Pihlajalinna Q1/2024

CEO Tuomas Hyyryläinen

3 May 2024

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Q1/2024: Profitability continued to improve, operating cash flow was strong

New reporting segments: Private healthcare services and Public services

Comparable organic revenue growth
7.9 %

Adj. EBITA
14.9 Me
(11.0)

Operating cash flow
31.1 Me
(18.9)

Private clinics
NPS 81
(78)

Revenue
183.2 Me
(187.8)

Adj. EBITA margin
8.1 %
(5.9)

Practitioners
2 110
(2 072)

The sickness-related absence
5.3 %
(6.2)

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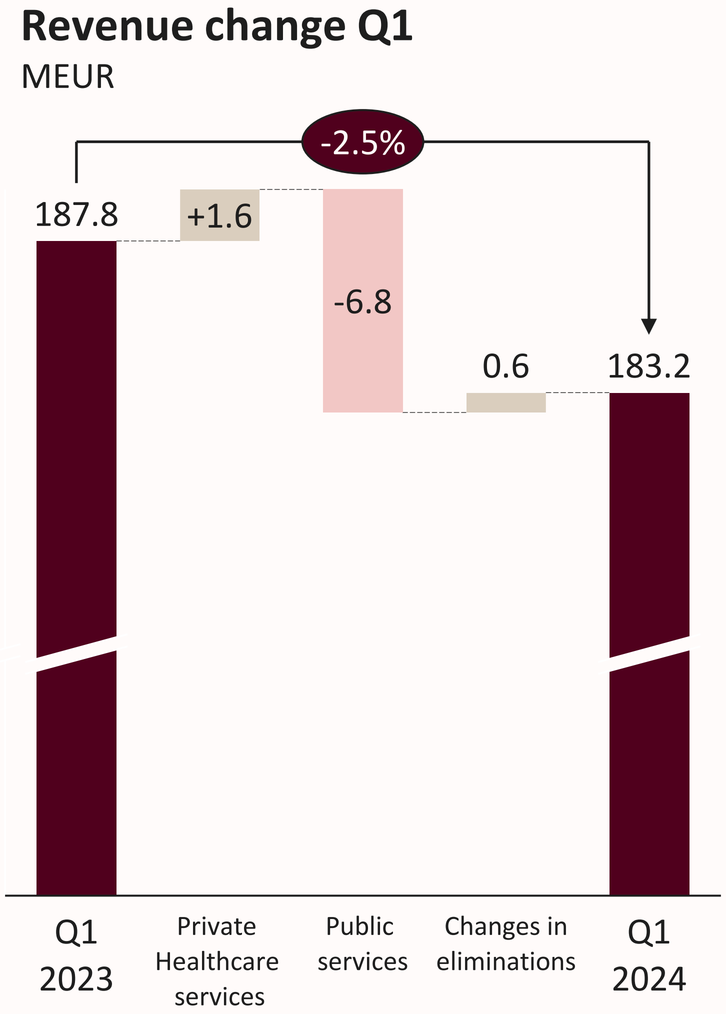
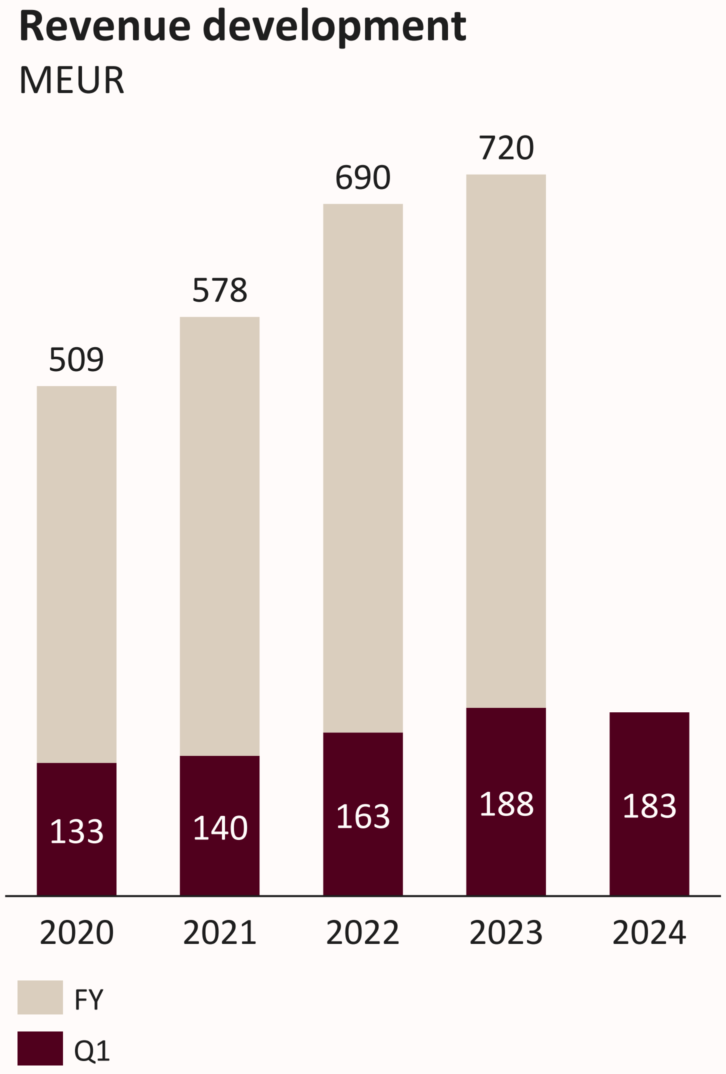
Comparable organic revenue growth* remained strong



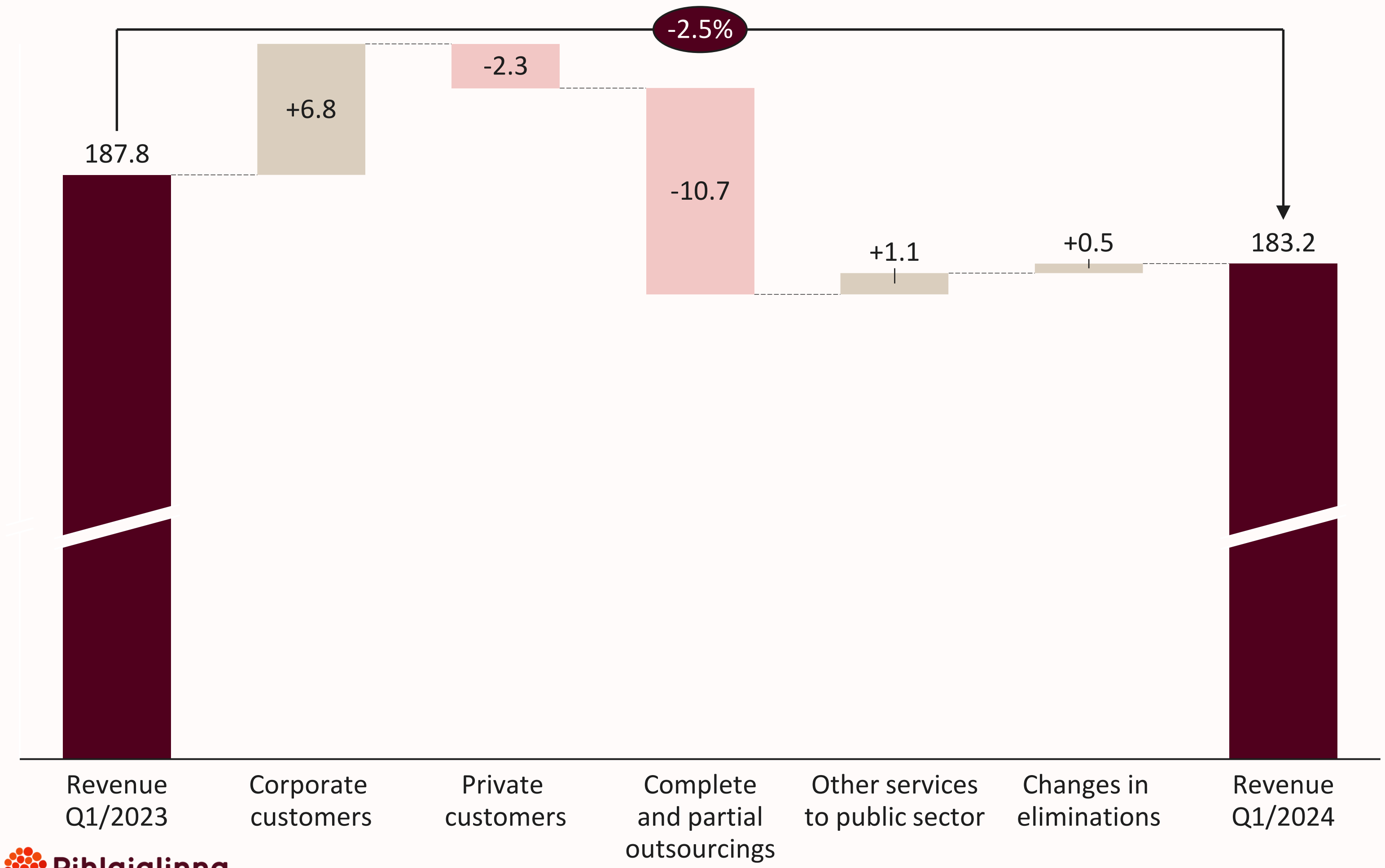


- Comparable organic revenue growth* 7.9% (MEUR 13.4)
- Cooperation with insurance companies continued to strengthen +10.8%
- The termination of cost liability for demanding specialised care and the gradual transfer of the services agreement of Jämsän Terveys decreased revenue by MEUR 12.9
- The divestment of dental care services decreased revenue by MEUR 4.8

*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 termination of Jämsän Terveys' service agreement, and COVID-19 services.

Insurance company sales continued to grow, the termination of cost liability of specialised care decreased revenue as expected

Revenue by customer groups Q1/2024
MEUR



CORPORATE CUSTOMERS, 38 % OF TOTAL REVENUE
- Revenue MEUR 76.6 (+9.8 %)
- Sales to insurance company customers increased by MEUR 4.0 (+10.8%)

PRIVATE CUSTOMERS, 13 %
- Revenue MEUR 26.5 (-8.0 %)
- 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, 49 %, FROM WHICH COMPLETE AND PARTIAL OUTSOURCINGS, 31 %
- Revenue MEUR 99.3 (-8,8 %)
- Share of complete and partial outsourcings MEUR 61.9 (-14.9 %)
- Growth in remote medical services and in staffing services
- The termination of cost liability for demanding specialised care in the wellbeing services counties of South Ostrobothnia and Central Finland and the Jämsä Terveys' gradual transfer of services to the wellbeing services county decreased revenue by MEUR -12.9.

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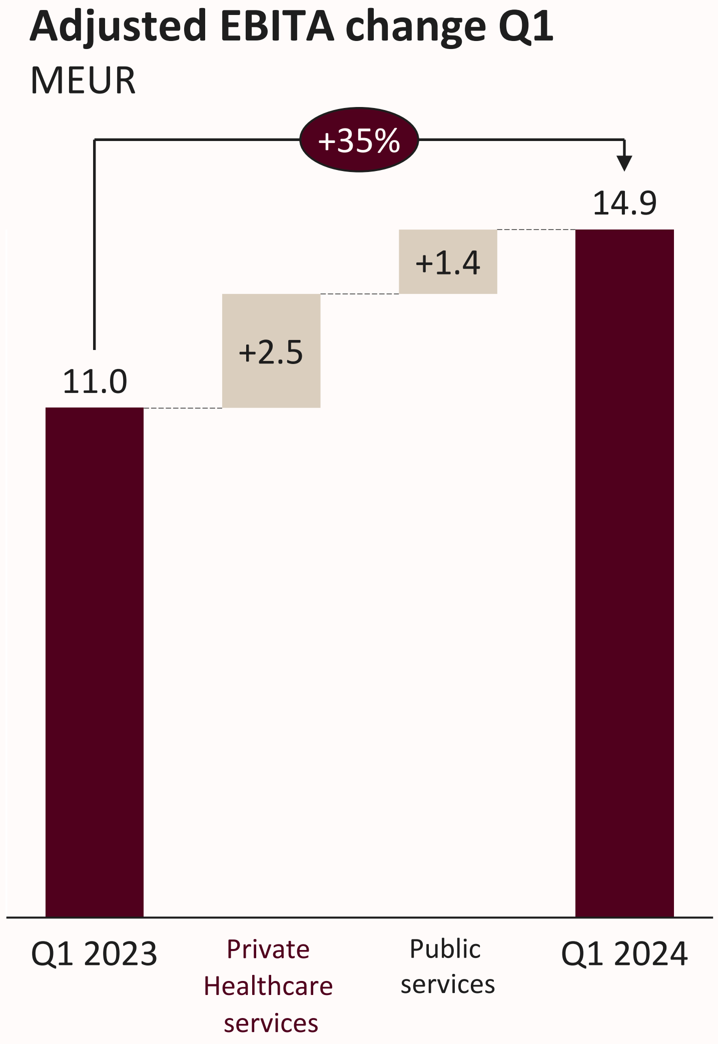
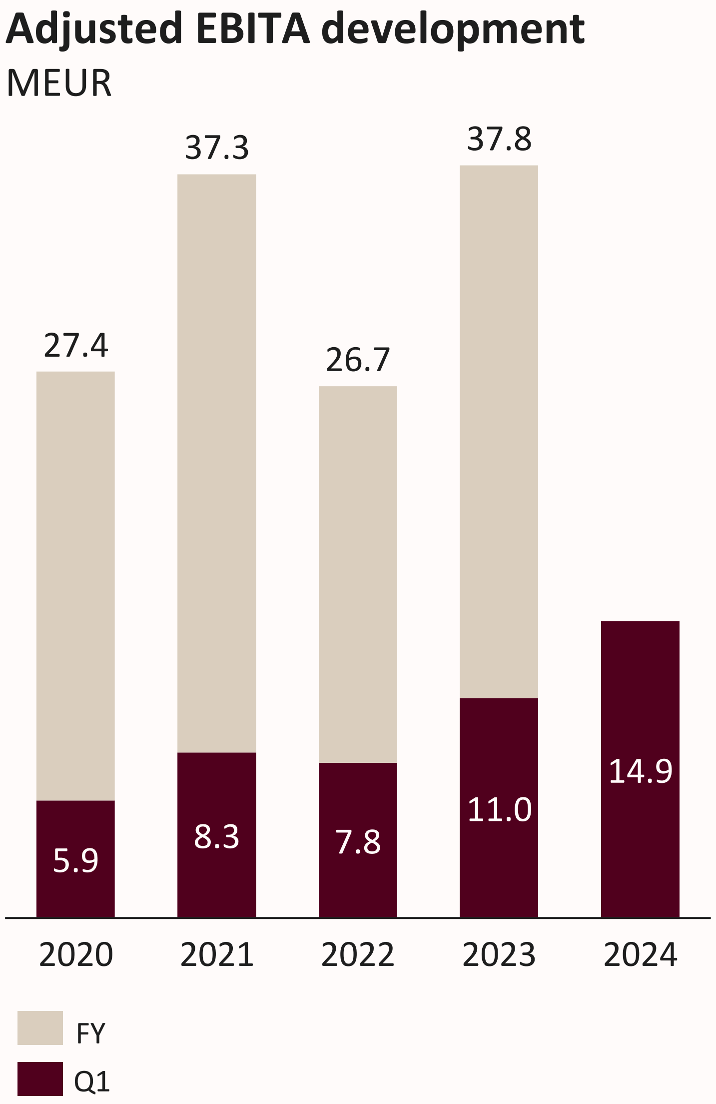
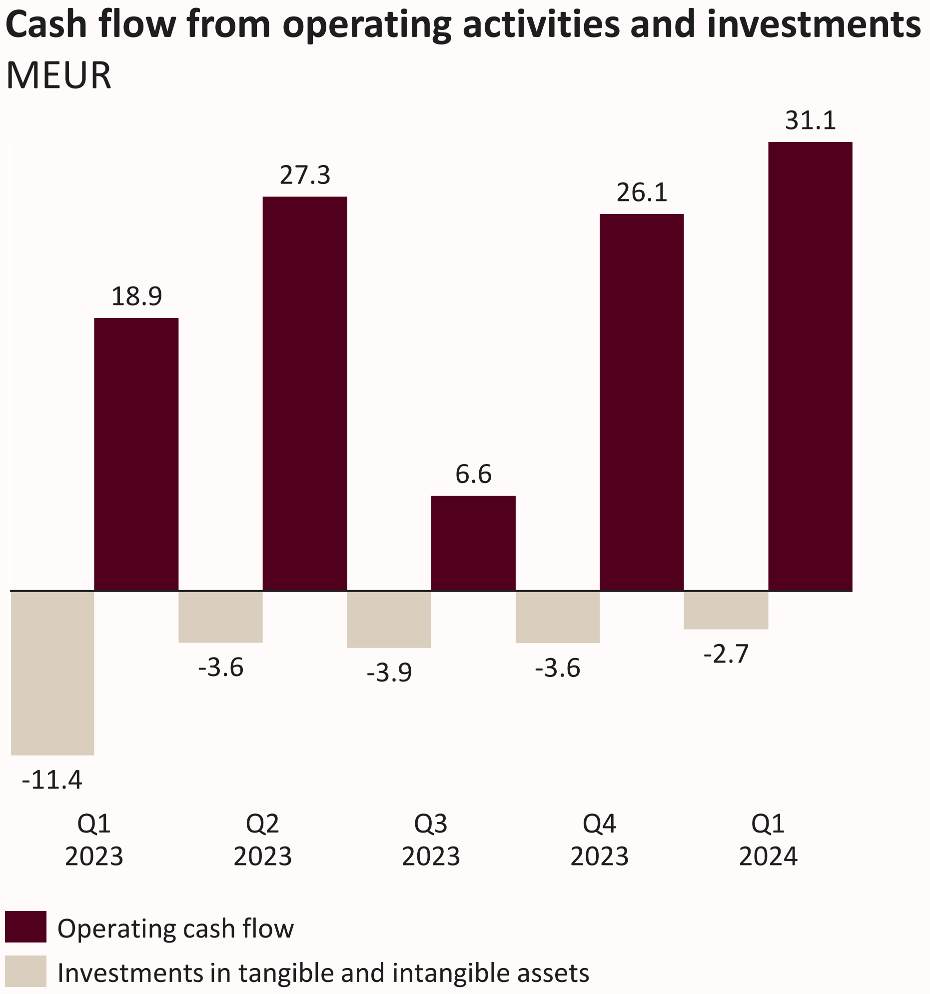
Determined measures improved the profitability

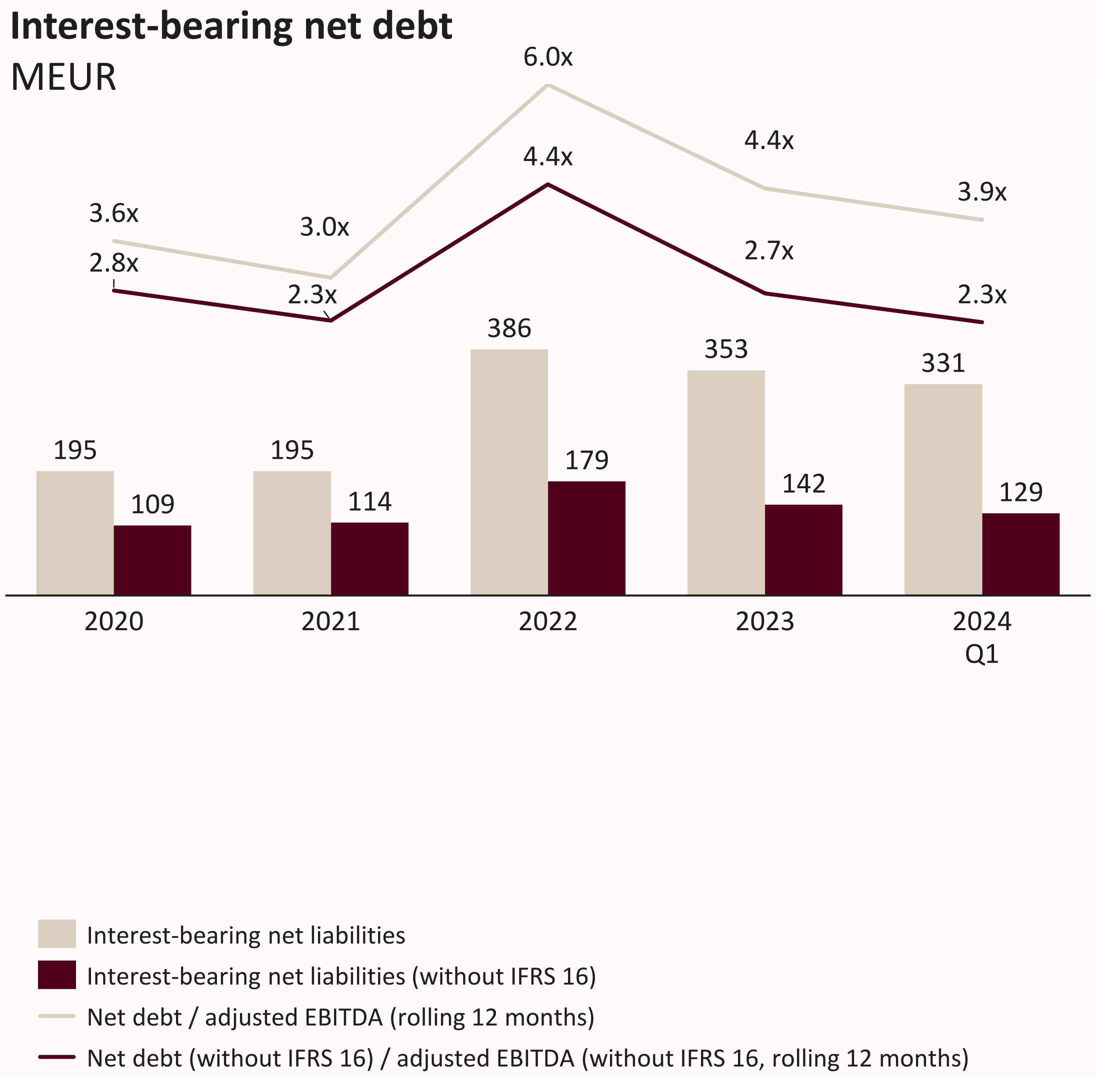




- Profitability continued to improve in Q1, MEUR 14.9 (+35 %)
- Adj. EBITA margin 8.1 (5,9) %
- The profitability of Private Healthcare Services was strengthened by successful commercial measures and focusing on service processes and streamlining internal operating models
- Public Service’s profitability improved by efficiency improvement measures and contract changes in complete outsourcings

Operating cash flow was strong, financial position improving as planned





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The Finnish government's decisions strengthen the operating opportunities and cooperation between public and private healthcare and social services

- The KELA reimbursement for private medical appointments increased by an average of 8e to 30e as of 1 Jan 2024. Overall, 500 mil. euros has been allocated for KELA reimbursements for private healthcare from 2024 to 2027.

- In the framework session certain services were excluded from the sphere of public healthcare , such as the medical certificates required for renewing a driving licence.

The cost pressures affecting the industry

- The collective agreement for the private healthcare service sector (TPTES) will expire at the end of April. The negotiations are not expected to be easy and the outcome will increase costs.

- The general value-added tax rate increases from 24% to 25.5%.

- The reduction in appropriations for vocational adult education may lead to a decrease in the number of professionals making a career change.

Changing outsourcing services

- The cost liability for demanding specialised care was transferred to the wellbeing services county of South Ostrobothnia retroactively as of 1 January 2024. This decreases Pihlajalinna's annual revenue by MEUR 30

- The controlled gradual transfer of services produced by Jämsän Terveys to the well-being services county of Central Finland has started. Production of healthcare services will continue until the end of the contract period 8/25. This change along with the termination of cost liability for demanding specialised care decreases revenue by MEUR 31 in the year 2024

- The outsourcing operations are adapted to the needs of the well-being services counties

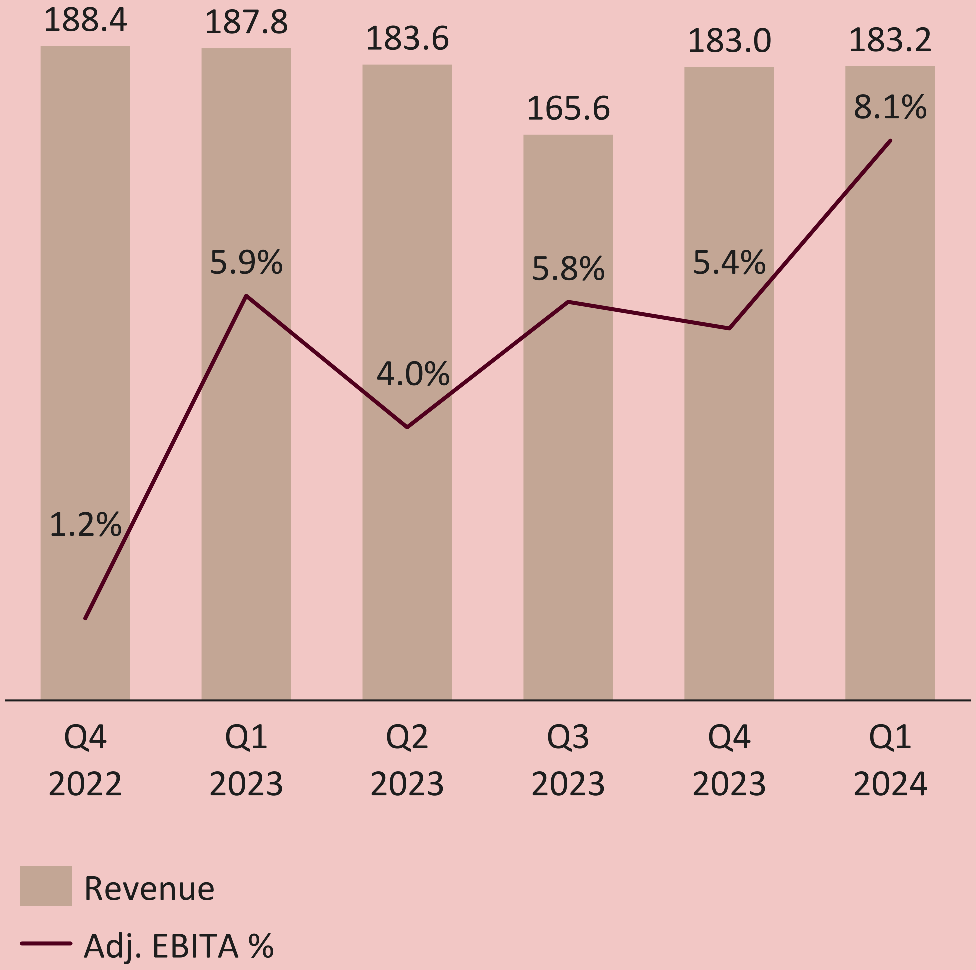
- Pihlajalinna's revenue will decrease but the profitability and outsourcings predictability will increase

Determined measures to improve profitability continues

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

Adj. EBITA % margin

MEUR



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Pihlajalinna’s outlook for 2024, specified

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 amortization and impairment of intangible assets (EBITA) to improve from the previous year’s level (EUR 37.8 million in 2023).

- The Group continues measures to strengthen its financial position. Efficiency measures are expected to improve Pihlajalinna’s profitability.

Slowed economic growth and weakened consumer confidence may affect Pihlajalinna’s service demand and financial result more than expected. Price increases are expected to compensate the effects of cost inflation.

Summary: The year 2024 has begun according to plan

- Good organic comparable* revenue growth 7.9%
- The profitability and financial position strenghtened, adj. EBITA MEUR 14.9 (+35%)
- New reporting segments:
  Private Healthcare Services and Public Services
- Both employee satisfaction and customer satisfaction increased

*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 termination of Jämsän Terveys' service agreement, and COVID-19 services.

Q&A

KOKO SUOMEN LÄÄKÄRIKESKUS

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Thank you!

Upcoming events:

- Half-year Interim Report January–June: Friday, 9 August 2024
- Interim Report January-September: Thursday, 7 November 2024

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