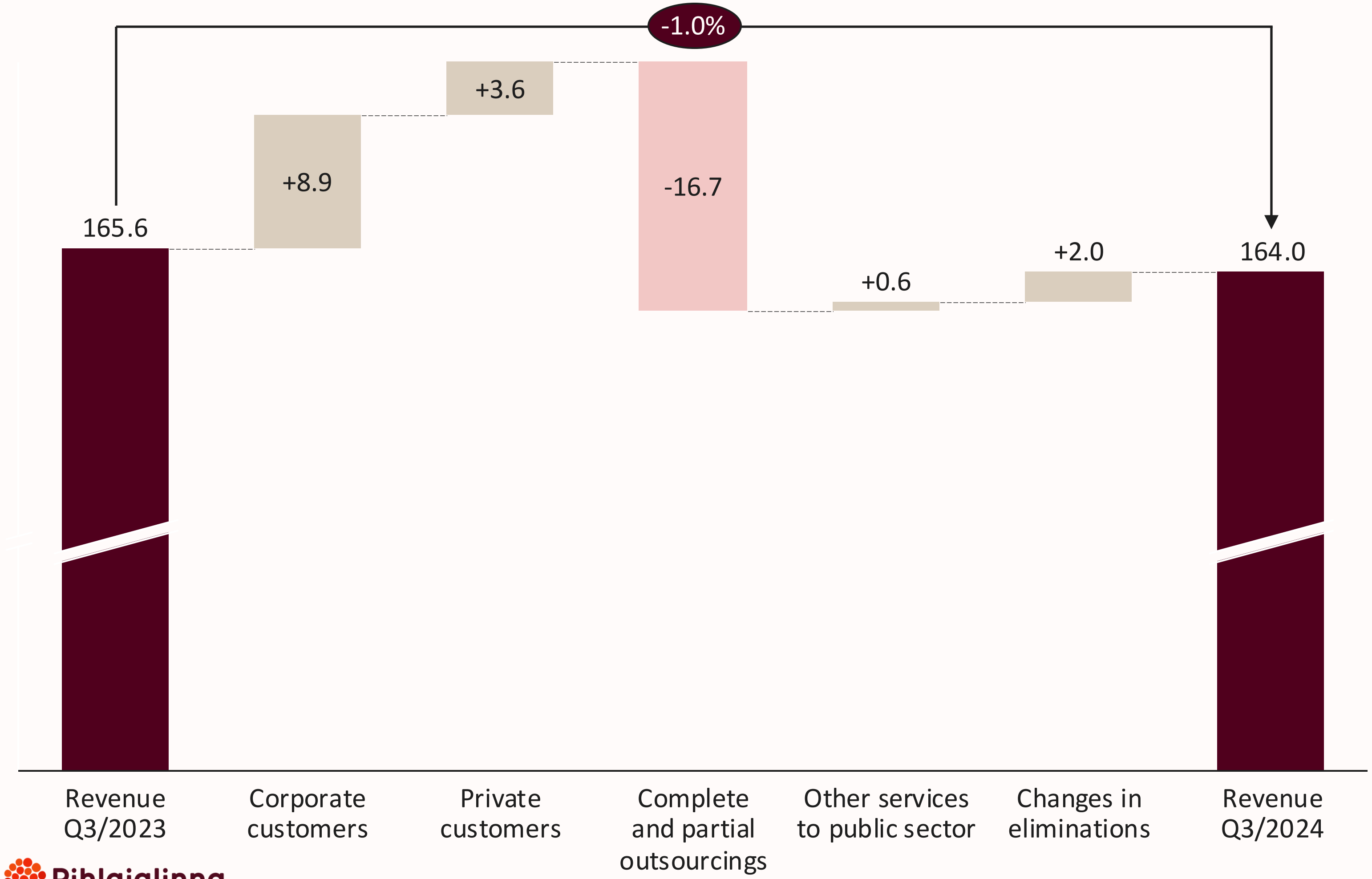
- Comparable organic revenue growth* was 8.9 % (MEUR +13.3)
- Comparable organic growth in Private Healthcare Services 14.0 %
- Good development in securing and directing the supply, particularly in July
- Successful growth in all customer groups of Private Healthcare Services
- Contract changes in Public Services and the gradual transfer of the services agreement of Jämsän Terveys decreased revenue by MEUR 14.8 as expected

*The following items have been excluded from the comparison period revenue: the divestment of dental care services, the transfer of cost liability for demanding specialised care, the gradual transfer of Jämsän Terveys Oy's service agreement, other changes to outsourcing agreements, COVID-19 services and transfers between segments.

Q3: Strong quarter in occupational healthcare services, outsourcing operations decreased as expected

Revenue by customer group Q3/2024

MEUR



CORPORATE CUSTOMERS, 38 % OF TOTAL REVENUE (32 %*)

- Revenue MEUR 67.6 (+15.2 %)
- Sales to insurance company customers increased by +14.0 %
- Strong sales in occupational healthcare services, a total of 290,000 customers
- The appointment volumes of private clinics increased

PRIVATE CUSTOMERS, 14 % (13 %*)

- Revenue MEUR 26.9 (+15.2 %)
- Sales transitioning to corporate customers by better steering of the insurance customers

PUBLIC SECTOR, 48 % (55 %*), FROM WHICH COMPLETE AND PARTIAL OUTSOURCINGS, 29 % (37 %*)

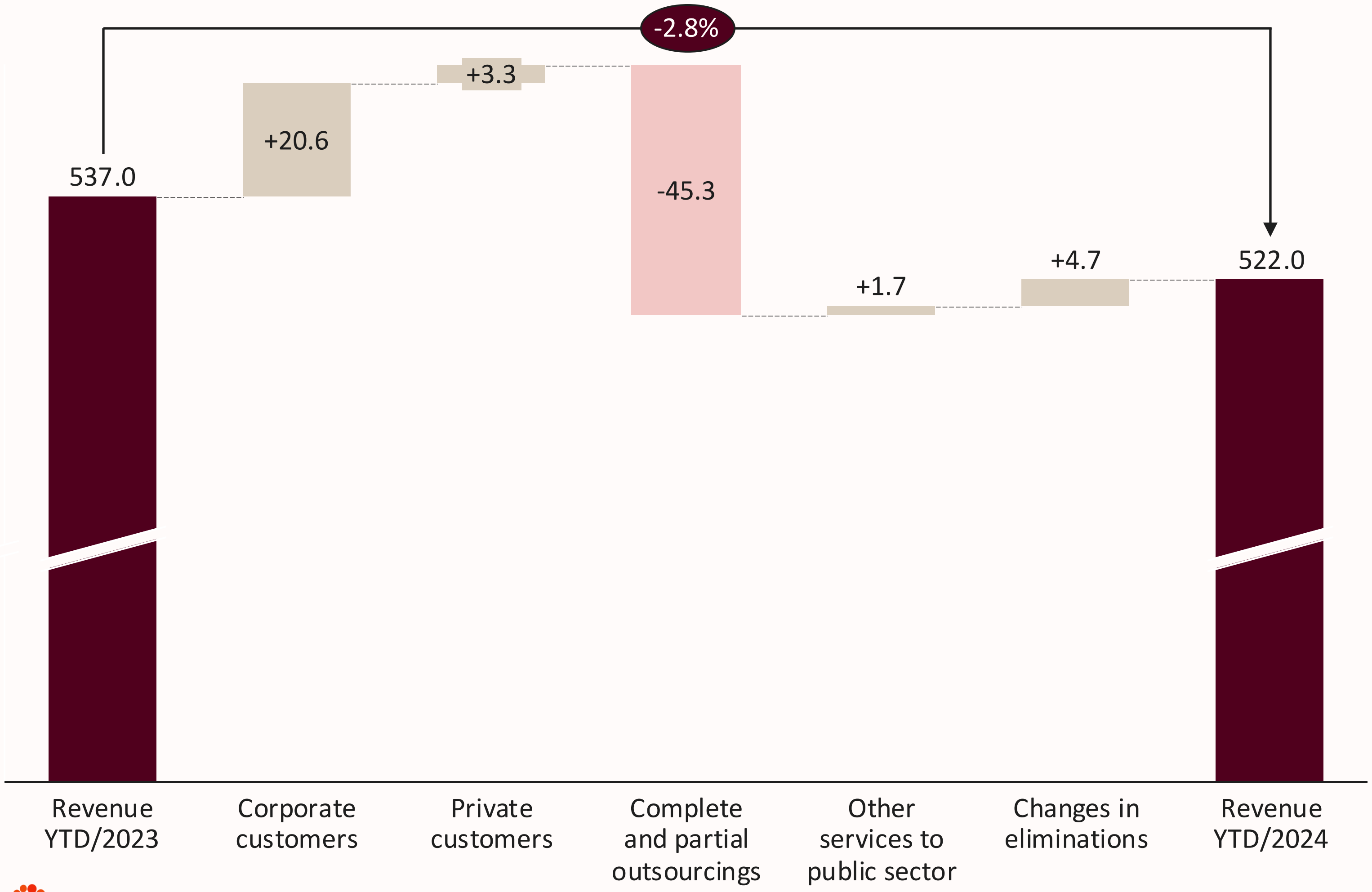
- Revenue in outsourcing operations decreased as expected 16.1 %, MEUR 85.0
- Share of complete and partial outsourcings MEUR 51.5 MEUR (-16.7 %)
- Anticipated changes in outsourcing contracts decreased revenue MEUR 14.8

* Q3/2023

Q1–Q3: Private Healthcare Services is growing across all customer groups, Public Services revenue is developing well, except in outsourcing operations

Revenue by customer group YTD/2024

MEUR



CORPORATE CUSTOMERS 38 % OF TOTAL REVENUE (33 %*)

- Revenue MEUR 215.8 (+10.5 %)
- Sales to insurance company customers increased by MEUR 11.7 (+11.7 %)
- Sales in occupational healthcare services increased

PRIVATE CUSTOMERS, 14 % (13 %*)

- Revenue MEUR 81.5 (+4.2 %)
- The divestment of dental care services decreased revenue by MEUR -4.1
- Steering of the insurance customers resulted in sales transitioning to corporate customers

PUBLIC SECTOR, 48 % (54 %*), FROM WHICH COMPLETE AND PARTIAL OUTSOURCINGS, 30 % (36 %*)

- Revenue MEUR 276.4 (-13.6 %)
- Share of complete and partial outsourcings MEUR 169.6 (-21.1 %)
- Anticipated changes in outsourcing contracts decreased revenue MEUR 47.1

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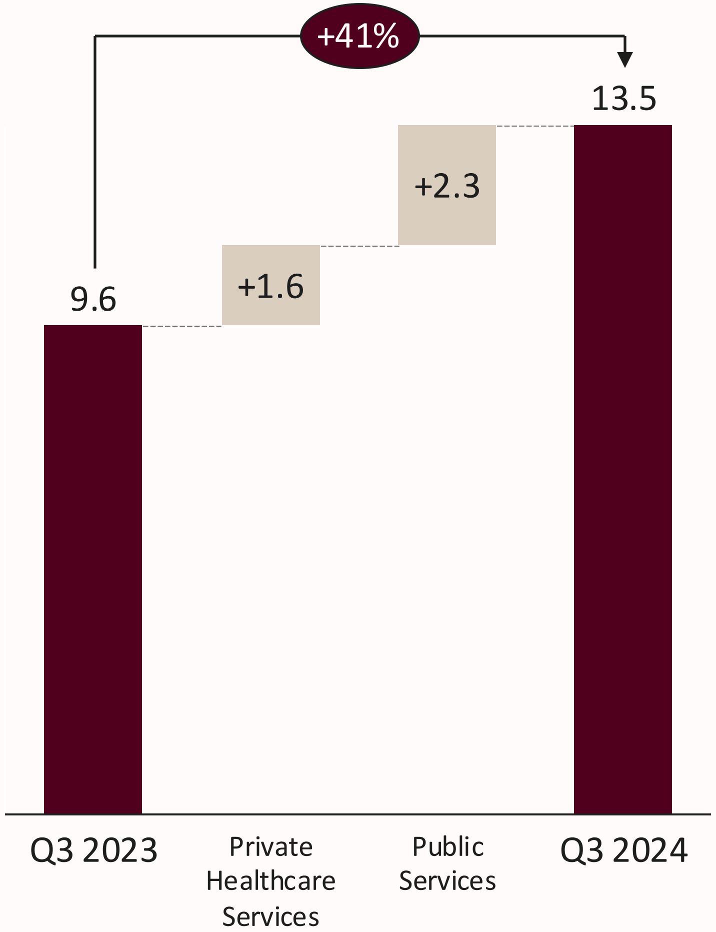
* YTD 2023

Q3: Profitability improved as expected, the profitability of Private Healthcare Services developed well despite the investment in operational efficiency and growth

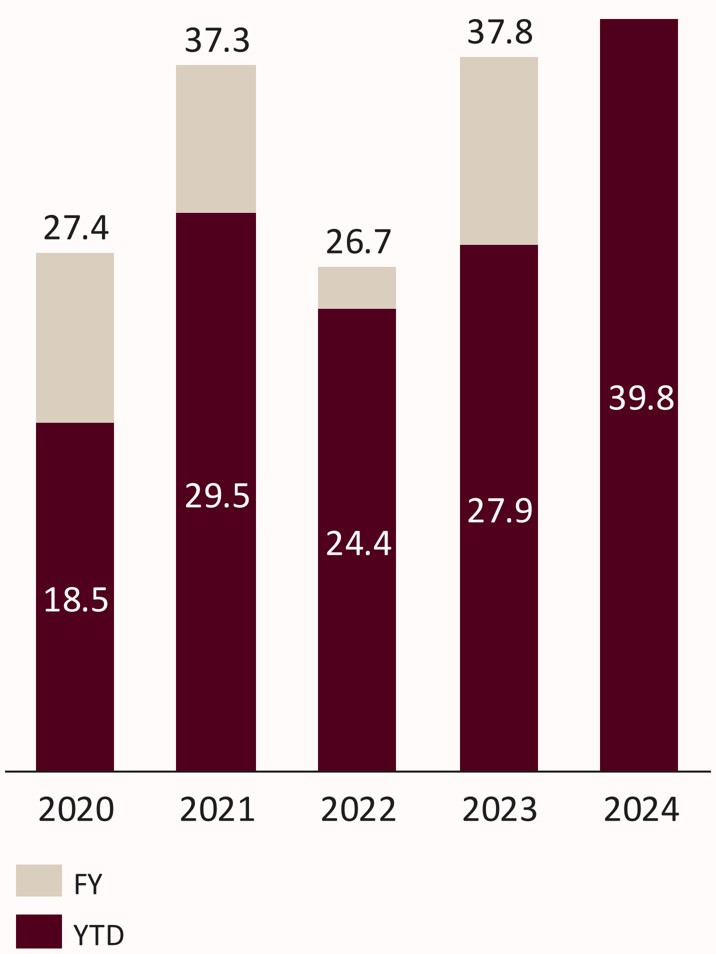
Adjusted EBITA change Q3

MEUR



Adjusted EBITA development

MEUR

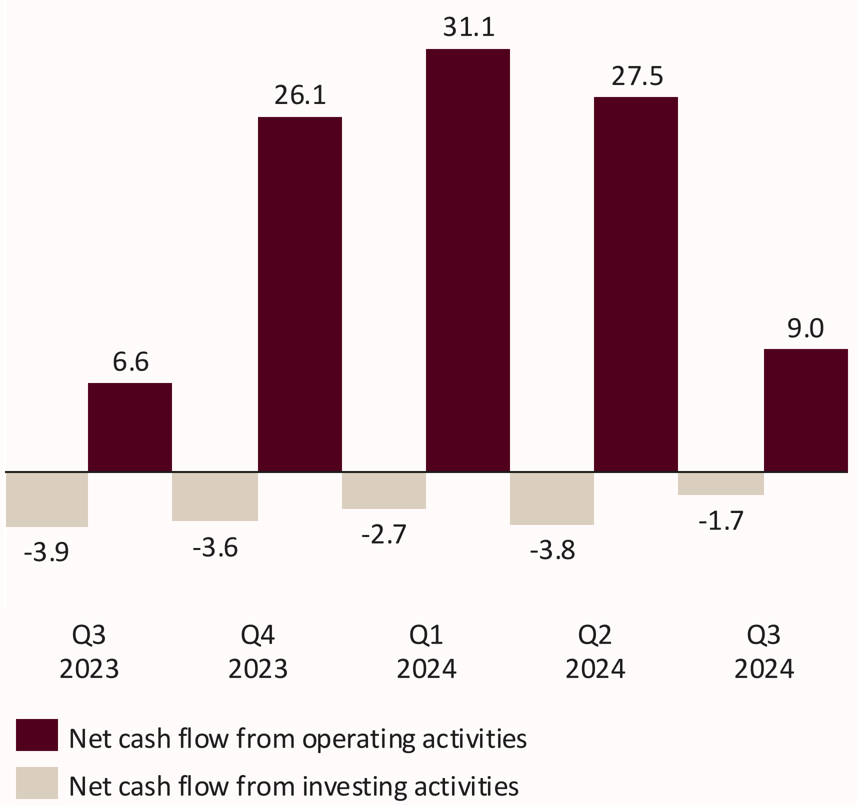


- The positive development in profitability continued MEUR 13.5, +41.0 %
- Adj. EBITA margin was 8.2 (5.8) %
- Adj. EBITA of Private Healthcare Services was MEUR 7.3, +27.8 %
- Profitability was improved in particular by focusing on commercial measures for occupational healthcare, investing in customer work and service processes, and general success in increasing supply
- Adj. EBITA of Public Services was MEUR 6.2, +59.0 %
- Profitability was improved by efficiency improvement measures and contract changes in complete outsourcing

Interest-bearing net debt decreases towards target level according to plan

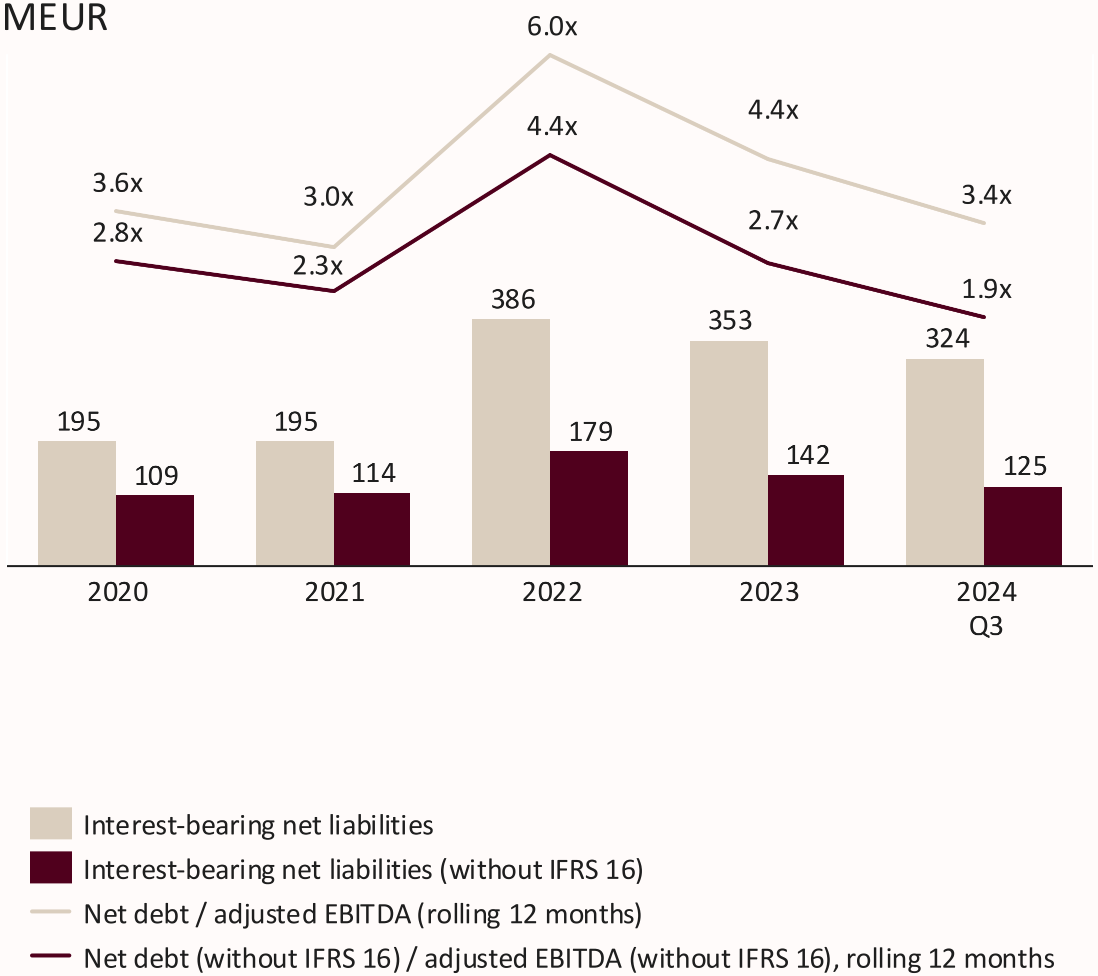
Cash flow from operating activities and investments

MEUR



Interest-bearing net debt

MEUR



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The operating environment in healthcare industry

- Over 166,000 patients are waiting for access to non-urgent specialised care in the wellbeing services counties. 18 % of patients have waited for over 6 months. This is the highest figure on record in the statistics published by the Finnish Institute for Health and Welfare, which date back to year 2007.
- Valvira has ordered 14 wellbeing services counties and the Helsinki and Uusimaa Hospital District (HUS) to bring access to non-urgent specialised healthcare in line with the law by 31 March 2025, at the latest.
- The wellbeing services counties adjust their operations to cover the deficit by the end of 2026.
- Kela reimbursements for healthcare will be reformed in 2025. Reimbursements will be targeted more strongly than before to those doctor's appointments which are difficult to access in the public sector. Also, a freedom-of-choice trial for people aged 65 or over will be launched.
- Reform of the Health Care Act was adjusted: the use of a private service provider for day surgery and short-stay surgery, such as joint replacement surgeries, will still be possible in the future when the care guarantee is at risk of not being realised.
- Wages in the private healthcare sector were subject to a general increase of 2.4 per cent in September, and pay scales were increased by 0.51 per cent. Employees will be paid a one-off compensation of EUR 500 in December 2024.

The Wellbeing Services Counties outlines the service networks and operating models

- The Wellbeing Services Counties are looking for ways to balance their economy.

- The Wellbeing Services County of Pirkanmaa (Pirha) has announced that it will terminate the service contract of Kolmostien Terveys at the end of 2025.

- Kolmostien Terveys operates in the area of North Pirkanmaa, where Pirha is planning to harmonise service.

- Mäntänvuoren Terveys, the joint company of Pihlajalinna and Pirha, has a services contract which is valid until 2031.

- The potential tender process will reopen opportunities for broader service model collaboration with Wellbeing Services Counties.

Pihlajalinna’s Jokilaakso Hospital first at quality statistics by the Finnish Institute of Health and Welfare

- According to national comparison by the Finnish Institute of Health and Welfare, knee replacement surgery performed in Jokilaakso requires the fewest early reoperations. The number of hip reoperations is also lower than the average level. The statistic describes the differences in the treatment process and the quality of treatment.

- In Jokilaakso, 5–6 joint replacement surgeries are performed by one orthopedist in one day. In public hospitals, the corresponding number is about half as low.

- At Jokilaakso Hospital, more than 800 joint replacement surgeries are performed per year.

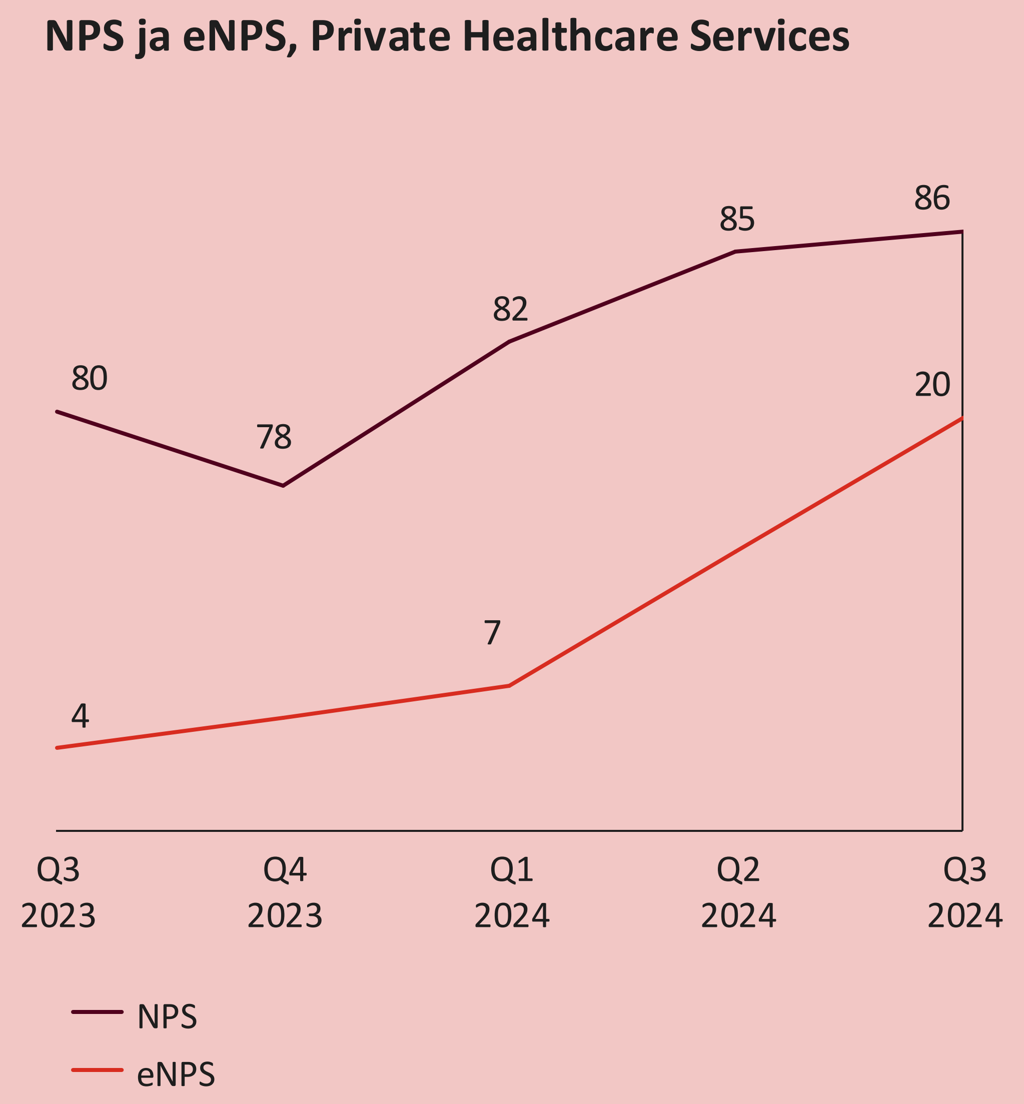
- The NPS in surgical operations is 95.

- At the end of August, more than 13,500 patients queued for joint replacement surgery in Finland, of which approximately 66% had been waiting for the operation for more than 3 months and more than a third for more than 6 months.

- Private hospitals operates approximately 10% of all first operations on joint replacements.

Customer and employee satisfaction continued to strengthen

- The customer satisfaction was strong in all customer areas of Private Healthcare Services: private clinics, hospitals and remote services. The NPS in surgical operations was 96.
- Despite the changes, the customer satisfaction of Public Services was at previous year's level, 76 (77)
- Employee wellbeing is taken into account as an integrated part of business development
- The Group's employee satisfaction, eNPS, rose to 9, despite the efficiency improvement measures of Public Services
- eNPS of Private Healthcare Services was 20



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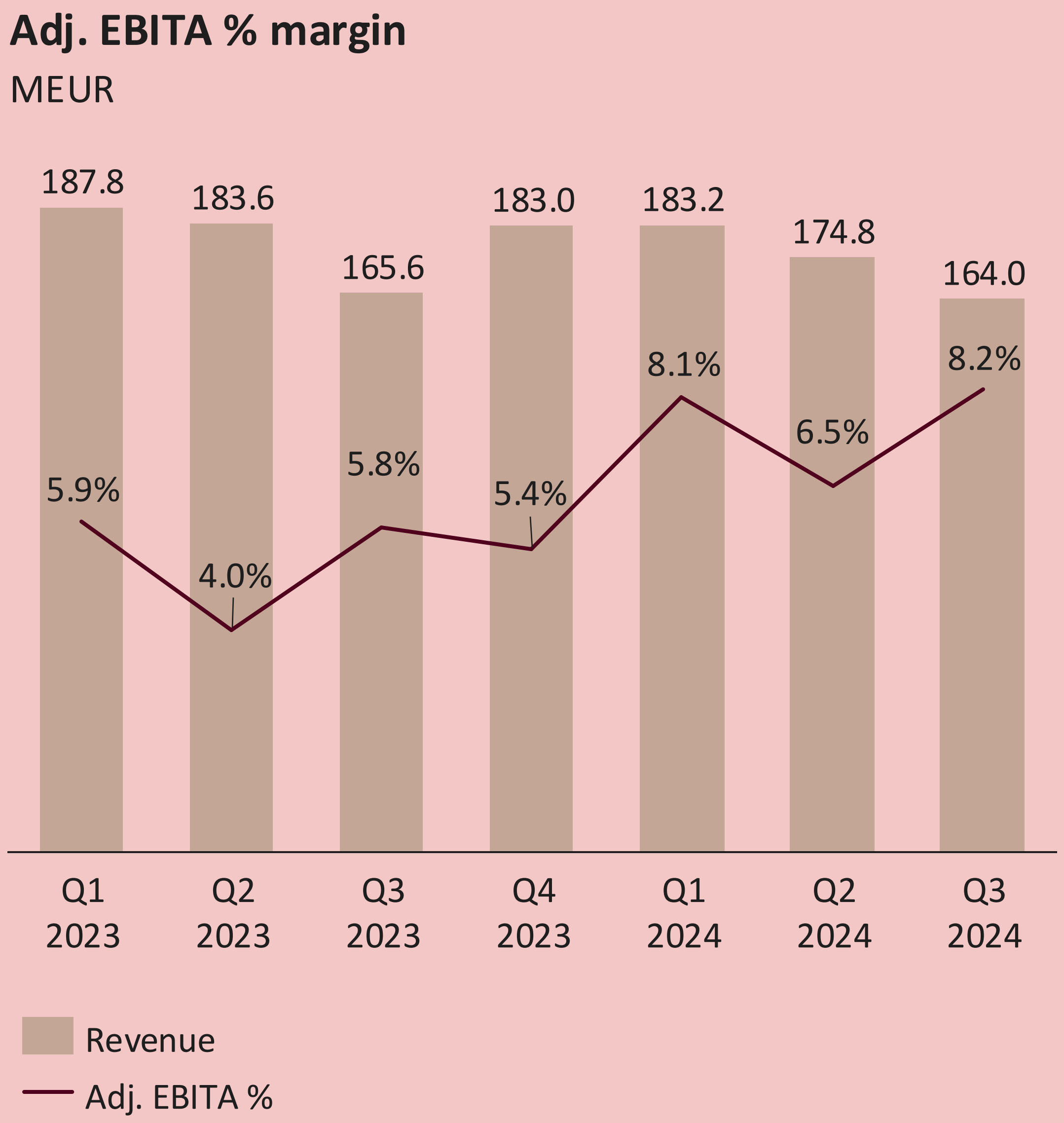
Determined measures to improve profitability continued

- Commercial measures and changes in pricing
- Outsourcing contract changes and adaptation programs
- Development of service processes in customer work and invoicing
- Management of contracts in occupational healthcare to strengthen more impactful customer work
- Economies of scale in procurement
- Management of customer relationship and conversion in care paths



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Pihlajalinna’s outlook for 2024
Changed 30 October 2024

In 2024, Pihlajalinna will focus on organic growth and improving its profitability and financial position.

- The Group expects the consolidated revenue to decrease from the previous year’s level (EUR 720.0 million in 2023) due to the cost liability for demanding specialised care being transferred to the well-being services county of South Ostrobothnia on 1 January 2024.
- The Group expects the adjusted operating profit before the amortisation and impairment of intangible assets (EBITA) to increase to EUR 53–56 million (EUR 37.8 million in 2023).

The Group expects the demand to remain steady.

Slowed economic growth and weakened consumer confidence may affect Pihlajalinna’s service demand and financial result.

Summary Q3: Solid development in organic growth and profitability

- Solid comparable organic revenue growth* 8.9, in Private Healthcare Services 14.0 %
- Profitability and financial position strengthened, Adj. EBITA MEUR 13.5, +41 %
- Determined measures towards strengthening the profitability are progressing as planned, Private Healthcare Services are gradually strengthening
- Both employee and customer satisfaction develop steadily

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Q&A

Thank you!

Upcoming events:

- Financial Statements Release 2024
  Wednesday, 12 February 2025

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