



Half Year Financial Report

1 January–30 June 2024



Profitability and customer satisfaction continued to improve

This half year report release is unaudited. The comparison figures in brackets refer to the corresponding period in the previous year.

A brief look at April–June:

- Revenue amounted to EUR 174.8 (183.6) million – a decrease of EUR -8.8 million, or -4.8 per cent.
- Comparable organic revenue growth¹⁾ was EUR 10.7 million, or 6.5 per cent.
- In the Private Healthcare Services segment, revenue amounted to EUR 112.3 (105.9) million. Comparable organic revenue growth¹⁾ was 9.5 per cent.
- In the Public Services segment, revenue amounted to EUR 66.1 (81.9) million. The termination of cost liability for demanding specialised care, the gradual transfer of the services agreement of Jämsän Terveys and other changes to outsourcing agreements decreased revenue by EUR 19.3 million. Comparable organic revenue growth¹⁾ was 0.5 per cent.
- Adjusted EBITDA²⁾ was EUR 22.7 (18.0) million, an increase of 26.2 per cent.
- Adjusted EBITA²⁾ before the amortisation and impairment of intangible assets was EUR 11.4 (7.3) million, an increase of 56.7 per cent.
- Net cash flow from operating activities amounted to EUR 27.5 (27.3) million.
- Earnings per share (EPS) was EUR 0.19 (0.07).
- Sickness-related absence rate decreased to 4.6 (5.4) per cent.
- Customer satisfaction improved. NPS for Private Healthcare Services was 85.3 (78.2) and NPS for Public Services was 78.8 (73.5).
- Profit guidance for 2024 was upgraded on 17 July. The full year adjusted EBITA is expected to exceed EUR 48 million (EUR 37.8 million in 2023).

A brief look at January–June:

- Revenue amounted to EUR 358.0 (371.4) million – a decrease of EUR -13.4 million, or -3.6 per cent.
- Comparable organic revenue growth¹⁾ was EUR 24.1 million, or 7.2 per cent.
- In the Private Healthcare Services segment, revenue amounted to EUR 226.9 (218.5) million. Comparable organic revenue growth¹⁾ was 9.3 per cent.
- In the Public Services segment, revenue amounted to EUR 138.8 (161.7) million. The termination of cost liability for demanding specialised care, the gradual transfer of the services agreement of Jämsän Terveys and other changes to outsourcing agreements decreased revenue by EUR 32.3 million. Comparable organic revenue growth¹⁾ was 2.8 per cent.
- Adjusted EBITDA²⁾ was EUR 48.6 (39.4) million, an increase of 23.5 per cent.
- Adjusted EBITA²⁾ before the amortisation and impairment of intangible assets was EUR 26.3 (18.3) million – an increase of 43.6 per cent.
- Net cash flow from operating activities amounted to EUR 58.7 (46.3) million.
- Earnings per share (EPS) was EUR 0.49 (0.31).
- Sickness-related absence rate decreased to 4.9 (5.8) per cent.
- Customer satisfaction improved. NPS for Private Healthcare Services was 83.6 (77.9) and NPS for Public Services was 78.3 (72.1).

1) 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, other changes to outsourcing agreements and COVID-19 services.

2) Alternative performance measure. In addition to the IFRS figures, Pihlajalinna presents additional, alternative performance indicators which the company monitors internally and which provide the company's 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 separately from the IFRS figures and they should not be considered to replace the IFRS figures.

Key figures

	4–6/2024 3 months	4–6/2023 3 months	change %	1–6/2024 6 months	1–6/2023 6 months	change %	2023
INCOME STATEMENT							
Revenue, EUR million	174.8	183.6	-4.8	358.0	371.4	-3.6	720.0
EBITDA, EUR million	22.7	17.7	27.8	48.3	40.8	18.6	72.5
EBITDA, %	13.0	9.7		13.5	11.0		10.1
Adjusted EBITDA, EUR million ¹⁾	22.7	18.0	26.2	48.6	39.4	23.5	80.6
Adjusted EBITDA, % ¹⁾	13.0	9.8		13.6	10.6		11.2
Adjusted operating profit before the amortisation and impairment of intangible assets (EBITA), EUR million ¹⁾	11.4	7.3	56.7	26.3	18.3	43.6	37.8
Adjusted operating profit before the amortisation and impairment of intangible assets (EBITA), % ¹⁾	6.5	4.0		7.3	4.9		5.2
Operating profit (EBIT), EUR million	9.5	4.9	93.9	22.2	15.4	44.2	20.6
Operating profit (EBIT), %	5.5	2.7		6.2	4.2		2.9
Adjusted operating profit (EBIT), EUR million ¹⁾	9.6	5.1		22.5	14.0	60.4	29.1
Adjusted operating profit (EBIT), % ¹⁾	5.5	2.8		6.3	3.8		4.0
Profit before tax (EBT), EUR million	6.7	2.4	173.9	16.9	9.9	70.7	8.2
SHARE-RELATED INFORMATION							
Earnings per share (EPS), EUR	0.19	0.07	190.1	0.49	0.31	59.7	0.19
Equity per share, EUR				6.94	6.69	3.9	6.56
OTHER KEY FIGURES							
Return on capital employed (ROCE), %				5.5	4.2	30.9	4.0
Return on equity (ROE), %				6.9	7.8	-11.4	3.4
Equity ratio, %				24.3	22.1	10.0	22.0
Gearing, %				211.0	236.4	-10.8	243.9
Interest-bearing net debt, EUR million				325.1	354.1	-8.2	352.7
Net debt/adjusted EBITDA, 12 months ¹⁾				3.6	5.0	-28.2	4.4
Gearing, excluding IFRS 16, %				75.8	95.7	-20.7	94.38
Interest-bearing net debt excluding IFRS 16, EUR million				122.1	147.9	-17.4	142.0
Net debt/adjusted EBITDA, excluding IFRS 16, 12 months ¹⁾				2.0	3.4	-40.9	2.7
Gross investments, EUR million ²⁾	16.0	14.7		23.0	36.4	-36.9	66.5
Cash flow from operating activities, EUR million	27.5	27.3	0.8	58.7	46.3	26.8	79.0
Cash flow after investments, EUR million	21.6	22.3		50.0	35.4	-41.4	60.5
Average number of personnel (FTE)				4,753	4,978	-4.5	4,923
Personnel at the end of the period (NOE)				6,721	7,479	-10.1	6,880
Practitioners at the end of the period				2,124	2,121	0.1	2,208
NPS, Private Healthcare Services	85.3	78.2		83.6	77.9	7.32	78.2
NPS, Public Services	78.8	73.5		78.3	72.1	8.60	75.5

¹⁾ Significant transactions that are not part of the normal course of business, are related to business acquisition or divestment costs (IFRS 3), are infrequently occurring events or valuation items that do not affect cash flow are treated as adjustment items affecting comparability between financial years. According to Pihlajalinna's definition, such items include, for example, restructuring measures, impairment of assets and the remeasurement of previous assets held by subsidiaries, the costs of closing businesses and business locations, gains and losses on the sale of businesses, cost arising from operational restructuring and the integration of acquired businesses, costs related to the termination of employment relationships as well as fines and corresponding compensation payments. Pihlajalinna has also presented costs according to the IFRS Interpretations Committee's Agenda Decision concerning cloud computing arrangements, and reversals of amortisation, as adjustment items. Cloud computing arrangements costs and reversals of amortisation according to the IFRS Interpretations Committee's Agenda Decision has not been presented as adjustment items since 1 Jan 2024.

EBITDA adjustments in the quarter amounted to EUR 0.0 (0.2) million and EUR 0.3 (-1.4) million in the financial year. Adjustments to operating profit in the quarter amounted to EUR 0.0 (0.2) million and EUR 0.3 (-1.4) million in the financial year.

²⁾ Assets acquired via leases are regarded as equal to assets acquired by the Group itself, meaning that right-of-use assets pursuant to IFRS 16 are included in gross investments.

Pihlajalinna's outlook for 2024, upgraded 17 July 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 amortization and impairment of intangible assets (EBITA) to exceed EUR 48 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.

Previous guidance (issued on 30 April 2024, repeated 3 May 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 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.

Tuomas Hyryläinen, CEO:

We have continued our determined efforts to strengthen organic growth and profitability. The work is progressing as planned, and the impacts of the measures have been in line with our objectives. The Group's adjusted EBITA increased to EUR 11.4 (7.3) million in the review period. Contract changes in outsourcing operations decreased Group's revenue as expected. Pihlajalinna's comparable organic revenue growth was 6.5 per cent.

The Private Healthcare Services segment revenue amounted to EUR 112.3 (105.9) million in the second quarter. The segment's comparable organic revenue growth was 9.5 per cent. Demand for services has remained stable, but as expected, seasonal fluctuations in June impacted the segment's profitability. Adjusted EBITA increased to EUR 6.2 (5.7) million. Profitability improved positively in occupational healthcare, and cooperation with insurance companies continued strong.

The Public Services segment revenue declined to EUR 66.1 (81.9) million in the second quarter due to contract changes in outsourcing operations. We continued to adapt our operations to the needs of the well-being services counties and focused on service development. The segment's adjusted EBITA increased to EUR 5.2 (1.6) million.

Pihlajalinna's financial position has strengthened as planned. In June, we signed a new unsecured EUR 170 million sustainability-linked loan facilities agreement with two our partner banks. The terms and financing costs of the new agreement are in line with our anticipation.

Our long-term work to develop leadership, employee well-being, and customer satisfaction continues. The sickness absence rate decreased to 4.9 (5.8) per cent. The customer satisfaction developed strongly. The NPS for Private Healthcare Services was 85.3 (78.2) and the NPS for Public Services was 78.8 (73.5). Customer satisfaction in our surgical operations was 95.4 (93.3).

Due to the changes in Pihlajalinna's Public Services, personnel will be transferred in an orderly manner to the employment of the wellbeing services counties. At the end of June, the number of Pihlajalinna professionals was 6,721 (7,479). The decrease is mainly due to the services of Jämsän Terveys being gradually transferred to the wellbeing services county. The number of practitioners remained stable and was 2,124 (2,121).

In 2023 started determined measures to improve the profitability of Pihlajalinna will continue with the entire organisation. We also promote the development of leadership by strengthening leadership work and performance management, as well as ensuring employee well-being. Our competent and well-being professionals ensure impactful services for our customers every day. Thank you to all Pihlajalinna professionals for your decisive work in developing our operations and for your meaningful work to ensure our customers well-being every day.

The operating environment

An agreement was reached in June in the collective agreement negotiations for the private healthcare service sector. The outcome of the negotiations is that wages in the private healthcare service sector will be subject to a general increase of 2.4 per cent in September and pay scales will be increased by 0.51 per cent. Employees will be paid a one-off compensation payment of EUR 500 in December. The amount and timing of general increases and pay scale increases in 2025 will be determined by the wage increases in the benchmark sectors.

The Finnish Government's measures to improve the operating environment and cooperation in public and private healthcare are moving forward.

In accordance with the Government's decision, night-time emergency care services in primary care will be reduced, as will specialised care services in certain public hospitals. The public hospitals and emergency care services' changes are expected to bring savings of EUR 26.3 million for the wellbeing services counties from 2026 onwards.

According to a report published in April 2024 by the Finnish Institute for Health and Welfare, over 162,000 patients were waiting for access to non-urgent specialised care at public hospitals. The number of patients who have waited for treatment for more than six months has increased by 6,000 year-on-year.

Although private operators already bear a significant responsibility for promoting and maintaining health in Finland, their capacity to reduce treatment queues could be utilised more. The private sector produces more than half of all appointments with physicians. Nearly two million Finns are covered by occupational healthcare services, and occupational healthcare expenses account for approximately four per cent of healthcare expenses. Approximately 1.3 million Finns have private medical expenses insurance.

In June, the European Central Bank lowered its benchmark interest rates for the first time since September 2019. In addition to the effect on interest expenses, the reduction in the benchmark rates is expected to have an impact on private consumption. However, unemployment is still higher than it was a year ago. Additionally, the global security environment keeps the economic outlook uncertain.

In June, the Finnish Parliament approved legislation that will increase the value-added tax rate from 24 per cent to 25.5 per cent. The tax rate increase will enter into effect as planned on 1 September 2024, and it will increase costs in the healthcare sector.

Consolidated revenue and result

	4–6/2024 3 months	4–6/2023 3 months	change EUR	1–6/2024 6 months	1–6/2023 6 months	change EUR	2023
Revenue, EUR million	174.8	183.6	-8.8	358.0	371.4	-13.4	720.0
Revenue from divested services	0.0	0.0	0.0	0.0	4.8	-4.8	4.8
Revenue from complete and partial outsourcing agreements	49.3	67.9	-18.6	105.1	134.6	-29.5	259.4
Adjusted EBITA, EUR million	11.4	7.3	4.1	26.3	18.3	8.0	37.8
Operating profit (EBIT), EUR million	9.5	4.9	4.6	22.2	15.4	6.8	20.6
Profit before tax (EBT), EUR million	6.7	2.4	4.3	16.9	9.9	7.0	8.2
Income tax, EUR million	-1.2	-0.6	-0.6	-3.5	-2.2	-1.3	-3.6
Profit for the period, EUR million	5.5	1.8	3.7	13.4	7.7	5.7	4.6
Earnings per share (EPS), EUR	0.19	0.07	0.13	0.49	0.31	0.18	0.19

April–June 2024

Pihlajalinna's revenue was EUR 174.8 (183.6) million, a decrease of EUR -8.8 million, or -4.8 per cent. In Public Services, the termination of cost liability for demanding specialised care, the gradual transfer of the services agreement of Jämsän Terveys and other changes to outsourcing agreements decreased revenue by EUR 19.3 million. Pihlajalinna's comparable organic revenue¹⁾ growth was EUR 10.7 million, or 6.5 per cent.

Adjusted operating profit before the amortisation and impairment of intangible assets (EBITA) was EUR 11.4 (7.3) million. The adjusted EBITA margin was 6.5 (4.0) per cent. Adjustments to EBIT amounted to EUR 0.0 (0.2) million. In Public Services, profitability was improved by efficiency improvement measures and in Private Healthcare Services, profitability was improved by commercial measures and enhanced service processes, particularly in occupational healthcare services.

Pihlajalinna's EBIT was EUR 9.5 (4.9) million, an increase of EUR 4.6 million.

The Group's net financial expenses amounted to EUR -2.8 (-2.5) million. Refinancing measures in June generated a total of EUR 0.6 million in non-recurring financial expenses recognised through profit or loss. Profit before taxes was EUR 6.7 (2.4) million. Taxes in the income statement was EUR -1.2 (-0.6) million.

Profit was EUR 5.5 (1.8) million. Earnings per share (EPS) was EUR 0.19 (0.07).

January–June 2024

Pihlajalinna's revenue was EUR 358.0 (371.4) million, a decrease of EUR -13.4 million, or -3.6 per cent. In Private Healthcare Services, the divestment of dental care services decreased revenue by EUR 4.8 million and in Public Services, the termination of cost liability for demanding specialised care, the gradual transfer of the services agreement of Jämsän Terveys and other changes to outsourcing agreements decreased revenue by EUR 32.3 million. Pihlajalinna's comparable organic revenue¹⁾ growth was EUR 24.1 million, or 7.2 per cent.

Adjusted operating profit before the amortisation and impairment of intangible assets (EBITA) was EUR 26.3 (18.3) million, an increase of EUR 8.0 million, or 43.6 per cent. The adjusted EBITA margin was 7.3 (4.9) per cent. Adjustments to EBIT amounted to EUR 0.3 (-1.4) million. In Public Services, profitability was improved by efficiency improvement measures and in Private Healthcare Services, profitability was improved by commercial measures, enhanced service processes and cost control.

Pihlajalinna's EBIT was EUR 22.2 (15.4) million, an increase of EUR 6.8 million.

The Group's net financial expenses amounted to EUR -5.3 (-5.5) million. Refinancing measures in June generated a total of EUR 0.6 million in non-recurring financial expenses recognised through profit or loss. Profit before taxes was EUR 16.9 (9.9) million. Taxes in the income statement was EUR -3.5 (-2.2) million.

Profit was EUR 13.4 (7.7) million. Earnings per share (EPS) was EUR 0.49 (0.31).

Consolidated statement of financial position and cash flow

	4-6/2024 3 months	4-6/2023 3 months	change	1-6/2024 6 months	1-6/2023 6 months	change	2023
Cash flow from operating activities, EUR million	27.5	27.3	0.2	58.7	46.3	12.4	79.0
of which change in working capital, EUR million	4.8	10.1	-5.3	9.0	7.7	1.3	0.0
Net cash flow from investing activities, EUR million	-6.0	-5.1	-0.9	-8.7	-10.9	2.2	-18.5
Net cash flow from financing activities, EUR million	-35.3	-11.2	-24.1	-61.5	-22.4	-39.2	-49.2
Cash at end of period, EUR million				13.0	26.1	-13.1	24.5
Gearing, %				211.0	236.4	-25.5	243.9
Gearing, excluding IFRS 16, %				75.8	95.7	-19.8	94.38
Interest-bearing net debt, EUR million				325.1	354.1	-29.0	352.7
Interest-bearing net debt excluding IFRS 16, EUR million				122.1	147.9	-25.8	142.0

Pihlajalinna Group's total statement of financial position was EUR 633.6 (677.0) million. Consolidated cash and cash equivalents was EUR 13.0 (26.1) million.

Net cash flow from operating activities during the review period was EUR 58.7 (46.3) million. The change in net working capital was EUR 9.0 (7.7) million.

Net cash flow from investing activities was EUR -8.7 (-10.9) million in the review period. Investments in tangible and intangible assets was EUR -7.1 (-15.1) million. In the comparison period, the divestment of the Group's dental care services improved net cash flow from investing activities by EUR 5.7 million. The Group's cash flow after investments (free cash flow) was EUR 50.0 (35.4) million.

Net cash flow from financing activities was EUR -61.5 (-22.4) million in the review period. The change in financial liabilities, including changes in credit limits, was EUR -31.4 (-22.9) million. During the review period, Pihlajalinna amortised its long-term loan by a total of EUR 30.0 million. In the comparison period, Pihlajalinna issued EUR 20 million hybrid bond. During the review period, Pihlajalinna paid hybrid bond interest EUR 2.4 (0.0) million which has been recorded as a deduction from retained earnings, net of tax. Interest paid and other financial expenses was EUR -8.6 (-2.1) million. During the first quarter of 2023, the Group sold its interest rate swap agreement. The sale had an effect of approximately EUR 3.9 million on the net cash flow of interest paid and other financial expenses. At the end of the review period, due to refinancing, Pihlajalinna paid the accrued interest and expenses on its long-term loan as well as non-recurring refinancing costs.

Capital expenditure

Gross investments amounted to EUR 23.0 (36.4) million. The Group's gross investments which consisted of development, additional and replacement investments, amounted to EUR 8.5 (19.4) million. Gross investments in right-of-use assets amounted to EUR 11.5 (17.0) million. Gross investments in M&A transactions amounted to EUR 3.0 (0.7) million. On 1 May 2024, Pihlajalinna acquired full ownership of its former associated company Kuura Digilääkäri Oy. The Group's previous holding in the company was 45 per cent.

Investment commitments for the Group's development, additional and replacement investments amounted to approximately EUR 1.6 (2.2) million. The investment commitments are related to business premises changes, additional and replacement investments in clinical equipment and information system projects.

The digital projects implemented during the review period did not meet the definition of an intangible asset according to IFRS standards regarding the company's own work. According to management's assessment, the economic benefit of own work realises over a short term. In the comparison period, there were a total of 1.2 million euros of capitalizations of the company's own work that met the criteria.

Reporting segments

Pihlajalinna changed its segment reporting effective from 1 January 2024. Pihlajalinna has two reportable segments: Private Healthcare Services and Public Services. The new reporting structure follows Pihlajalinna's business model and organisational structure.

Private Healthcare Services

Operating segment consists of private clinic, diagnostics, hospital, occupational healthcare, remote and fitness center services. These comprehensive care path services are provided by Pihlajalinna to corporate customers, insurance companies, the public sector and private customers through its nationwide network of medical centers and diverse digital channels.

Key figures

	4–6/2024 3 months	4–6/2023 3 months	change EUR	1–6/2024 6 months	1–6/2023 6 months	change EUR	2023
Segment revenue, EUR million	112.3	105.9	6.4	226.9	218.5	8.4	423.1
Operating profit (EBIT), EUR million	4.5	3.5	1.0	13.0	10.8	2.2	19.4
Operating profit (EBIT), %	4.0	3.3		5.7	4.9		4.6
EBITA, EUR million	6.2	5.3	0.9	16.6	14.4	2.2	26.7
EBITA, %	5.5	5.0		7.3	6.6		6.3
Adjusted EBITA, EUR million	6.2	5.7	0.5	16.9	13.8	3.0	27.2
Adjusted EBITA, %	5.5	5.4		7.4	6.3		6.4

April–June 2024

Revenue from Private Healthcare Services was EUR 112.3 (105.9) million, an increase of EUR 6.4 million, or 6.1 per cent. Comparable organic revenue growth¹⁾ in Private Healthcare Services segment was EUR 9.8 million, or 9.5 per cent. The appointment volumes of Pihlajalinna's private clinics were on a par with the comparison period.

Adjusted EBITA was EUR 6.2 (5.7) million, an increase of EUR 0.5 million, or 8.6 per cent. The adjusted EBITA margin was 5.5 (5.4) per cent. Profitability improved particularly in occupational healthcare services and clinic operations due to price increases, the improved efficiency of service processes and cost control. Conversion, which is the ratio of diagnostics revenue to revenue from appointments, was on a par with the comparison period. Adjustments totalled EUR 0.0 (0.4) million.

Operating profit (EBIT) was EUR 4.5 (3.5) million, an increase of EUR 1.0 million.

January–June 2024

Revenue from Private Healthcare Services was EUR 226.9 (218.5) million, an increase of EUR 8.4 million, or 3.8 per cent. The divestment of dental care services decreased revenue by EUR 4.8 million. Comparable organic revenue growth¹⁾ in Private Healthcare Services segment was EUR 19.3 million, or 9.3 per cent. The appointment volumes of Pihlajalinna's private clinics decreased slightly year-on-year.

Adjusted EBITA was EUR 16.6 (14.4) million, an increase of EUR 2.2 million, or 15.6 per cent. The adjusted EBITA margin was 7.4 (6.3) per cent. Profitability improved particularly in occupational healthcare services and clinic operations due to price increases, the improved efficiency of service processes and cost control. Conversion, which is the ratio of diagnostics revenue to revenue from appointments, was on a par with the comparison period. Adjustments totalled EUR 0.3 (-0.5) million.

Operating profit (EBIT) was EUR 13.0 (10.8) million, an increase of EUR 2.2 million. In the comparison period, EBIT was increased by a sales gain of EUR 3.6 million recognised on the divestment of dental care services.

Public Services

Operating segment consists of social and healthcare services produced primarily for the public sector, which include outsourcing and housing services, mainly remotely produced responsible doctor services, as well as a wide range of staffing and recruitment services.

Key figures

	4–6/2024 3 months	4–6/2023 3 months	change EUR	1–6/2024 6 months	1–6/2023 6 months	change EUR	2023
Segment revenue, EUR million	66.1	81.9	-15.8	138.8	161.7	-22.9	314.3
Operating profit (EBIT), EUR million	5.1	1.5	3.6	9.2	4.6	4.6	1.2
Operating profit (EBIT), %	7.7	1.8		6.6	2.9		0.4
EBITA, EUR million	5.2	1.7	3.5	9.4	5.1	4.3	2.1
EBITA, %	7.8	2.1		6.8	3.1		0.7
Adjusted EBITA, EUR million	5.2	1.6	3.6	9.4	4.5	5.0	10.6
Adjusted EBITA, %	7.9	1.9		6.8	2.8		3.4

April–June 2024

Revenue from Public Services was EUR 66.1 (81.9) million, a decrease of EUR 15.8 million, or 19.3 per cent. The termination of cost liability for demanding specialised care, the gradual transfer of the services agreement of Jämsän Terveys and other changes to outsourcing agreements decreased revenue by EUR 19.3 million. Comparable organic revenue growth¹⁾ in Public Services was EUR 0.4 million, or 0.5 per cent.

Adjusted EBITA was EUR 5.2 (1.7) million, an increase of EUR 3.5 million. The adjusted EBITA margin was 7.9 (1.9) per cent. Profitability was improved by efficiency improvement measures and contract changes in complete outsourcing. Adjustments totalled EUR 0.0 (-0.1) million.

EBIT amounted to EUR 5.1 (1.5) million, an increase of EUR 3.6 million.

January–June 2024

Revenue from Public Services was EUR 138.8 (161.7) million, a decrease of EUR 22.9 million, or 14.2 per cent. The termination of cost liability for demanding specialised care, the gradual transfer of the services agreement of Jämsän Terveys and other changes to outsourcing agreements decreased revenue by EUR 32.3 million. Comparable organic revenue growth¹⁾ in Public Services was EUR 3.7 million, or 2.8 per cent.

Adjusted EBITA was EUR 9.4 (5.1) million, an increase of EUR 4.3 million, or 85.6 per cent. The adjusted EBITA margin was 6.8 (2.8) per cent. Profitability was improved by efficiency improvement measures and contract changes in complete outsourcing. Adjustments totalled EUR 0.0 (-0.6) million.

EBIT amounted to EUR 9.2 (4.6) million, an increase of EUR 4.6 million.

¹⁾ 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, other changes to outsourcing agreements and COVID-19 services.

Personnel

At the end of the review period, the number of personnel amounted to 6,721 (7,479), a decrease of -758 persons or -10 per cent. The Group's personnel as full-time equivalents was 4,753 (4,978), a decrease of -224 persons or -5 per cent. As a result of the gradual transfer of the Jämsän Terveys service agreement, the number of the Group's employees decreased by approximately 400 from the end of 2023. Converted to full-time equivalents, the decrease in the number of employees was approximately 150.

At the end of the review period, the Public Services had 3,688 (4,324) employees and the Private Healthcare Services 3,033 (3,155) employees. Converted into full-time equivalents, the Public Services had 2,728 (2,960) employees and the Private Healthcare Services 2,026 (2,018) employees.

Kuusiolinna Terveys commenced change negotiations in January 2024 to align its operations to the needs of the wellbeing services county. The negotiations were concluded in April. The outcome of the negotiations included operational changes to the network of clinics, the downscaling of operations, terminations of employment contracts and switching some of the personnel to part-time employment.

The Group employee benefit expenses totalled EUR 164.6 (165.7) million, a decrease of EUR -1.1 million. A non-recurring cost item of EUR 0.8 million related to the collective agreement for the private social services sector (SOSTES) was paid during the review period and recognised as an expense in the review period.

In the review period, sickness-related absences rate amongst the personnel was 4.9 (5.8) per cent.

At the end of the review period, the number of practitioners was 2 124 (2 121).

Financing arrangements

Pihlajalinna rearranged its long-term debt financing with a sustainability-linked financing arrangement in June 2024. The agreement includes a EUR 110 million term loan for refinancing the Group's previous debt, and a revolving credit facility of EUR 60 million for general financing purposes. The financing agreement is for three years and includes two option years.

The financing arrangement includes the customary financial covenants equivalent to the previous arrangement, concerning leverage (ratio of net debt to pro forma EBITDA) and gearing. IFRS 16 lease liabilities are not considered in the calculation of the covenants (Frozen GAAP). The loan margin of the financing is additionally linked to Pihlajalinna's main sustainability targets: patient satisfaction, access to surgical treatment and employee engagement. Sustainability objectives have a minor effect on the loan margin, depending on how many of the agreed-upon sustainability targets are achieved.

The original gearing covenant of the financing arrangement is 115 per cent and the leverage covenant is 3.75. At the end of the review period, gearing in accordance with the financing arrangement was 75.8 per cent and leverage stood at 2.37.

Pihlajalinna issued EUR 20 million hybrid bond on 27 March 2023. The hybrid bond bears a fixed interest rate of 12.00 percent per annum until 27 March 2026 ("Reset Date"), and from the Reset Date, a floating interest rate as defined in the terms and conditions of the capital securities.

The Group has credit limit agreements valid until further notice, totalling EUR 10 million. The notice period of the credit limit agreements is one month. At the end of the review period, Pihlajalinna had EUR 70 million in unused committed credit limits. Unused credit limits consist of EUR 10 million credit limit agreement and EUR 60 million unused revolving credit facility.

The company has an interest rate swap agreement with a nominal value of EUR 65 million, which is used to convert the floating interest rate of the financing arrangement to fixed interest rate. Cash flow hedge accounting is applied to the interest rate swap agreement, which means that the effective portion of the change in fair value is recognised in other comprehensive income. The start date of the interest rate swap was in March 2023, and it is valid until 25 March 2027.

Management Team

The Management Team includes CEO Tuomas Hyryläinen, Chief Strategy and Group Operations Officer (CSOO) Heikki Färkkilä, interim COO Public Services Seppo Kariniemi, Chief Communications and Sustainability Officer Tuula Lehto, CIO Lauri Muhonen (from 1 August 2024), CFO Tarja Rantala, CMO Sari Riihijärvi, and CLO Marko Savolainen.

On 27 May 2024, Pihlajalinna issued a release regarding an appointment to strengthen the company's Management Team. Anu Kallio was appointed as COO, Private Healthcare Services, and a member of the Group Management Team. She will join Pihlajalinna from Humana Finland, where she has been working as Managing Director since 2020. Kallio will start in the position on 1 December 2024 at the latest.

Board of Directors

The Annual General Meeting on 10 April 2024 resolved that the number of the members of the Board of Directors shall be fixed at seven members instead of the previous eight. Kim Ignatius, Heli Iisakka, Hannu Juvonen, Tiina Kurki, Jukka Leinonen, Leena Niemistö and Mikko Wirén were re-elected to serve as members of the Board of Directors until the next Annual General Meeting.

The Annual General Meeting elected Jukka Leinonen as the Chair of the Board and Leena Niemistö as the Vice-Chair of the Board.

Distribution of dividend

In accordance with the proposal of the Board of Directors, the AGM decided that a dividend of EUR 0.07 per share be distributed for the financial year that ended on 31 December 2023 based on the adopted statement of financial position. The dividend was paid on 19 April 2024.

Board authorisations

The Annual General Meeting on 10 April 2024 authorised the Board of Directors to decide on the acquisition of a maximum of 2,260,000 shares, which is approximately 10 per cent of the company's current share capital. Own shares may be repurchased based on the authorisation only by using unrestricted equity. Targeted share acquisition is possible. The authorisation is effective until the next Annual General Meeting, or until 30 June 2025 at the latest.

The Annual General Meeting also authorised the Board of Directors to decide on a share issue and other special rights conferring an entitlement to shares under Chapter 10, Section 1 of the Limited Liability Companies Act. The number of shares issued pursuant to the authorisation may not exceed 2,260,000 shares, which corresponds to approximately 10 per cent of all existing shares in the company. The authorisation concerns both the issuance of new shares and the sale or transfer of the company's own shares. The authorisation permits a targeted share issue. The authorisation is effective until the next Annual General Meeting, or until 30 June 2025 at the latest.

Repurchase and transfer of own shares

Pihlajalinna conveyed a total of 10,000 own shares to CEO Tuomas Hyyryläinen in January. The remuneration was related to the right agreed upon for the CEO to acquire shares at the beginning of the share-based incentive scheme, when Pihlajalinna conveyed shares in exchange for purchases.

In May, Pihlajalinna conveyed a total of 11,977 own shares to the members of Pihlajalinna's Board of Directors as part of the Board of Directors' annual remuneration.

Pihlajalinna started repurchasing the company's own shares on 27 March 2024 and completed the repurchase on 28 June 2024. The shares were repurchased for use as part of the payment of remuneration under the Group's share-based incentive programme and the annual remuneration of the members of the Board of Directors. During the aforementioned period, Pihlajalinna acquired a total of 109,181 of its own shares for an average price of EUR 8.5795 per share.

Following the repurchase of shares and the transfers of shares mentioned above, Pihlajalinna held 141,184 of its own shares at the end of the review period, corresponding to approximately 0.62 per cent of the total number of shares and votes.

Shares and shareholders

The total number of shares was 22,620,135 of which 22,478,951 were outstanding and 141,184 were held by the company which corresponds to 0.62 per cent of all shares and votes. At the end of the review period, the company had 14,732 (15,451) shareholders.

The trading code for the shares on the Nasdaq Helsinki main market is PIHLIS. Pihlajalinna Plc has been classified as a Mid Cap company in the Healthcare sector.

Share-related information, outstanding shares	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
No. of shares outstanding at end of period	22,478,951	22,561,505	22,478,951	22,561,505	22,566,155
Average no. of shares outstanding during period	22,514,876	22,556,552	22,544,940	22,553,163	22,557,957
Highest price, EUR	9.74	9.90	9.74	9.90	9.90
Lowest price, EUR	7.62	7.48	6.88	6.82	6.82
Average price, EUR ¹⁾	8.00	9.00	7.56	8.66	8.20
Closing price, EUR	9.34	9.39	9.34	9.39	7.06
Share turnover, 1,000 shares	815	748	2,291	1,727	2,801
Share turnover, %	3.6	3.3	10.2	7.7	12.4
Market capitalisation at end of period, EUR million	210.0	211.9	210.0	211.9	159.3

¹⁾ average rate weighted by trading level

Risks and uncertainties in business operations

Pihlajalinna's operations are affected by strategic risks, operational, financial and damage risks. In its risk management, Pihlajalinna's aim is to operate as systematically as possible and incorporate risk management in normal business processes. The Group invests in quality management systems and the management of occupational safety and work ability risks. Pihlajalinna aims to limit the potential adverse impacts of risks. The assessment of sustainability-related risks plays an important role in risk management.

Pihlajalinna operates only in Finland. Uncertainties in world politics, such as the Russia's invasion of Ukraine and situation in the Middle East has indirect impacts on the Group's operations due to the slowing of economic growth, supply chain disruptions, high inflation, and changing market interest rates. Pihlajalinna will refrain from all business activities with parties subject to economic sanctions.

In all its operations, Pihlajalinna considers data protection, information security and related requirements. Information security and jeopardised data protection can lead to significant reputational damage and claims for compensation, among other consequences. Pihlajalinna has taken steps to prepare for the elevated risk of cyber-attacks related to the war in Ukraine and Finland's NATO membership.

High sickness-related absences among the personnel may reduce the company's profitability and complicates service provision. The company has also identified uncertainties related to the availability of personnel in the social and healthcare sector and development of wages. The costs of wage harmonisation in the social and healthcare sector in relation to the creation of the wellbeing services counties also remain uncertain to some degree.

Pihlajalinna has recognised risks associated with projects related to the company's growth, including acquisitions, digital development, and information system projects. The successful implementation of these projects is a precondition for profitable growth in accordance with the company's strategy.

Monitoring and forecasting the covenants of the company's financing agreements is a significant part of the company's risk management. The company's financing agreement and the hybrid bond issued on 27 March 2023 are described in more detail in the section *Financing arrangements*.

General cost inflation and wage inflation have a negative impact on the cost level and, consequently, on Pihlajalinna's business operations and profitability. In addition, inflation and high interest rates affect consumers' disposable income and employment trends, which in turn have an impact on the demand for private healthcare services.

The most significant risks and uncertainties in social and healthcare services are linked to the policies and legislation implemented in Finnish society.

A company belonging to the Pihlajalinna Group is currently the subject of a tax audit pertaining to a remuneration scheme what was in place.

Changes to complete outsourcing agreements

Jämsän Terveys's agreement with the wellbeing services county of Central Finland will expire in August 2025. The cost liability for demanding specialised care specified in the agreement ended on 1 July 2023. It has been agreed with the wellbeing services county of Central Finland that the services will gradually be

transferred to the wellbeing services county in the first half of 2024. These changes will decrease Jämsän Terveys's revenue approximately by 31 million euros from 2023 levels.

The primary and specialised care services provided by Jokilaakson Terveys will continue at Jokilaakso Hospital in accordance with the subcontracting agreement until 2025. Jokilaakson Terveys has an exception permit issued by the Ministry of Social Affairs and Health for round-the-clock emergency and on-call services in primary healthcare, as required for its operations. The permit is currently valid until the end of 2024, but the wellbeing services county of Central Finland has applied in January 2024 an extension of the permit until the end of 2025.

30 October 2023, the regional council of the South Ostrobothnia wellbeing services county decided to terminate the outsourcing agreement with Kuusiolinna Terveys, which was originally valid until 2030, with the termination set for the end of 2025. Kuusiolinna Terveys and Pihlajalinna Terveys appealed the decision, and an appeal regarding the matter was lodged with the Supreme Administrative Court. The parties subsequently negotiated on separating demanding specialised care from Kuusiolinna Terveys' service agreement. The negotiations led to a settlement on the conditions for separating demanding specialised care, and an agreement on the matter was signed on 30 April 2024. In accordance with the terms of the agreement, Kuusiolinna Terveys and Pihlajalinna Terveys have withdrawn their appeals concerning the decision made by the wellbeing services county of South Ostrobothnia on 30 October 2023. This change is estimated to decrease Kuusiolinna Terveys' revenue by approximately EUR 30 million euros from 2023 levels.

Pending legal processes

Pihlajalinna is involved in certain pending legal proceedings concerning employment relationships, but they are not expected to have a significant financial impact on the Group.

The company's subsidiary Jämsän Terveys Oy has taken legal action in the district court against the City of Jämsä, a former client, mainly concerning COVID-19-related costs which the City of Jämsä has not paid in breach of the service agreement. In addition, a difference of opinion has emerged between the company and the city during the 2022 financial year on the impact of the transfer of personnel on the annual fee under the service agreement.

On 22 November 2023, the Vaasa Court of Appeal handed down its ruling on the dispute concerning the service agreement between Jämsän Terveys Oy and the City of Jämsä. The Court of Appeal decided to uphold the decision of the District Court. Pihlajalinna has submitted an application for leave to appeal to the Supreme Court and an appeal concerning part of the judgment of the Vaasa Court of Appeal.

Events after the reporting date

Inside information, positive profit warning: Pihlajalinna raised its profitability guidance for 2024 and provided preliminary information on revenue and profitability for the second quarter of 2024

On 17 July 2024, Pihlajalinna announced that it was raising its profitability guidance for 2024 and provided preliminary information on revenue and profitability for the second quarter of 2024. The Group expects the adjusted operating profit before the amortisation and impairment of intangible assets (EBITA) for 2024 to exceed EUR 48 million (EUR 37.8 million in 2023). The Group expects demand to remain stable. The revenue outlook remained unchanged.

More information is available in the stock exchange release on Pihlajalinna's [website](#).

Pihlajalinna's financial reporting in 2024

Interim Report January–September: Thursday, 7 November 2024

Helsinki, 8 August 2024

The Board of Directors of Pihlajalinna Plc

Consolidated income statement

EUR million	Note	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
Revenue	2	174.8	183.6	358.0	371.4	720.0
Other operating income		0.9	2.1	1.9	6.9	7.5
Materials and services	3	-50.6	-66.4	-103.5	-133.3	-255.2
Employee benefit expenses	4	-81.4	-82.8	-164.6	-165.7	-322.8
Other operating expenses	5	-21.0	-18.8	-43.4	-38.5	-76.6
Share of profit in associated companies and joint ventures		0.0	0.0	0.0	0.0	-0.5
EBITDA		22.7	17.7	48.3	40.8	72.5
Depreciation, amortisation and impairment	6	-13.1	-12.8	-26.1	-25.3	-51.9
Operating profit (EBIT)		9.5	4.9	22.2	15.4	20.6
Financial income		0.4	0.2	0.6	0.3	0.4
Financial expenses	7	-3.2	-2.7	-5.9	-5.8	-12.7
Profit before taxes		6.7	2.4	16.9	9.9	8.2
Income tax	8	-1.2	-0.6	-3.5	-2.2	-3.6
Profit for the period		5.5	1.8	13.4	7.7	4.6
Attributable to:						
To the owners of the parent company		4.8	2.0	12.0	7.4	5.7
To non-controlling interests		0.7	-0.2	1.4	0.3	-1.1
Earnings per share calculated based on the result for the period attributable to the owners of the parent company (EUR)						
Basic		0.19	0.07	0.49	0.31	0.19
Diluted		0.19	0.07	0.49	0.31	0.19

Consolidated statement of comprehensive income

EUR million	Note	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
Profit for the period		5.5	1.8	13.4	7.7	4.6
Other comprehensive income that will be reclassified subsequently to profit or loss						
Cash flow hedge						
Recorded in equity		0.4	0.6	0.4	0.1	-1.0
Transferred to income statement		-0.2	-0.3	-0.5	-0.3	-0.7
Income tax on other comprehensive income		0.0	-0.1	0.0	0.0	0.4
Other comprehensive income for the reporting period		0.1	0.3	-0.1	-0.1	-1.4
Total comprehensive income for the reporting period		5.7	2.1	13.3	7.6	3.2
Attributable to:						
To the owners of the parent company		5.0	2.2	11.9	7.3	4.3
To non-controlling interests		0.7	-0.2	1.4	0.3	-1.1

Consolidated statement of financial position

EUR million	Note	30 Jun 2024	30 Jun 2023	2023
ASSETS				
Non-current assets				
Property, plant and equipment	10	65.8	68.8	65.8
Goodwill	9	254.8	252.7	251.8
Intangible assets	9	18.5	22.3	21.1
Right-of-use assets	11	195.4	195.6	203.9
Interests in associates		0.0	2.1	1.6
Other investments		0.2	0.8	0.2
Other receivables		6.0	11.2	6.1
Deferred tax assets		13.9	16.8	14.6
Total non-current assets		554.4	570.3	565.0
Current assets				
Inventories		4.5	4.6	4.5
Trade and other receivables	16	61.2	75.3	61.5
Current tax assets		0.5	0.8	2.0
Cash and cash equivalents		13.0	26.1	24.5
Total current assets		79.1	106.8	92.5
Total assets		633.6	677.0	657.5

EUR million	Note	30 Jun 2024	30 Jun 2023	2023
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital		0.1	0.1	0.1
Fair value reserve		2.6	4.0	2.7
Reserve for invested unrestricted equity		116.5	116.5	116.5
Hybrid bond	14	20.0	20.0	20.0
Retained earnings		4.9	2.8	3.0
Profit for the period		12.0	7.4	5.7
		156.1	150.8	148.0
Non-controlling interests		-2.0	-1.1	-3.4
Total equity		154.1	149.8	144.6
Non-current liabilities				
Deferred tax liabilities		8.0	8.5	8.5
Provisions		1.0	0.0	0.1
Lease liabilities	12	191.2	198.0	199.8
Financial liabilities	15	114.8	150.5	144.5
Other non-current liabilities		0.6	0.7	0.7
Total non-current liabilities		315.6	357.7	353.6
Current liabilities				
Trade and other payables		129.2	134.9	125.3
Current tax liabilities		2.2	0.7	0.1
Provisions		0.1	0.2	0.1
Lease liabilities	12	30.4	29.4	30.8
Financial liabilities	15	2.0	4.3	3.0
Total current liabilities		163.9	169.5	159.3
Total liabilities		479.4	527.3	512.9
Total equity and liabilities		633.6	677.0	657.5

Consolidated statement of changes in equity

EUR million	Equity attributable to owners of the parent company						Equity Total
	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Hybrid bond	Retained earnings	Non-controlling interests	
Total equity, 1 Jan 2023	0.1	116.5	4.1		3.3	-1.1	122.9
Profit for the period					7.4	0.3	7.7
Comprehensive income for the period			-0.1				-0.1
Total comprehensive income for the period			-0.1		7.4	0.3	7.6
Share-based benefits					0.1		0.1
Total transactions with owners					0.1		0.1
Changes in NCI without a change in control					-0.2	-0.1	-0.3
Other changes					0.1	-0.1	0.0
Total changes in subsidiary shareholdings					-0.1	-0.2	-0.3
Proceeds from hybrid bond				20.0			20.0
Hybrid bond expenses					-0.4		-0.4
Total equity, 30 Jun 2023	0.1	116.5	4.0	20.0	10.3	-1.1	149.8

EUR million	Equity attributable to owners of the parent company						Equity Total
	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Hybrid bond	Retained earnings	Non-controlling interests	
Total equity, 1 Jan 2024	0.1	116.5	2.7	20.0	8.8	-3.4	144.6
Profit for the period					12.0	1.4	13.4
Comprehensive income for the period			-0.1				-0.1
Total comprehensive income for the period			-0.1		12.0	1.4	13.3
Dividends paid					-1.6		-1.6
Acquisition of own shares					-0.9		-0.9
Share-based benefits					0.5		0.5
Total transactions with owners					-2.0		-2.0
Other changes					0.1		0.1
Total changes in subsidiary shareholdings					0.1		0.1
Hybrid bond interest					-1.9		-1.9
Total equity, 30 Jun 2024	0.1	116.5	2.6	20.0	16.9	-2.0	154.1

Consolidated statement of cash flows

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Cash flow from operating activities					
Profit for the period	5.5	1.8	13.4	7.7	4.6
Adjustments to cash flow from operating activities:					
Taxes	1.2	0.6	3.5	2.2	3.6
Depreciation, amortisation and impairment	13.1	12.8	26.1	25.3	51.9
Financial income and expenses	2.8	2.5	5.3	5.5	12.4
Other	-0.1	0.0	-0.1	-2.7	6.4
Net cash generated from operating activities before change in working capital	22.6	17.7	48.2	38.0	78.9
Change in working capital	4.8	10.1	9.0	7.7	0.0
Interest received	0.5	0.1	0.5	0.2	0.4
Taxes paid	-0.3	-0.5	0.9	0.4	-0.4
Net cash flow from operating activities	27.5	27.3	58.7	46.3	79.0
Cash flow from investing activities					
Investments in tangible and intangible assets	-4.1	-3.6	-7.1	-15.1	-22.9
Proceeds from disposal of property, plant and equipment and intangible assets and prepayments	0.3	0.0	0.7	0.1	0.3
Changes in other receivables and investments	0.0	0.0	0.0	0.0	0.0
Sale of subsidiaries with time-of-sale liquid assets deducted				7.7	7.7
Granted loans				-2.1	-2.1
Dividends received	0.0	0.0	0.0	0.0	0.0
Acquisition of subsidiaries less cash and cash equivalents at date of acquisition	-2.2	-1.5	-2.2	-1.5	-1.5
Net cash flow from investing activities	-6.0	-5.1	-8.7	-10.9	-18.5
Cash flow from financing activities					
Changes in non-controlling interests					-0.3
Acquisition of own shares	-0.9		-0.9		
Proceeds from and repayment of borrowings	-20.7	-0.4	-31.4	-22.9	-29.0
Repayment of lease liabilities	-8.1	-8.0	-16.1	-15.8	-31.8
Interest and other operational financial expenses	-4.1	-2.9	-8.6	-2.1	-6.2
Dividends paid and other profit distribution	-1.6	0.0	-2.2	-1.2	-1.5
Proceeds from hybrid bond				20.0	20.0
Hybrid bond interests and expenses			-2.4	-0.4	-0.4
Net cash flow from financing activities	-35.3	-11.2	-61.5	-22.4	-49.2
Changes in cash and cash equivalents	-13.8	11.0	-11.5	13.0	11.4
Cash at beginning of period	26.8	15.1	24.5	13.1	13.1
Cash at end of period	13.0	26.1	13.0	26.1	24.5

Notes to the Half Year Financial Report

Accounting policies

This Half Year Financial Report has been prepared in compliance with the IFRS standards currently in effect, and its preparation has followed the requirements of IAS 34 (Interim Financial Reporting).

The Half Year Financial Report applies the accounting policies presented in the consolidated financial statements for 2023 except for change in segment reporting. Pihlajalinna has changed its segment reporting from 1 January 2024. In the future, Pihlajalinna will have two reportable segments: Private Healthcare Services and Public Services. The new reporting structure follows Pihlajalinna's business model and organisational structure. More information on changed reporting segments is in Note 1.

The amended standards published by IASB to adopt in 2024 does not have a material impact on Pihlajalinna's financial reporting.

The information published in this Half Year Financial Report has not been audited. All figures have been rounded, due to which the actual total of individual figures may differ from the total presented. Key figures and figures reflecting changes have been calculated using the exact figures.

The alternative performance measures presented in this Half Year Financial Report should not be considered as replacements for the key figures defined in IFRS standards, and they may not be comparable with similarly named items used by other companies.

The preparation of the Half Year Financial Report in accordance with IFRS requires the management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and contingent assets and liabilities on the statement of financial position, and recognition of the amount of income and expenses. Although the estimates are based on the management's best knowledge of current events and actions, the actual results may differ from the estimates provided in this Half Year Financial Report. The significant judgments made by management and the key accounting estimates and decisions based on management judgement were mainly the same as those that applied to the consolidated financial statements for the year 2023.

1. Segment information

Pihlajalinna has changed its segment reporting from 1 January 2024. In the future, Pihlajalinna will have two reportable segments: Private Healthcare Services and Public Services. The new reporting structure follows Pihlajalinna's business model and organisational structure. Comparative data for the 2023 financial year was published with separate release on 24 April 2024. The comparable data is unaudited.

Private Healthcare Services operating segment consists of private clinic, diagnostics, hospital, occupational healthcare, remote and fitness center services. These comprehensive care path services are provided by Pihlajalinna to corporate customers, insurance companies, the public sector, and private customers through its nationwide network of medical centers and diverse digital channels.

Public Services operating segment consists of social and healthcare services produced primarily for the public sector, which include outsourcing and housing services, mainly remotely produced responsible doctor services, as well as a wide range of staffing and recruitment services.

In connection with the change, Pihlajalinna has carried out impairment testing on 31 March 2024, and goodwill has been allocated to cash-generating units in accordance with the new segment structure in the testing. The testing identified no impairment charges.

Revenue, EUR million	4–6/2024 3 months	4–6/2023 3 months	change EUR	1–6/2024 6 months	1–6/2023 6 months	change EUR	2023
Private Healthcare Services	112.3	105.9	6.4	226.9	218.5	8.4	423.1
of which intersegment	3.6	3.9	-0.3	7.6	8.1	-0.5	16.5
Public Services	66.1	81.9	-15.8	138.8	161.7	-22.9	314.3
of which intersegment	0.1	0.3	-0.2	0.1	0.7	-0.6	0.9
Group total	174.8	183.6	-8.8	358.0	371.4	-13.4	720.0

Depreciation and impairment, EUR million	4–6/2024 3 months	4–6/2023 3 months	change EUR	1–6/2024 6 months	1–6/2023 6 months	change EUR	2023
Private Healthcare Services	-11.3	-10.7	-0.5	-22.3	-21.2	-1.2	-43.0
Public Services	-1.9	-2.1	0.2	-3.8	-4.2	0.4	-8.9
Group total	-13.1	-12.8	-0.3	-26.1	-25.3	-0.8	-51.9

Share of profit in associated companies and joint ventures, EUR million	4–6/2024 3 months	4–6/2023 3 months	change EUR	1–6/2024 6 months	1–6/2023 6 months	change EUR	2023
Private Healthcare Services	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Public Services	0.0	0.0	0.0	0.0	0.0	0.0	-0.6
Group total	0.0	0.0	0.0	0.0	0.0	0.0	-0.5

EBITA, EUR million	4–6/2024 3 months	4–6/2023 3 months	change EUR	1–6/2024 6 months	1–6/2023 6 months	change EUR	2023
Private Healthcare Services	6.2	5.3	0.9	16.6	14.4	2.2	26.7
Public Services	5.2	1.7	3.5	9.4	5.1	4.3	2.1
Group total	11.4	7.0	4.4	26.0	19.4	6.6	28.8

EBITA, %	4–6/2024 3 months	4–6/2023 3 months	change	1–6/2024 6 months	1–6/2023 6 months	change	2023
Private Healthcare Services	5.5	5.0	0.6	7.3	6.6	0.7	6.3
Public Services	7.8	2.1	5.8	6.8	3.1	3.6	0.7
Group total	6.5	3.8	2.7	7.3	5.2	2.0	4.0

Adjusting items affecting comparability, EUR million	4–6/2024 3 months	4–6/2023 3 months	change EUR	1–6/2024 6 months	1–6/2023 6 months	change EUR	2023
Private Healthcare Services	0.0	0.4	-0.4	0.3	-0.5	0.8	0.5
Public Services	0.0	-0.1	0.2	0.0	-0.6	0.6	8.5
Group total	0.0	0.3	-0.3	0.3	-1.1	1.4	9.0

Adjusted EBITA, EUR million	4–6/2024 3 months	4–6/2023 3 months	change EUR	1–6/2024 6 months	1–6/2023 6 months	change EUR	2023
Private Healthcare Services	6.2	5.7	0.5	16.9	13.8	3.0	27.2
Public Services	5.2	1.6	3.6	9.4	4.5	5.0	10.6
Group total	11.4	7.3	4.1	26.3	18.3	8.0	37.8

Adjusted EBITA, %	4–6/2024 3 months	4–6/2023 3 months	change	1–6/2024 6 months	1–6/2023 6 months	change	2023
Private Healthcare Services	5.5	5.4	0.1	7.4	6.3	1.1	6.4
Public Services	7.9	1.9	6.0	6.8	2.8	4.0	3.4
Group total	6.5	4.0	2.6	7.3	4.9	2.4	5.2

Reconciliation of the segments total adjusted operating profit before amortization and impairment of intangible assets (EBITA) to the consolidated profit before taxes

EUR million	4–6/2024 3 months	4–6/2023 3 months	change EUR	1–6/2024 6 months	1–6/2023 6 months	change EUR	2023
Profit before taxes	6.7	2.4	4.3	16.9	9.9	7.0	8.2
Net financial expenses	2.8	2.5	0.4	5.3	5.5	-0.2	12.4
Amortisation and impairment of intangible assets	1.9	2.0	-0.2	3.8	4.0	-0.3	8.2
Adjustment items	0.0	0.3	-0.3	0.3	-1.1	1.4	9.0
Adjusted EBITA	11.4	7.3	4.1	26.3	18.3	8.0	37.8

2. Revenue

Revenue by region

Pihlajalinna reports its sales revenue divided into the following geographical regions:

- Southern Finland includes Pihlajalinna's business operations in the regions of Uusimaa, Kymenlaakso, Päijät-Häme and South Karelia.
- Mid-Finland includes Pihlajalinna's business operations in the regions of Pirkanmaa, Satakunta, Kanta-Häme, Central Finland, South Ostrobothnia and Ostrobothnia.
- Western Finland includes Pihlajalinna's business operations in the region of Southwest Finland.
- Eastern Finland includes Pihlajalinna's business operations in the regions of South Savo, North Karelia and North Savo.
- Northern Finland includes Pihlajalinna's business operations in the regions of North Ostrobothnia, Central Ostrobothnia, Kainuu and Lapland.
- Other operations include remote services, moving services and other administrative functions.

EUR million	1–6/2024	1–6/2023	change %	2023
Southern Finland	77.9	72.4	7.5 %	140.8
Mid-Finland	200.2	231.4	-13.5 %	445.9
Western Finland	20.0	19.7	1.7 %	38.2
East Finland	32.5	29.7	9.5 %	57.0
Northern Finland	27.3	25.0	9.4 %	49.0
Other operations	36.4	32.2	13.0 %	65.2
Intra-Group sales	-36.3	-38.9	-6.8 %	-76.1
Consolidated revenue	358.0	371.4	-3.6 %	720.0

Revenue by customer group

Pihlajalinna's customer groups are corporate customers, private customers and public sector customers.

- The Group corporate customers consist of Pihlajalinna occupational healthcare customers, insurance company customers and other corporate customers. The number of people within the scope of the Group's occupational healthcare services is over 200,000 in the corporate customers group.
- The Group private customers are private individuals who pay for services themselves and may subsequently seek compensation from their insurance company.
- The Group public sector customers consist of public sector organisations in Finland, such as municipalities, congregations, wellbeing services counties and the public administration when purchasing

either social and healthcare outsourcing services or residential, occupational healthcare and staffing services. The number of people within the scope of the Group's occupational healthcare services is approximately 95,000 in the public sector customers group.

April–June 2024

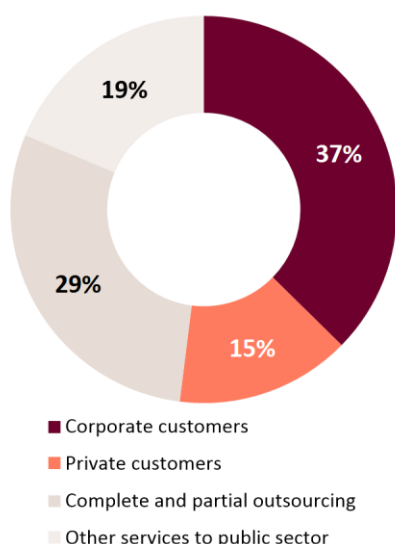
EUR million	4–6/2024	4–6/2023	change	change %
Corporate customers	71.7	66.8	4.9	7.3 %
of which insurance company customers	36.4	33.0	3.4	10.3 %
Private customers	28.1	26.1	2.0	7.8 %
Public sector	92.1	110.0	-17.9	-16.3 %
of which complete outsourcing agreements	56.2	74.0	-17.9	-24.1 %
of which staffing	6.9	7.7	-0.8	-9.8 %
of which occupational healthcare and other services	29.0	28.3	0.7	2.5 %
Intra-Group sales	-17.1	-19.3	2.2	-11.3 %
Total consolidated revenue	174.8	183.6	-8.8	-4.8 %

Revenue from **corporate customers** amounted to EUR 71.7 (66.8) million, an increase of EUR 4.9 million, or 7.3 per cent. Sales to insurance company customers increased by EUR 3.4 million, or 10.3 per cent. Occupational healthcare services sales increased.

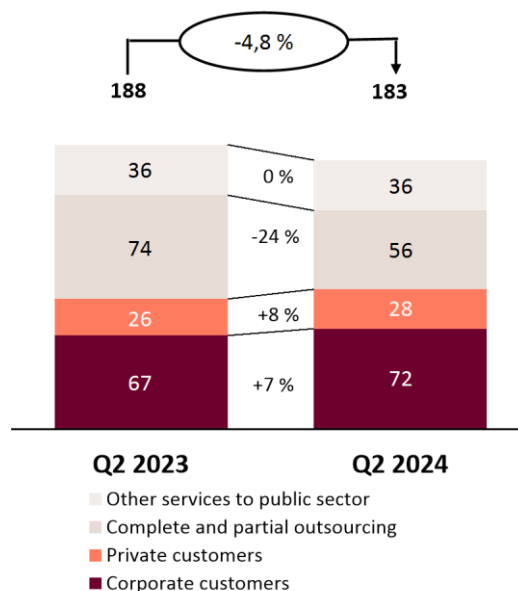
Revenue from **private customers** amounted to EUR 28.1 (26.1) million, an increase of EUR 2.0 million, or 7.8 per cent. The streamlining of insurance companies' payment authorizations and direct payment practices reduces reported sales to private customer segment.

Revenue from the **public sector** amounted to EUR 92.1 (110.0) million, a decrease of EUR -17.9 million, or -16.3 per cent. The termination of cost liability for demanding specialised care in the wellbeing services county of South Ostrobothnia and Central Finland, the Jämsä Terveys' gradual transfer of services to the wellbeing services county and other changes to outsourcing agreements decreased revenue by EUR -19.3 million. The decrease was compensated by the annual price increases to complete outsourcing agreements and increase in occupational healthcare services sales.

REVENUE BY CUSTOMER GROUP Q2
2024, %



REVENUE BY CUSTOMER GROUP,
EUR MILLION



January–June 2024

EUR million	1–6/2024	1–6/2023	change	change %
Corporate customers	148.3	136.6	11.7	8.5 %
of which insurance company customers	76.9	69.6	7.4	10.6 %
Private customers	54.6	54.8	-0.3	-0.5 %
Public sector	191.4	218.9	-27.5	-12.6 %
of which complete and partial outsourcing agreements	118.0	146.6	-28.6	-19.5 %
of which staffing	14.4	14.5	-0.1	-1.0 %
of which occupational healthcare and other services	59.0	57.8	1.2	2.1 %
Intra-Group sales	-36.3	-38.9	2.6	-6.8 %
Total consolidated revenue	358.0	371.4	-13.4	-3.6 %

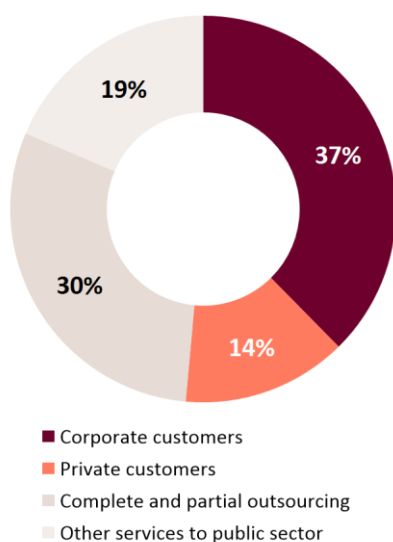
Revenue from **corporate customers** amounted to EUR 148.3 (136.6) million, an increase of EUR 11.7 million, or 8.5 per cent. Sales to insurance company customers increased by EUR 7.4 million, or 10.6 per cent. Occupational healthcare services sales increased.

Revenue from **private customers** amounted to EUR 54.6 (54.8) million, a decrease of EUR -0.3 million, or -0.5 per cent. The divestment of dental care services at the end of March decreased revenue from private customers by EUR -4.1 million. The streamlining of insurance companies' payment authorisations and direct payment practices reduces reported sales to private customer segment.

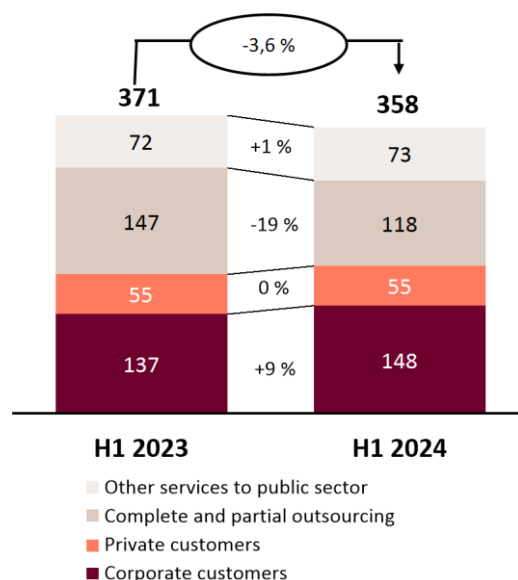
Revenue from the **public sector** amounted to EUR 191.4 (218.9) million, a decrease of EUR -27.5 million, or -12.6 per cent. The termination of cost liability for demanding specialised care in the wellbeing services county of South Ostrobothnia and Central Finland, the Jämsä Terveys' gradual transfer of services to the wellbeing services county and other changes to outsourcing agreements decreased revenue by EUR -32.3

million. The decrease was compensated by the annual price increases to complete outsourcing agreements and increase in occupational healthcare services sales.

REVENUE BY CUSTOMER GROUP H1
2024, %



REVENUE BY CUSTOMER GROUP,
EUR MILLION



3. Materials and services

EUR million	4–6/2024	4–6/2023	change, %	1–6/2024	1–6/2023	change, %	2023
Materials	-7.6	-8.0	-5.3	-14.5	-16.1	-10.0	-31.2
Change in inventories	-0.1	0.4	-129.8	0.1	0.3	-72.7	0.2
External services, practitioners	-34.4	-32.0	7.5	-70.5	-67.3	4.8	-129.8
External services, other	-8.5	-26.9	-23.9	-18.6	-50.3	-22.4	-94.3
Total	-50.6	-66.4	-12.6	-103.5	-133.3	-12.9	-255.2

4. Employee benefit expenses

EUR million	4–6/2024	4–6/2023	change, %	1–6/2024	1–6/2023	change, %	2023
Wages and salaries	-67.6	-68.6	-0.8	-137.4	-136.9	0.7	-267.1
Share-based incentive schemes							
- implemented as shares	-0.4	0.0		-0.4	0.0		-0.3
Pension costs - defined contribution plans	-11.6	-11.5	0.3	-23.3	-23.4	-0.3	-45.5
Other social security expenses	-1.8	-2.7	-32.3	-3.4	-5.3	-35.5	-9.9
Total	-81.4	-82.8	-32.8	-164.6	-165.7	-0.6	-322.8

Share-based incentive schemes

At the beginning of 2022, the Board of Directors approved the terms of a share-based incentive program (LTIP 2022) for the key persons of the company. In its entirety the incentive scheme is to form a six- year program and the share rewards based on the program are not allowed to be disposed of prior to year 2026. In addition, to participate the in the program, a key person must invest in Pihlajalinna shares.

The performance and quality-based share programme comprises of four separate performance periods of one year each (the calendar years 2022, 2023, 2024 and 2025). The potential share rewards will be paid out after the performance periods in the years 2023, 2024, 2025 and 2026. The Board of Directors annually decides on the participants, performance indicators, targets and earning opportunities. The earnings criteria for the performance and quality-based share programme are Pihlajalinna Group's adjusted EBITA, as well as key operational, quality-related, and sustainability-related indicators. Three earnings periods have been launched under the programme: 2022, 2023 and 2024. For the earnings period 2024, a total of 42 key persons are entitled to participate to the share-based incentive programme.

The programme is treated in its entirety as equity-settled share-based payments. The maximum aggregate amount of share rewards that may be paid out based on the programme for earning periods 2024 and 2025 is approximately 575,000 shares (gross amount before the deduction of the applicable withholding tax) and the total value of the share rewards payable is approximately EUR 5.2 million. The above number of shares corresponds to approximately 2.5 per cent of the company's total number of shares.

5. Other operating expenses

EUR million	4–6/2024	4–6/2023	change, %	1–6/2024	1–6/2023	change, %	2023
Facility expenses	-3.4	-3.5	-1.5	-7.1	-7.0	2	-13.6
Information management expenses	-6.6	-6.7	-1.9	-13.3	-13.5	-1	-26.3
Sales and marketing expenses	-1.6	-1.5	0.7	-2.5	-3.2	-23	-6.8
Other expenses	-9.5	-7.1	87.3	-20.5	-14.9	103.9	-30.3
Total	-21.0	-18.8	11.8	-43.4	-38.5	13	-77.0

6. Depreciation, amortisation

EUR million	4–6/2024	4–6/2023	change, %	1–6/2024	1–6/2023	change, %	2023
Intangible assets	-1.9	-2.0	-9.6	-3.8	-4.0	-6.2	-8.2
Property, plant and equipment	-3.4	-2.8	18.9	-6.7	-5.7	17.8	-12.0
Right-of-use assets	-7.9	-7.9	-0.4	-15.6	-15.6	0.0	-31.7
Impairment							-0.6
Total depreciation, amortisation and impairment	-13.1	-12.8	2.4	-26.1	-25.3	3.0	-51.9

7. Financial expenses

EUR million	4–6/2024	4–6/2023	muutos, %	1–6/2024	1–6/2023	muutos, %	2023
Interest expenses from financial liabilities carried at amortised cost	-1.5	-1.6	-9.6	-3.1	-3.7	-16.8	-7.2
Interest expenses on lease liabilities	-1.0	-0.9	15.8	-1.9	-1.8	8.5	-3.7
Other financial expenses	-0.7	-0.2	327.2	-0.9	-0.3	179.1	-1.9
Total	-3.2	-2.7	19.7	-5.9	-5.8	1.7	-12.7

8. Income taxes

EUR million	4–6/2024	4–6/2023	change, %	1–6/2024	1–6/2023	change, %	2023
Current taxes	-1.4	-1.1	28	-2.8	-3.5	-21.6	-0.5
Deferred taxes	0.2	0.5	-51	-0.7	1.3	-155.0	-3.0
Total	-1.2	-0.6	94	-3.5	-2.2	56.9	-3.6

9. Changes in intangible assets

EUR million	30 Jun 2024	30 Jun 2023	2023
Acquisition cost at beginning of period	332.9	325.7	325.7
Additions	1.2	5.4	7.4
Business combinations	3.0	0.0	0.0
Transfers between items	0.0	-0.1	0.0
Reclassifications	0.0	0.0	0.0
Disposals	0.0	-0.1	-0.2
Acquisition cost at end of period	337.0	330.9	332.9
Accumulated depreciation at beginning of period	-60.0	-51.9	-51.9
Depreciation and amortisation for period	-3.8	-4.0	-8.2
Accumulated depreciation at end of period	-63.8	-55.8	-60.0
Carrying amount at end of period	273.2	275.0	272.8

10. Changes in property, plant and equipment

EUR million	30 Jun 2024	30 Jun 2023	2023
Acquisition cost at beginning of period	142.6	123.6	123.6
Additions	7.3	15.8	19.0
Transfers between items	0.0	0.1	-1.1
Reclassifications	0.0	0.0	0.0
Disposals	-1.4	0.0	1.1
Acquisition cost at end of period	148.5	139.5	142.6
Accumulated depreciation at beginning of period	-76.7	-64.8	-64.8
Depreciation and amortisation for period	-6.7	-5.7	-12.0
Transfers between items	0.0	-0.1	1.1
Accumulated depreciation on disposals	0.8	0.0	-1.0
Accumulated depreciation at end of period	-82.7	-70.7	-76.7
Carrying amount at end of period	65.8	68.8	65.8

11. Changes in right-of-use assets

EUR million	30 Jun 2024	30 Jun 2023	2023
Acquisition cost at beginning of period	371.0	320.0	320.0
Additions	11.5	15.9	39.6
Transfers between items	0.0	18.4	18.4
Disposals	-5.5	-6.3	-7.0
Acquisition cost at end of period	377.1	348.0	371.0
Accumulated depreciation at beginning of period	-167.1	-122.2	-122.2
Depreciation and amortisation for period	-15.6	-15.6	-31.1
Transfers between items	0.0	-18.4	-18.4
Accumulated depreciation on disposals	1.0	3.8	4.6
Accumulated depreciation at end of period	-181.7	-152.4	-167.1
Carrying amount at end of period	195.4	195.6	203.9

12. Right-of-use assets and lease liabilities

EUR million	Right-of-use asset items 30 Jun 2024	Lease liabilities 30 Jun 2024
Carrying amount at beginning of period	203.9	230.6
Changes	7.1	7.1
Depreciation and amortisation	-15.6	
Repayments of lease liabilities		-16.1
Carrying amount at end of period	195.4	221.5

On 30 June 2024, EUR 202.9 million of the lease liabilities were the result of the adoption of IFRS 16 and EUR 18.6 million were financial lease liabilities in accordance with previous accounting standards.

EUR million	Right-of-use asset items 30 Jun 2023	Lease liabilities 30 Jun 2023
Carrying amount at beginning of period	197.7	229.6
Changes	13.4	13.7
Depreciation and amortisation	-15.6	
Repayments of lease liabilities		-15.8
Carrying amount at end of period	195.6	227.4

On 30 June 2023, EUR 206.2 million of the lease liabilities were the result of the adoption of IFRS 16 and EUR 21.2 million were financial lease liabilities in accordance with previous accounting standards.

13. Financial assets and liabilities by measurement category

31 Jun 2024	Fair value hierarchy	Fair value through profit or loss	Fair value - a hedging instrument	Amortised cost	Total carrying amounts	Fair values total
Carrying amounts of financial assets						
Non-current financial assets						
Other shares and participations	level 3	0.2			0.2	0.2
Lease deposits	level 2			0.2	0.2	0.2
Other receivables	level 2			0.1	0.1	0.1
Loan receivables	level 3	2.2			2.2	2.2
Current financial assets						
Trade receivables				49.0	49.0	49.0
Interest derivatives	level 2		0.5		0.5	0.5
Cash and cash equivalents				13.0	13.0	13.0
Total		2.3	0.5	62.3	65.2	65.2
Carrying amounts of financial liabilities						
Non-current financial liabilities						
Loans from financial institutions	level 2			114.0	114.0	114.0
Lease liabilities	level 2			191.2	191.2	191.2
Other liabilities	level 2			0.5	0.5	0.5
Contingent considerations	level 3	0.2			0.2	0.2
Current financial liabilities						
Loans from financial institutions	level 2			2.0	2.0	2.0
Contingent considerations	level 3					
Lease liabilities	level 2			30.4	30.4	30.4
Trade and other payables				22.9	22.9	22.9
Total		0.2		361.0	361.2	361.2
31 Dec 2023	Fair value hierarchy	Fair value through profit or loss	Fair value - a hedging instrument	Amortised cost	Total carrying amounts	Fair values total
Carrying amounts of financial assets						
Non-current financial assets						
Other shares and participations	level 3	0.2			0.2	0.2
Lease deposits	level 2			0.2	0.2	0.2
Other receivables	level 2			0.1	0.1	0.1
Loan receivables	level 3	2.1			2.1	2.1
Current financial assets						
Trade receivables				52.5	52.5	52.5
Other receivables	level 2			0.2	0.2	0.2
Interest derivatives	level 2		0.2		0.2	0.2
Cash and cash equivalents				24.5	24.5	24.5
Total		2.3	0.2	77.5	80.0	80.0
Carrying amounts of financial liabilities						
Non-current financial liabilities						
Loans from financial institutions	level 2			143.8	143.8	143.8
Lease liabilities	level 2			199.8	199.8	199.8
Other liabilities	level 2			0.5	0.5	0.5
Contingent considerations	level 3	0.2			0.2	0.2
Current financial liabilities						
Loans from financial institutions	level 2			2.3	2.3	2.3
Contingent considerations	level 3	0.7			0.7	0.7
Lease liabilities	level 2			30.8	30.8	30.8

Trade and other payables		27.1	27.1	27.1
Total	0.9	404.3	405.2	405.2

Fair value hierarchy levels:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities. The Group has no financial assets or liabilities measured according to level 1 of the hierarchy.

Level 2: The fair value is determined using valuation methods. The financial assets and liabilities are not subject to trading in active and liquid markets. The fair values can be determined based on quoted market prices and deduced valuation. The carrying amount of the trade receivables and financial assets essentially corresponds to their fair value, as the effect of discounting is not significant taking the maturity of the receivables into consideration. The fair values of lease liabilities are based on discounted cash flows. The fair values of loans essentially correspond to their carrying amount since they have a floating interest rate and the Group's risk premium has not materially changed. The carrying amount of other financial liabilities essentially corresponds to their fair value, as the effect of discounting is not significant taking the maturity of the receivables into consideration. Derivative financial instruments are initially recognized at fair value on the trade date and are subsequently remeasured at their fair value on the balance sheet date.

Level 3: The fair value is not based on verifiable market information, and information on other circumstances affecting the value of the financial asset or liability is not available of verifiable. The Group's other shares and participations consist solely of shares in unlisted companies.

14. Liquidity risk

The Group monitors the amount of financing required by business operations by analysing cash flow forecasts to ensure that the Group has enough of liquid assets for financing operations and repaying maturing loans. The Group aims to ensure the availability and flexibility of financing with adequate credit limits, a balanced maturity profile and sufficiently long maturities for borrowings, as well as by obtaining financing through several financial instruments. The covenants included in the Group's financing arrangements are subject to continuous forecasting.

Pihlajalinna rearranged its long-term debt financing with a sustainability-linked financing arrangement in June 2024. The agreement includes a EUR 110 million term loan for refinancing the Group's previous debt, and a revolving credit facility of EUR 60 million for general financing purposes. The financing agreement is for three years and includes two option years.

The financing arrangement includes the customary financial covenants equivalent to the previous arrangement, concerning leverage (ratio of net debt to pro forma EBITDA) and gearing. IFRS 16 lease liabilities are not considered in the calculation of the covenants (Frozen GAAP). The loan margin of the financing is additionally linked to Pihlajalinna's main sustainability targets: patient satisfaction, access to surgical treatment and employee engagement. Sustainability objectives have a minor effect on the loan margin, depending on how many of the agreed-upon sustainability targets are achieved.

The original gearing covenant of the financing arrangement is 115 per cent and the leverage covenant is 3.75. At the end of the review period, gearing in accordance with the financing arrangement was 75.8 per cent and leverage stood at 2.37.

Pihlajalinna issued EUR 20 million hybrid bond on 27 March 2023. The hybrid bond bears a fixed interest rate of 12.00 percent per annum until 27 March 2026 ("Reset Date"), and from the Reset Date, a floating interest rate as defined in the terms and conditions of the capital securities.

The hybrid bond is a subordinated instrument to the company's other debt obligations. The hybrid bond does not have a specified maturity date. Pihlajalinna is entitled to redeem the hybrid bond on the Reset Date and thereafter on each interest payment date. The hybrid bond will be treated as equity in Pihlajalinna's IFRS consolidated financial statements. The hybrid bond does not confer to the holders the rights

of a shareholder and do not dilute the holdings of the current shareholders. The net proceeds from the hybrid bond were used for the repayment of drawings under Pihlajalinna's existing revolving credit facility and for general financing purposes.

The Group has credit limit agreements valid until further notice, totalling EUR 10 million. The notice period of the credit limit agreements is one month. At the end of the review period, Pihlajalinna had EUR 70 million in unused committed credit limits. Unused credit limits consist of EUR 10 million credit limit agreement and EUR 60 million unused revolving credit facility.

The company has an interest rate swap agreement with a nominal value of EUR 65 million, which is used to convert the floating interest rate of the financing arrangement to fixed interest rate. Cash flow hedge accounting is applied to the interest rate swap agreement, which means that the effective portion of the change in fair value is recognised in other comprehensive income. The start date of the interest rate swap was in March 2023, and it is valid until 25 March 2027.

The table below presents the contractual maturity of financial liabilities. The figures are undiscounted, and they include both future interest payments and repayments of principal. In the table below, the loan instalments drawn under the Group's revolving credit facility are presented as long-term items despite their maturity being 1, 3 or 6 months, because Pihlajalinna has an unequivocal right to postpone the re-payment of the loan instalments by a minimum of 12 months from the reporting date. Interest payments related to the loan instalments drawn are presented in the table below according to the actual timing of their payment.

15. Financial liabilities repayment schedule

EUR million	Carrying amount on 30 Jun 2024	less than 1 year	1-2 years	2-3 years	3-4 years	over 4 years
Loans from financial institutions	116.0	-7.6	-7.4	-117.0	-1.3	-0.2
Revolving credit facility						
Lease liabilities	221.5	-34.2	-31.1	-27.0	-25.1	-123.8
Other interest-bearing liabilities	0.5	-0.1	-0.1	-0.1	-0.1	-0.6
Contingent considerations	0.2	0.0	-0.2			
Trade payables	22.9	-22.9				
Total	361.2	-64.9	-38.8	-144.1	-26.4	-124.6

EUR million	Carrying amount on 31 Dec 2023	less than 1 year	1-2 years	2-3 years	3-4 years	over 4 years
Loans from financial institutions	136.1	-9.4	-8.6	-132.6	-1.2	-0.4
Revolving credit facility	10.0	-0.5	-0.5	-10.2		
Lease liabilities	230.6	-34.5	-31.4	-26.3	-23.7	-134.5
Other interest-bearing liabilities	0.5	-0.1	-0.1	-0.1	-0.1	-0.6
Contingent considerations	0.9	-0.7	-0.2			
Trade payables	27.1	-27.1				
Total	405.2	-72.2	-40.8	-169.2	-25.0	-135.5

16. Trade and other receivables

Pihlajalinna regularly reviews the credit risk of receivables and the procedures used to assess credit risk. No significant changes were observed in the payment behavior of customers during the review period.

The Group recognised impairment losses of EUR 0.5 (0.5) million on trade receivables during the review period. The Group recognised impairment losses of EUR 0.0 (0.0) million related to contract assets.

EUR million	30 Jun 2024	31 Dec 2022
Trade receivables	49.0	52.5
Prepayments and accrued income	8.7	4.7
Current subleases	0.4	0.4
Other receivables	0.0	0.2
Contract assets	3.1	3.6
Total	61.2	61.5

Age distribution of trade receivables

EUR million	30 Jun 2024	of which written down	Net 30 Jun 2024	31 Dec 2022	of which written down	Net 31 Dec 2022
Not yet due	35.7	0.0	35.7	34.3	0.0	34.3
Past due						
Less than 30 days	8.4	0.0	8.4	12.9	0.0	12.9
30–60 days	1.1	0.0	1.1	1.1	0.0	1.0
61–90 days	0.7	-0.1	0.6	0.6	-0.1	0.5
More than 90 days	3.6	-0.3	3.2	4.0	-0.3	3.7
Total	49.5	-0.5	49.0	52.9	-0.5	52.5

17. Acquired business operations, others

On 1 May 2024, Pihlajalinna acquired full ownership of its former associated company Kuura Digilääkäri Oy. Pihlajalinna's previous holding in the company was 45 per cent. Pihlajalinna consolidates the company as an acquisition achieved in stages. The pre-existing interest in the acquiree was remeasured to fair value and the capital gain, amounting to EUR 78 thousand, was recognised in other operating income. The acquisition calculation is being finalised and will be completed within one year of the date of acquisition. A preliminary acquisition calculation is presented below:

EUR million	2024
Consideration transferred	
Cash	3.5
Total acquisition cost	3.5

The preliminary values of the assets and liabilities acquired for consideration at the time of acquisition were as follows:

EUR million	2024
Trade and other receivables	0.2
Cash and cash equivalents	0.5
Total assets	0.7
Other liabilities	0.1
Total liabilities	0.1
Acquired net assets	0.5

Preliminary goodwill generated in the acquisition:

EUR million	2024
Consideration transferred	1.9
Previous holding measured at fair value	1.6
Net identifiable assets of acquirees	-0.5
Preliminary goodwill	3.0
Transaction price paid in cash in the financial year	1.9
Cash and cash equivalents of acquirees	-0.5
Effect on cash flow in the financial year	1.4

The business combination generated preliminary goodwill of EUR 3.0 million. The goodwill generated is not tax-deductible. EUR 0.1 million in costs related to the acquisition has been recognised under other operating expenses (IFRS 3 costs). Revenue recognised as a result of the business combination for the review period in 2024 amounted to EUR 0.2 million, and the business combination had an effect of EUR 0.0 million on the result for the review period.

18. Contingent liabilities and commitments

EUR million	30 Jun 2024	30 Jun 2023	2023
Collateral given on own behalf			
Sureties	5.1	4.0	5.3
Lease deposits	0.2	0.6	0.2
Properties' VAT refund liability	0.0	0.0	0.0
Lease commitments for off-balance sheet leases	0.5	0.7	1.6

Investment commitments for the Group's development, additional and replacement investments amounted to approximately EUR 1.6 (2.2) million. The investment commitments are related to business premises investments, additional and replacement investments in clinical equipment and information system projects.

Hybrid bond interests

Pihlajalinna issued EUR 20 million hybrid bond on 27 March 2023. At the end of the review period, the unpaid interest was EUR 0.6 (0.6) million.

19. Related party transactions

EUR million	1–6/2024	1–6/2023	2023
Key management personnel			
Rents paid	0.6	0.5	1.0
Services procured	0.6	0.6	1.3
Other Payments	0.1	0.0	0.0
Prepayments	-0.1	-0.1	-0.1
Trade payables	0.1	0.2	0.1

The Group has leased its business premises in Karkku, Tampere and Kangasala from Mikko Wirén's controlling company. Mikko Wirén is a member of the Group's Board of Directors. The Group also has an agreement with MWW Oy, a company controlled by Mikko Wirén, under which the Group buys healthcare professionals' services and consulting. In addition, during the review period the Group has paid old receivables, interest on late payment and premises renovation costs to a company controlled by Mikko Wirén.

Quarterly information

EUR million	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22
INCOME STATEMENT								
Revenue	174.8	183.2	183.0	165.6	183.6	187.8	188.4	165.2
EBITDA	22.7	25.7	11.6	20.1	17.7	23.0	11.5	18.1
EBITDA, %	13.0	14.0	6.4	12.1	9.7	12.3	6.1	10.9
Adjusted* EBITDA	22.7	26.0	20.7	20.5	18.0	21.4	12.0	18.9
Adjusted* EBITDA, %	13.0	14.2	11.3	12.4	9.8	11.4	6.4	11.4
Depreciation and amortisation	-13.1	-13.0	-13.6	-13.0	-12.8	-12.5	-12.0	-11.5
Operating profit (EBIT)	9.5	12.7	-1.9	7.1	4.9	10.5	-0.6	6.6
Operating profit, %	5.5	6.9	-1.1	4.3	2.7	5.6	-0.3	4.0
Adjusted operating profit before the amortisation and impairment of intangible assets (EBITA)	11.4	14.9	9.9	9.6	7.3	11.0	2.2	9.4
Adjusted EBITA, %	6.5	8.1	5.4	5.8	4.0	5.9	1.2	5.7
Financial income	0.4	0.2	-0.1	0.2	0.2	0.1	0.4	0.1
Financial expenses	-3.2	-2.7	-4.1	-2.8	-2.7	-3.1	-2.7	-2.1
Profit before taxes (EBT)	6.7	10.2	-6.1	4.4	2.4	7.5	-2.8	4.5
Income tax	-1.2	-2.3	-0.3	-1.1	-0.6	-1.6	1.7	-0.5
Profit for the period	5.5	7.9	-6.4	3.3	1.8	5.9	-1.1	4.0
Share of the result for the period attributable to owners of the parent company	4.8	7.2	-5.2	3.5	2.0	5.5	-0.7	3.3
Share of the result for the period attributable to non-controlling interests	0.7	0.8	-1.2	-0.2	-0.2	0.4	-0.4	0.8
EPS	0.19	0.30	-0.25	0.13	0.07	0.24	-0.03	0.14
Average number of personnel (FTE)	4,753	4,813	4,923	4,976	4,978	4,882	4,851	4,793
Change in personnel during the quarter	-59	-111	-53	-1	95	31	58	-197

Calculation of key financial figures and alternative performance measures

Key figures

Earnings per share (EPS)	$\frac{\text{Profit for the financial period attributable to owners of the parent company - Hybrid bond interest expenses net of tax}}{\text{Average number of shares during the financial year}}$
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Alternative performance measures

Equity per share	$\frac{\text{Equity attributable to owners of the parent company}}{\text{Number of shares at the end of the financial period}}$	
Dividend per share	$\frac{\text{Dividend distribution for the financial year (or proposal)}}{\text{Number of shares at the end of the financial period}}$	
Dividend/result, %	$\frac{\text{Dividend per share}}{\text{Earnings per share (EPS)}}$	x 100
Effective dividend yield, %	$\frac{\text{Dividend per share}}{\text{Closing price for the financial year}}$	x 100
P/E ratio	$\frac{\text{Closing price for the financial year}}{\text{Earnings per share (EPS)}}$	
Share turnover, %	$\frac{\text{Number of shares traded during the period}}{\text{Average number of shares}}$	x 100
Return on equity (ROE), %	$\frac{\text{Profit for the period (rolling 12 months)}}{\text{Equity (average)}}$	x 100
Return on capital employed, % (ROCE)	$\frac{\text{Profit before taxes (rolling 12 months) + financial expenses (rolling 12 months)}}{\text{Total statement of financial position – non-interest-bearing liabilities (average)}}$	x 100
Equity ratio, %	$\frac{\text{Equity}}{\text{Total statement of financial position - prepayments received}}$	x 100
Gearing, %	$\frac{\text{Interest-bearing net debt - cash and cash equivalents}}{\text{Equity}}$	x 100
EBITDA	Operating profit + depreciation, amortisation and impairment	
EBITDA, %	$\frac{\text{Operating profit + depreciation, amortisation and impairment}}{\text{Revenue}}$	x 100
Adjusted EBITDA ¹⁾	Operating profit + depreciation, amortisation and impairment + adjustment items	

Adjusted EBITDA, % ¹⁾	Operating profit + depreciation, amortisation and impairment + adjustment items	x 100
	Revenue	
Adjusted EBITDA ¹⁾ , excluding IFRS 16	Operating profit + depreciation, amortisation and impairment + adjustment items - IFRS 16 adjustment	
Net debt/Adjusted EBITDA ¹⁾ , rolling 12 months	Interest-bearing net debt - cash and cash equivalents	
	Adjusted EBITDA (rolling 12 months)	
Net debt/Adjusted EBITDA, excluding IFRS 16, rolling 12 months	Interest-bearing net debt excluding IFRS 16 - cash and cash equivalents	
	Adjusted EBITDA, excluding IFRS 16 (rolling 12 months)	
Cash flow after investments	Net cash flow from operating activities + net cash flow from investing activities	
Adjusted operating profit (EBIT) ¹⁾	Operating profit + adjustment items	
Adjusted operating profit (EBIT), % ¹⁾	Adjusted operating profit (EBIT)	x 100
	Revenue	
Adjusted operating profit before the amortisation and impairment of intangible assets (EBITA) ¹⁾	Operating profit + adjustment items + amortisation and impairment of intangible assets	
Adjusted EBITA, % ¹⁾	Adjusted operating profit before the amortisation and impairment of intangible assets (EBITA)	x 100
	Revenue	
Profit before taxes (EBT)	Profit for the financial year + income tax	
Gross investments	Increase in tangible and intangible assets and in right-of-use assets	
Comparable revenue for the previous period	Revenue from the previous period - the effects of divestments to revenue - covid-19 services - other items affecting comparability	
Comparable organic revenue growth	Revenue for the period - comparable revenue for the previous period - revenue from M&A transactions	

Comparable organic revenue growth, %	Organic comparable revenue growth	x 100
	Comparable revenue for the previous period	

¹⁾ Significant transactions that are not part of the normal course of business, are related to business acquisition costs (IFRS 3), are infrequently occurring events or valuation items that do not affect cash flow are treated as adjustment items affecting comparability between financial years. According to Pihlajalinna's definition, such items include, for example, restructuring measures, impairment of assets and the remeasurement of previous assets held by subsidiaries, the costs of closing down businesses and business locations, gains and losses on the sale of businesses, costs arising from operational restructuring and the integration of acquired businesses, costs related to the termination of employment relationships as well as fines and corresponding compensation payments. Pihlajalinna has also presented costs according to the IFRS Interpretations Committee's Agenda Decision concerning cloud computing arrangements, and reversals of amortisation, as adjustment items. Cloud computing arrangements costs and reversals of amortisation according to the IFRS Interpretations Committee's Agenda Decision has not been presented as adjustment items since 1 Jan 2024.

Reconciliations with alternative key figures and ratios

Pihlajalinna publishes a wide range of alternative performance measures, i.e. key figures that are not based on financial reporting standards, because they are considered to be significant for investors, the management and the Board of Directors in assessing the group's financial position and profitability. The alternative performance measures should not be considered to be replacements for the key figures defined in IFRS standards. The table below presents the reconciliation calculations for the alternative performance measures and the justifications for their presentation.

Reading notes:

/	divide by the following number(s)
-	deduct the following number(s)
+	add the following number(s)

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Return on equity (ROE), %					
Profit for period (rolling 12 months)/			10.3	10.7	4.6
Equity (average) x 100			149.3	136.3	133.7
Return on equity (ROE), %			6.9	7.8	3.4

Return on equity is one of the most important indicators of a company's profitability used by shareholders and investors. The indicator illustrates the company's ability to look after the capital invested by shareholders in the company. The figure indicates how much return was accumulated on equity during the financial year.

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Return on capital employed (ROCE), %					
Profit before taxes (rolling 12 months) +			15.2	11.6	8.2
Financial expenses (rolling 12 months)			12.9	10.6	12.7
/			28.0	22.2	20.9
Total statement of financial position at beginning of period -			657.5	661.6	661.6
non-interest-bearing liabilities at beginning of period			135.7	138.9	138.9
			521.8	522.8	522.8
Total statement of financial position at end of period -			633.6	677.0	657.5
Non-interest-bearing liabilities at end of period			141.3	147.0	135.7
			492.2	530.0	521.8
Average x 100			507.0	526.4	522.3
Return on capital employed (ROCE), %			5.5	4.2	4.0

Return on capital employed is one of the most important indicators produced by financial statements analysis. It measures the company's relative profitability, or the return on capital invested in the company that requires interest or other returns.

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Equity ratio, %					
Equity/			154.1	149.8	144.6
Total statement of financial position -			633.6	677.0	657.5
Advances received x 100			0.3	0.0	0.3
Equity ratio, %			24.3	22.1	22.0

The equity ratio measures the company's solvency, the capacity to tolerate losses and the ability to manage commitments in the long term. The indicator shows the percentage of the company's assets that are financed by equity.

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Gearing, %					
Interest-bearing financial liabilities –			338.1	380.3	377.2
Cash and cash equivalents/			13.0	26.1	24.5
Equity x 100			154.1	149.8	144.6
Gearing, %			211.0	236.4	243.9

Gearing illustrates the company's indebtedness. The figure reveals the ratio between the equity invested in the company by shareholders and the interest-bearing debt borrowed from lenders.

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Net debt/adjusted EBITDA, rolling 12 months					
Interest-bearing financial liabilities -			338.1	380.3	377.2
Cash and cash equivalents			13.0	26.1	24.5
Net debt/			325.1	354.1	352.7
Adjusted EBITDA (rolling 12 months)			89.9	70.3	80.6
Net debt/adjusted EBITDA, rolling 12 months			3.6	5.0	4.4

This figure illustrates how quickly, at the current profit rate, the company would have paid off its debts if the EBITDA were to be used in full to repay the debts, if the company does not, for example, invest or distribute any dividend.

EUR million	4–6/2024	4–6/2023	1–6/2024 6 months	1–6/2023 6 months	2023
Interest-bearing net debt, excluding IFRS 16, %					
Interest-bearing financial liabilities excluding IFRS 16 –			135.1	174.0	166.5
Cash and cash equivalents/			13.0	26.1	24.5
Equity x 100			161.0	154.6	150.5
Interest-bearing net debt, excluding IFRS 16, %			75.8	95.7	94.4

EUR million	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
Net debt/adjusted EBITDA, rolling 12 months, excluding IFRS 16					
Interest-bearing financial liabilities excluding IFRS 16 –			135.1	174.0	166.5
Cash and cash equivalents			13.0	26.1	24.5
Net debt/			122.1	147.9	142.0
Adjusted EBITDA excluding IFRS 16 (rolling 12 months)			60.7	43.5	51.9
Net debt/adjusted EBITDA, rolling 12 months, excluding IFRS 16			2.0	3.4	2.7

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
EBITDA and Adjusted EBITDA					
Profit for period	5.5	1.8	13.4	7.7	4.6
Income tax	-1.2	-0.6	-3.5	-2.2	-3.6
Financial expenses	-3.2	-2.7	-5.9	-5.8	-12.7
Financial income	0.4	0.2	0.6	0.3	0.4
Depreciation, amortisation and impairment	-13.1	-12.8	-26.1	-25.3	-51.9
EBITDA	22.7	17.7	48.3	40.8	72.5
IFRS 3 costs	0.0	0.2	0.0	0.6	0.7
Entries related to the IFRIC Agenda Decision concerning cloud computing arrangements		0.3		0.7	1.0
Other EBITDA adjustments	0.0	-0.2	0.3	-2.7	6.4
Total EBITDA adjustments	0.0	0.2	0.3	-1.4	8.1
Adjusted EBITDA	22.7	18.0	48.6	39.4	80.6

EBITDA indicates how much is left of the company's revenue after deducting operating expenses. Assessments of whether EBITDA is sufficiently high should take into account the company's financial expenses, depreciation requirements and intended profit distribution. Adjusted EBITDA provides significant additional information on profitability by eliminating items that do not necessarily reflect the profitability of the company's operative business. Adjusted EBITDA improves comparability between periods and is frequently used by analysts, investors and other parties. The Group Management Team and operative management monitor and forecast adjusted EBITDA on a monthly basis.

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
EBITDA, %					
EBITDA/	22.7	17.7	48.3	40.8	72.5
Revenue x 100	174.8	183.6	358.0	371.4	720.0
EBITDA, %	13.0	9.7	13.5	11.0	10.1

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Adjusted EBITDA, %					
Adjusted EBITDA/	22.7	18.0	48.6	39.4	80.6
Revenue x 100	174.8	183.6	358.0	371.4	720.0
Adjusted EBITDA, %	13.0	9.8	13.6	10.6	11.2

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Operating profit (EBIT) and Adjusted operating profit (EBIT)					
Profit for the period	5.5	1.8	13.4	7.7	4.6
Income tax	-1.2	-0.6	-3.5	-2.2	-3.6
Financial expenses	-3.2	-2.7	-5.9	-5.8	-12.7
Financial income	0.4	0.2	0.6	0.3	0.4
Operating profit (EBIT)	9.5	4.9	22.2	15.4	20.6
Entries related to the IFRIC Agenda Decision concerning cloud computing arrangements (reversal of amortisation) -		-0.1		-0.3	-0.5
Other adjustments to amortisation and impairment		0.1		0.2	0.9
Total EBITDA adjustments	0.0	0.2	0.3	-1.4	8.1
Total operating profit (EBIT) adjustments	0.0	0.2	0.3	-1.4	8.5
Adjusted operating profit (EBIT)	9.6	5.1	22.5	14.0	29.1
PPA amortisation	0.5	0.5	1.1	1.1	2.1
Amortisation and impairment of other intangible assets	1.3	1.6	2.7	3.2	6.6
Entries related to the IFRIC Agenda Decision concerning cloud computing arrangements (reversal of amortisation)		0.1		0.3	0.5
Adjusted operating profit before the amortisation and impairment of intangible assets (EBITA)	11.4	7.3	26.3	18.3	37.8

Operating profit indicates how much is left of the proceeds of actual business operations before financial items and taxes. With operating profit, the company must cover, among other things, financial expenses, taxes and the distribution of dividends. Adjusted operating profit provides significant additional information on profitability by eliminating items that do not necessarily reflect the profitability of the company's operative business. Adjusted operating profit improves comparability between periods and is frequently used by analysts, investors and other parties. The Group Management Team and operative management monitor and forecast adjusted operating profit on a monthly basis.

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Operating profit (EBIT), %					
Operating profit/	9.5	4.9	22.2	15.4	20.6
Revenue x 100	174.8	183.6	358.0	371.4	720.0
Operating profit (EBIT), %	5.5	2.7	6.2	4.2	2.9

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Adjusted operating profit (EBIT), %					
Adjusted operating profit/	9.6	5.1	22.5	14.0	29.1
Revenue x 100	174.8	183.6	358.0	371.4	720.0
Adjusted operating profit (EBIT), %	5.5	2.8	6.3	3.8	4.0

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Adjusted operating profit before the amortisation and impairment of intangible assets (EBITA), %					
Adjusted operating profit before the amortisation and impairment of intangible assets (EBITA) /	11.4	7.3	26.3	18.3	37.8
Revenue x 100	174.8	183.6	358.0	371.4	720.0
Adjusted operating profit before the amortisation and impairment of intangible assets (EBITA), %	6.5	4.0	7.3	4.9	5.2

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Cash flow after investments					
Net cash flow from operating activities	27.5	27.3	58.7	46.3	79.0
Net cash flow from investing activities	-6.0	-5.1	-8.7	-10.9	-18.5
Cash flow after investments	21.6	22.3	50.0	35.4	60.5

Cash flow after investments (free cash flow) indicates how much cash is left for the company after deducting the cash tied up in operative business and investments. It indicates how much the company has left for its shareholders and creditors. Free cash flow indicates how sustainable the foundation of the company's profitability is, and it is used as the basis of the company's valuation.

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Profit before taxes					
Profit for period	5.5	1.8	13.4	7.7	4.6
Income tax	-1.2	-0.6	-3.5	-2.2	-3.6
Profit before taxes	6.7	2.4	16.9	9.9	8.2

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Gross investments					
Property, plant and equipment at end of period	65.8	68.8	65.8	68.8	65.8
Right-of-use assets at end of period	195.4	195.6	195.4	195.6	203.9
Other intangible assets at end of period	18.5	22.3	18.5	22.3	21.1
Goodwill at end of period	254.8	252.7	254.8	252.7	251.8
Depreciation, amortisation and impairment for period are added	13.1	12.8	26.1	25.3	51.9
Property, plant and equipment at beginning of period	65.0	62.8	65.8	58.7	58.7
Right-of-use assets at beginning of the period	195.4	201.2	203.9	197.7	197.7
Other intangible assets at beginning of period	19.7	22.6	21.1	22.8	22.8
Goodwill at beginning of period	251.8	250.9	251.8	251.0	251.0
Proceeds from the sale of property, plant and equipment during period	-0.4	0.0	-5.0	-2.0	-2.3
Gross investments	16.0	14.7	23.0	36.4	66.4

EUR million	4–6/2024 3 months	4–6/2023 3 months	1–6/2024 6 months	1–6/2023 6 months	2023
Comparable organic revenue growth, %					
Revenue for previous period	183.6	173.7	371.4	336.8	690.5
The impact of divestments on revenue during the period -	0.0	-4.7	-4.8	-4.7	-12.0
Contractual changes in complete outsourcing agreements -	-19.3	-5.7	-32.3	-11.4	-32.1
Covid-19 services and write-down of revenue -	-0.2	-3.0	-0.5	-13.5	-18.0
Comparable revenue for previous period (B)	164.1	160.4	333.8	307.3	628.4
Revenue from M&A transactions during period (C)		2.9		14.1	16.2
Revenue growth due to M&A transactions, %		1.8		4.6	2.6
Revenue for period (A)	174.8	183.6	358.0	371.4	720.0
Comparable organic revenue growth (A-B-C)	10.7	20.3	24.1	50.0	75.4
Organic revenue growth, %	6.5	12.7	7.2	16.3	12.0
Revenue change	-8.8	9.9	-13.4	34.6	29.5
Revenue change, %	-4.8	5.7	-3.6	10.3	4.3

Organic growth of revenue refers to the growth of existing business that has not been achieved through mergers or acquisitions. Organic growth can be achieved by expanding service offerings, acquiring new customers, increasing visitation rates from existing customers, implementing price increases, and embracing digitalization. Public tenders won for healthcare outsourcing and self-established business locations are counted as organic growth. Comparable organic growth is calculated excluding the divestments, the transfer of cost liability for demanding specialised care, the gradual termination of Jämsän Terveys' service agreement, other changes to outsourcing agreements and COVID-19 services.

Description of adjustment items applied to adjusted EBITDA and adjusted operating profit

EUR million	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
EBITDA	22.7	17.7	48.3	40.8	72.5
Adjustments to EBITDA					
Dismissal-related expenses		0.0	0.3	1.0	1.3
Costs arising from integration of acquired businesses		0.1		0.2	0.2
Classification of receivables as contingent assets according to IAS 37					7.8
Impairments on shares of interest in associates					0.5
Gains on the sale of businesses		-0.1		-3.6	-3.6
IFRS 3 costs	0.0	0.2	0.0	0.6	0.7
Entries related to the IFRIC Agenda Decision concerning cloud computing arrangements		0.3		0.7	1.0
Other items with cash flow effect	0.1		0.1		0.3
Other items with no cash flow effect	-0.1	-0.2	-0.1	-0.2	-0.2
Adjustments to EBITDA in total	0.0	0.2	0.3	-1.4	8.1
Adjusted EBITDA	22.7	18.0	48.6	39.4	80.6
Depreciation, amortisation and impairment	-13.1	-12.8	-26.1	-25.3	-51.9
Adjustments to depreciation, amortisation and impairment					
Entries related to the IFRIC Agenda Decision concerning cloud computing arrangements (reversal of amortisation)		-0.1		-0.3	-0.5
Closure of operating locations		0.1		0.2	0.2
Impairments on investments					0.6
Adjustments to depreciation, amortisation and impairment in total		-0.1		0.0	0.3
Adjustments to operating profit in total	0.0	0.2	0.3	-1.4	8.5
Adjusted operating profit (EBIT)	9.6	5.1	22.5	14.0	29.1
PPA amortisation	0.5	0.5	1.1	1.1	2.1
Other amortisation and impairment of intangible assets	1.3	1.5	2.7	2.9	6.1
Entries related to the IFRIC Agenda Decision concerning cloud computing arrangements (reversal of amortisation)		0.1		0.3	0.5
Adjusted operating profit before the amortisation and impairment of intangible assets (EBITA)	11.4	7.3	26.3	18.3	37.8
Operating profit (EBIT)	9.5	4.9	22.2	15.4	20.6

The adjustment items are presented in the income statement items as follows:

EUR million	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
Revenue					2.1
Other operating income	-0.1	-0.3	-0.1	-3.8	-2.2
Materials and services				0.1	4.3
Employee benefit expenses		0.0	0.3	0.9	1.2
Other operating expenses	0.1	0.5	0.1	1.5	2.2
Share of profit in associated companies and joint ventures					0.5
EBITDA adjustment items total	0.0	0.2	0.3	-1.4	8.1
Depreciation, amortisation and impairment		-0.1		0.0	0.3
Operating profit (EBIT) adjustment items total	0.0	0.2	0.3	-1.4	8.5