Pihlajalinna
KOKO SUOMEN LÄÄKÄRIKESKUS

Financial Statements 2021

CEO Joni Aaltonen
18.2.2022

Q4/2021: Revenue continued to increase, Pihlajalinna and Pohjola Hospital were combined

October-December briefly:

- Revenue amounted to EUR 154.7 (137.2) million – increase of 17.5 milj. euroa, or 12.8 per cent
- Adjusted* EBITDA was EUR 14.9 (15.8) million – decrease of -5.6 per cent
- Adjusted* EBITA before the amortisation and impairment of intangible assets was EUR 7.8 (9.0) million – decrease of -12.5 per cent
- Earnings per share (EPS) was EUR 0.19 (0.15)
- Revenue from services related to COVID-19 amounted to EUR 10.1 (7.4) million – increase of EUR 2.7 million
- The acquisition of Työterveys Virta Oy on April 1 2021 increased revenue by EUR 3.6 million, or 2.6 per cent
- Customer volumes grew by approximately 17 per cent year-on-year, with remote services representing 39 per cent pf all appointments (excluding municipal outsourcing arrangements and COVID-19 testing).

Mission
We help Finns to live a better life

Vision
We bring wellbeing to everyone

Values
Ethics, energy, open-mindedness

Revenue growth 12.8 %

Increased customer volume 17 %

* The definition of adjustment items has changed: in addition to the former definition, adjustment items include costs of business acquisitions, costs recognised in relation to the IFRS Interpretations Committee's new Agenda Decision regarding cloud services, and reversals of depreciation

2021: Revenue increased clearly and profitability improved clearly

January-December briefly:

• Revenue amounted to EUR 577.8 (508.7) million – increase of EUR 69.15 million, or 13.6 per cent

• Adjusted* EBITDA was EUR 65.3 (54.82) million – increase of 19.3 per cent

• Ajusted* EBIT was EUR 30.3 (20.9) million – increase of 45.2 per cent

• Earnings per share (EPS) was EUR 0.89 (0.38)

• Revenue from services related to COVID-19 amounted to EUR 38.9 (11.4) million – increase of EUR 27.5 million

• The acquisition of Työterveys Virta Oy on April 1 2021 increased revenue by EUR 11 million, or 2.2 per cent

• Customer volume grew by approximately 9 per cent year-on-year, with remote services representing 39 per cent of all appointments (excluding municipal outsourcing arrangements and COVID-19 testing)

• Pihlajalinna and Pohjola Hospital were combined on 1 February 2022

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2021 Revenue growth 13.6 %

2021 EBITDA increase 19.3 %

Customer volume increase 9 %

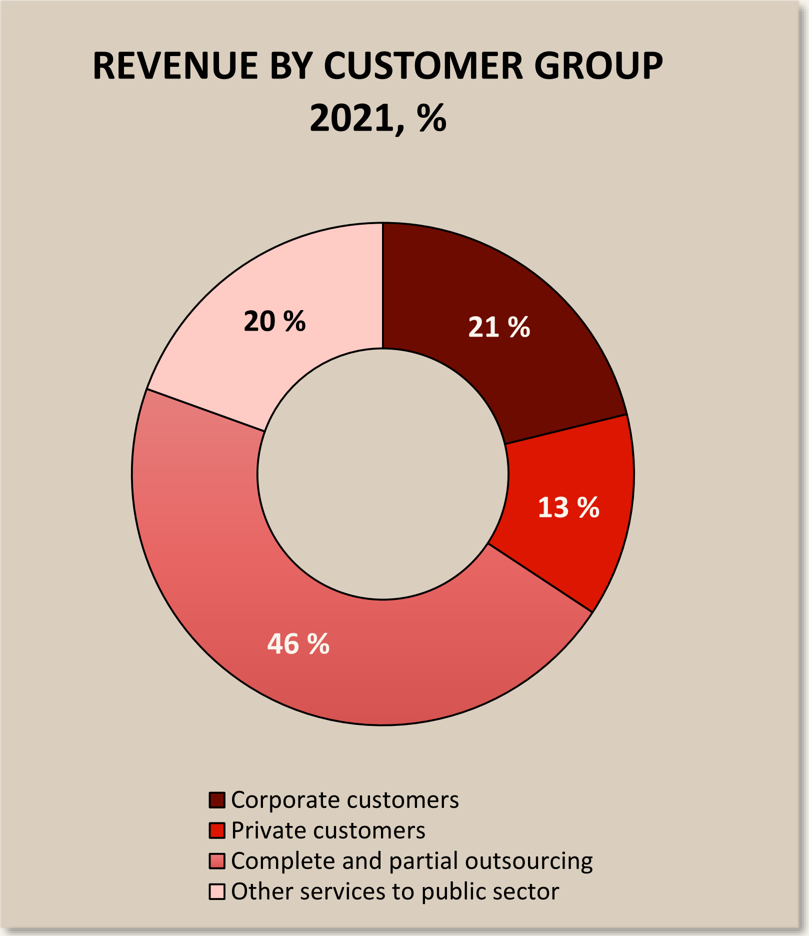
2021 EBIT increase 45.2 %

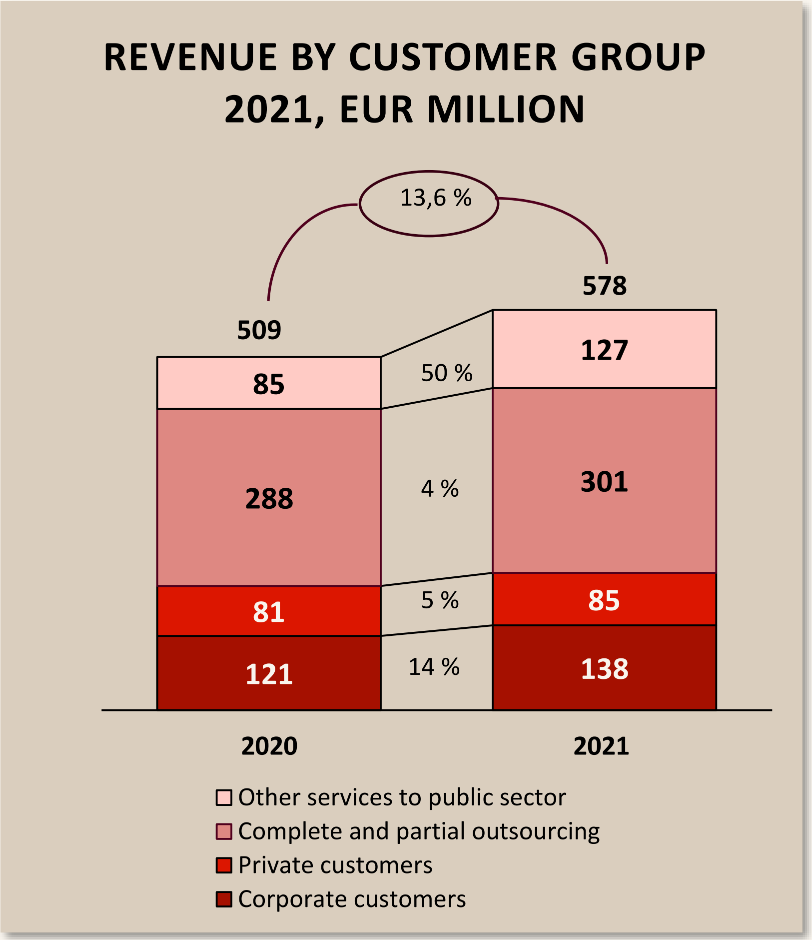
Revenue by customer group - October-December 2021

EUR million	10–12/2021	10–12/2020	change	change %
Corporate customers	**38.8**	**35.7**	**3.1**	**8.6%**
of which insurance company customers	9.8	9.0	0.7	8.2%
Private customers	**23.3**	**22.4**	**0.9**	**3.9%**
Public sector	**111.3**	**97.5**	**13.8**	**14.2%**
of which complete outsourcing	76.8	73.6	3.2	4.3%
of which staffing	6.4	5.9	0.5	7.7%
of which occupational healthcare and other services	28.1	17.9	10.2	56.8%
Intra-Group sales	-18.7	-18.4	-0.3	1.4%
Total consolidated revenue	**154.7**	**137.2**	**17.5**	**12.8%**

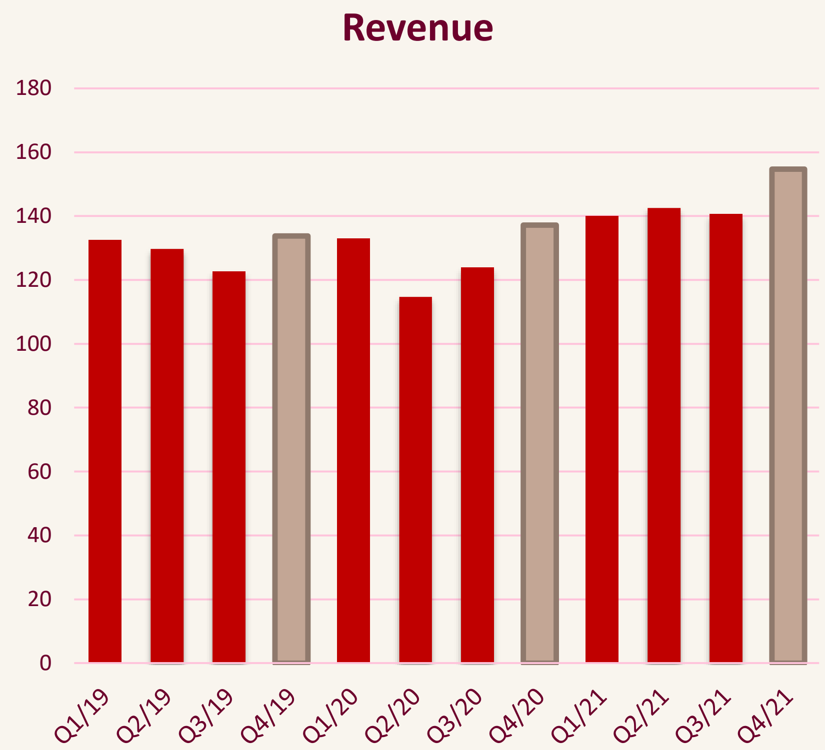
- **Corporate customers: +8.6%.** Revenue amounted to EUR 38.8 (35.7) million, an increase of EUR 3.1 million. Sales to insurance company customers increased by EUR 0.7 million, or 8.2 per cent. Revenue from occupational healthcare services and remote services increased. Revenue from COVID-19 services amounted to EUR 2.3 (3.5) million, a decrease of EUR 1.2 million. The customer volumes of Pihlajalinna's private clinics increased by 9 per cent year-on-year and were 3 per cent higher than in 2019.
- **Private customers: +3-9%.** Revenue amounted to EUR 23.3 (22.4) million, an increase of EUR 0.9 million. Revenue from COVID-19 services amounted to EUR 0.8 (0.4) million, an increase of EUR 0.4 million. The customer volumes of Pihlajalinna's private clinics increased by 5 per cent year-on-year and were 13 per cent lower than in 2019.
- **Public sector: +14-2%.** Revenue amounted to EUR 111.3 (97.5) million, an increase of EUR 13.8 million. Revenue from COVID-19 services amounted to EUR 7.0 (3.4) million, an increase of EUR 3.5 million. The partial outsourcing agreement with Kristiinankaupunki, index adjustments to complete outsourcing agreements and additional invoicing increased revenue by a total of EUR 3.2 million. The acquisition of Työterveys Virta increased revenue from the public sector by EUR 3.2 million. The customer volumes of Pihlajalinna's private clinics increased by 64 per cent year-on-year and were 63 per cent higher than in 2019 due to Työterveys Virta acquisition.

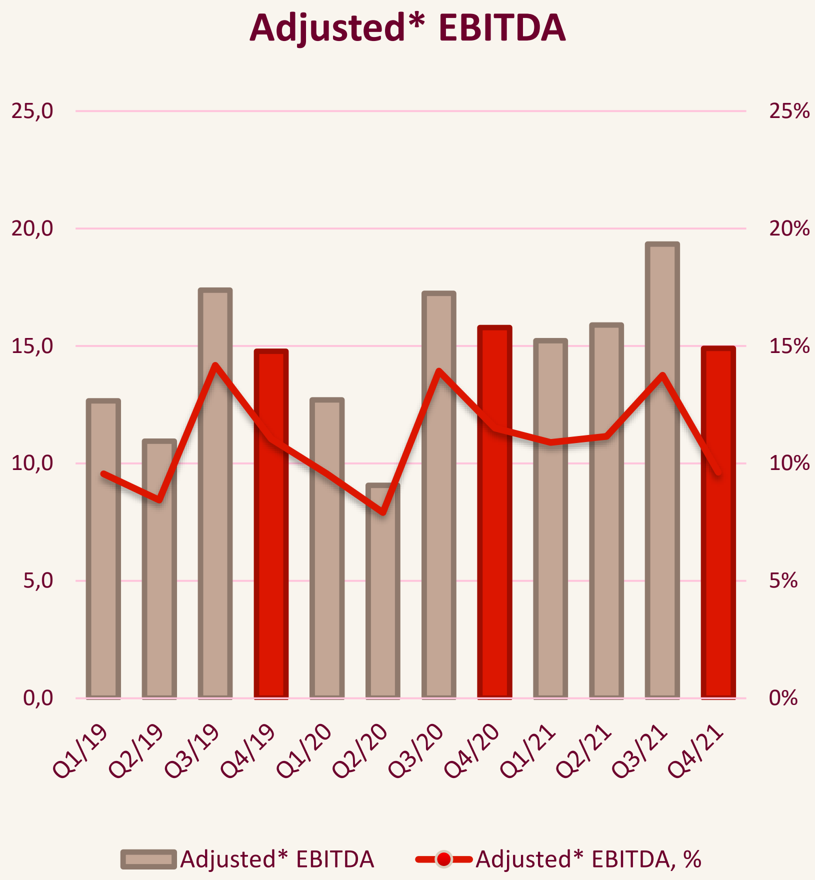
Revenue by customer group 2021

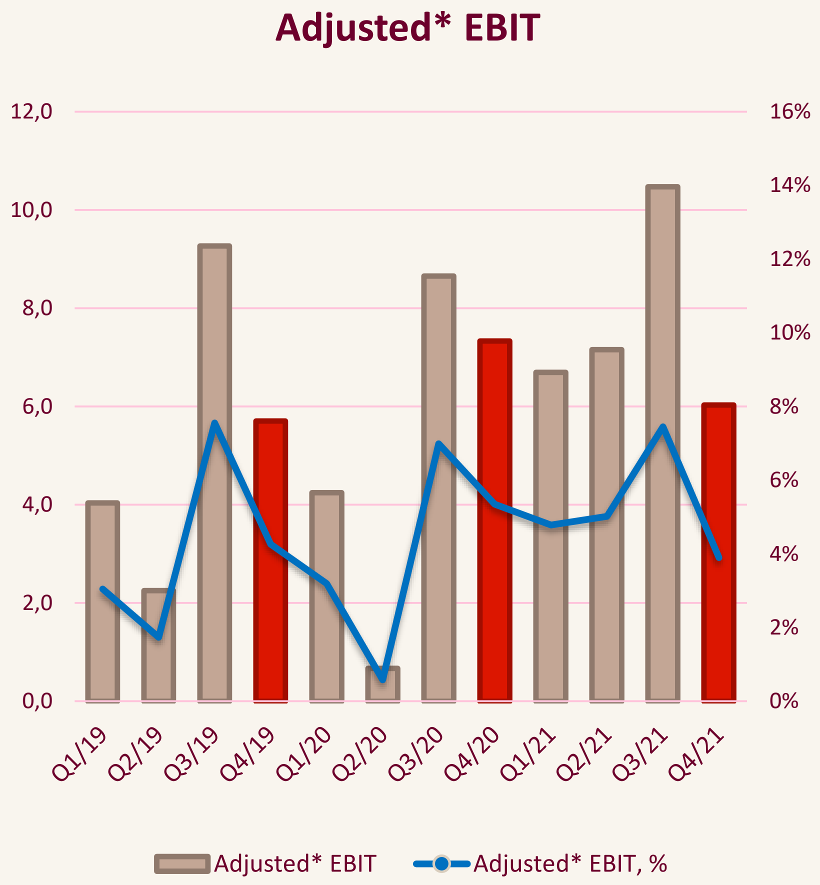




Revenue and profitability, EUR million







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Business structure and profitability

Complete and partial outsourcing, eliminated	Q4 2021	Q4 2020	2021	2020	2019
Revenue, EUR million	71.2	66.9	277.0	264.2	262.4
Adjusted EBITDA, EUR million*	0.2	1.4	6.7	11.0	17.5
Adjusted EBITDA, %*	0.3	2.0	2.4	4.2	6.7
Adjusted operating profit (EBIT), EUR million*	-0.5	0.7	3.7	8.2	15.1
Adjusted operating profit (EBIT), %*	-0.8	1.0	1.3	3.1	5.8
Adjusted EBITA, EUR million*	-0.5	0.7	4.1	8.5	15.4
Adjusted EBITA, %*	-0.6	1.1	1.5	3.2	5.9
Profit before tax (EBT), EUR million	-0.6	0.6	3.6	8.1	12.8

Group excluding complete and partial outsourcing	Q4 2021	Q4 2020	2021	2020	2019
Revenue, EUR million	93.9	80.7	343.7	282.0	290.8
Adjusted EBITDA, EUR million*	14.7	14.4	58.6	43.8	38.2
Adjusted EBITDA, %*	15.6	17.9	17.1	15.5	13.1
Adjusted operating profit (EBIT), EUR million*	6.6	6.7	26.6	12.7	6.3
Adjusted operating profit (EBIT), %*	7.0	8.3	7.7	4.5	2.2
Adjusted EBITA, EUR million*	8.3	8.2	33.3	18.9	13.4
Adjusted EBITA, %*	8.8	10.2	9.7	6.7	4.6
Profit before tax (EBT), EUR million	5.1	6.0	21.6	6.6	3.9

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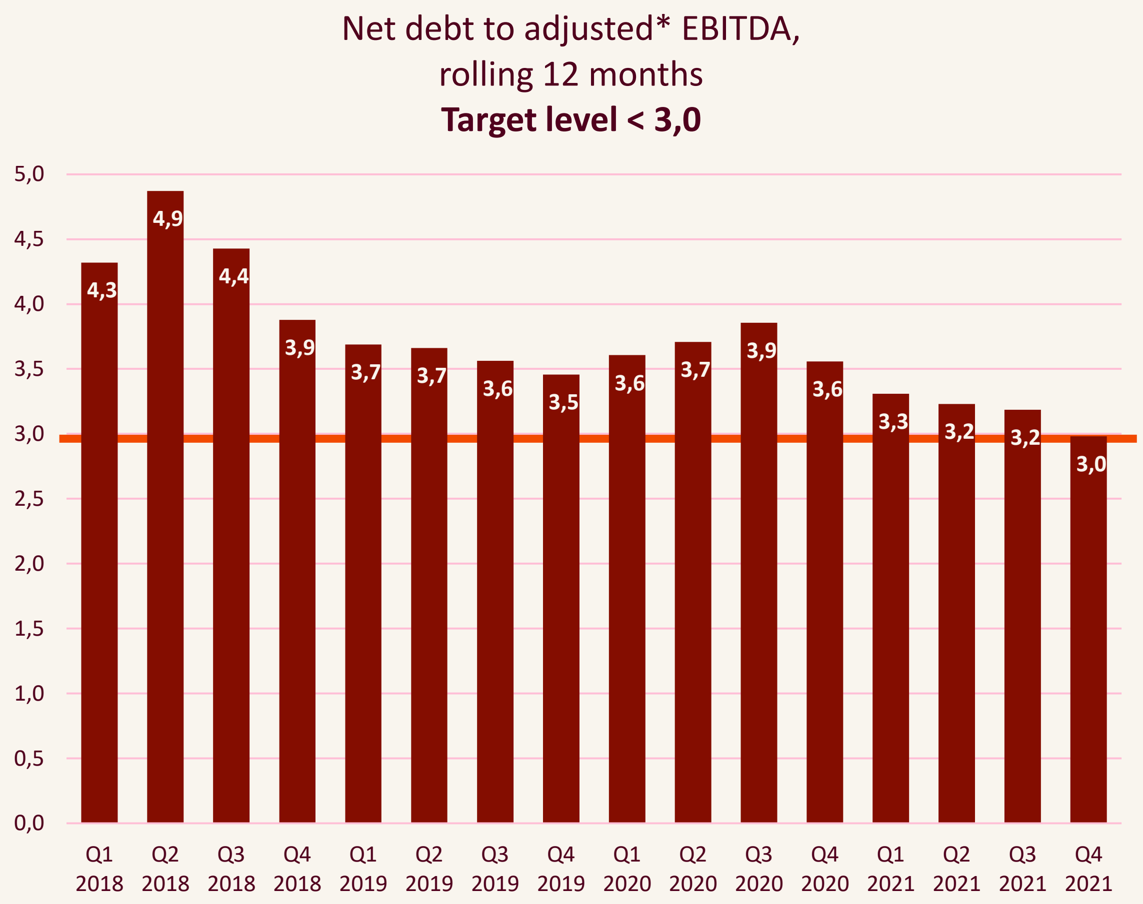
Indeptedness, EUR million



Pohjola Hospital is now part of Pihlajalinna

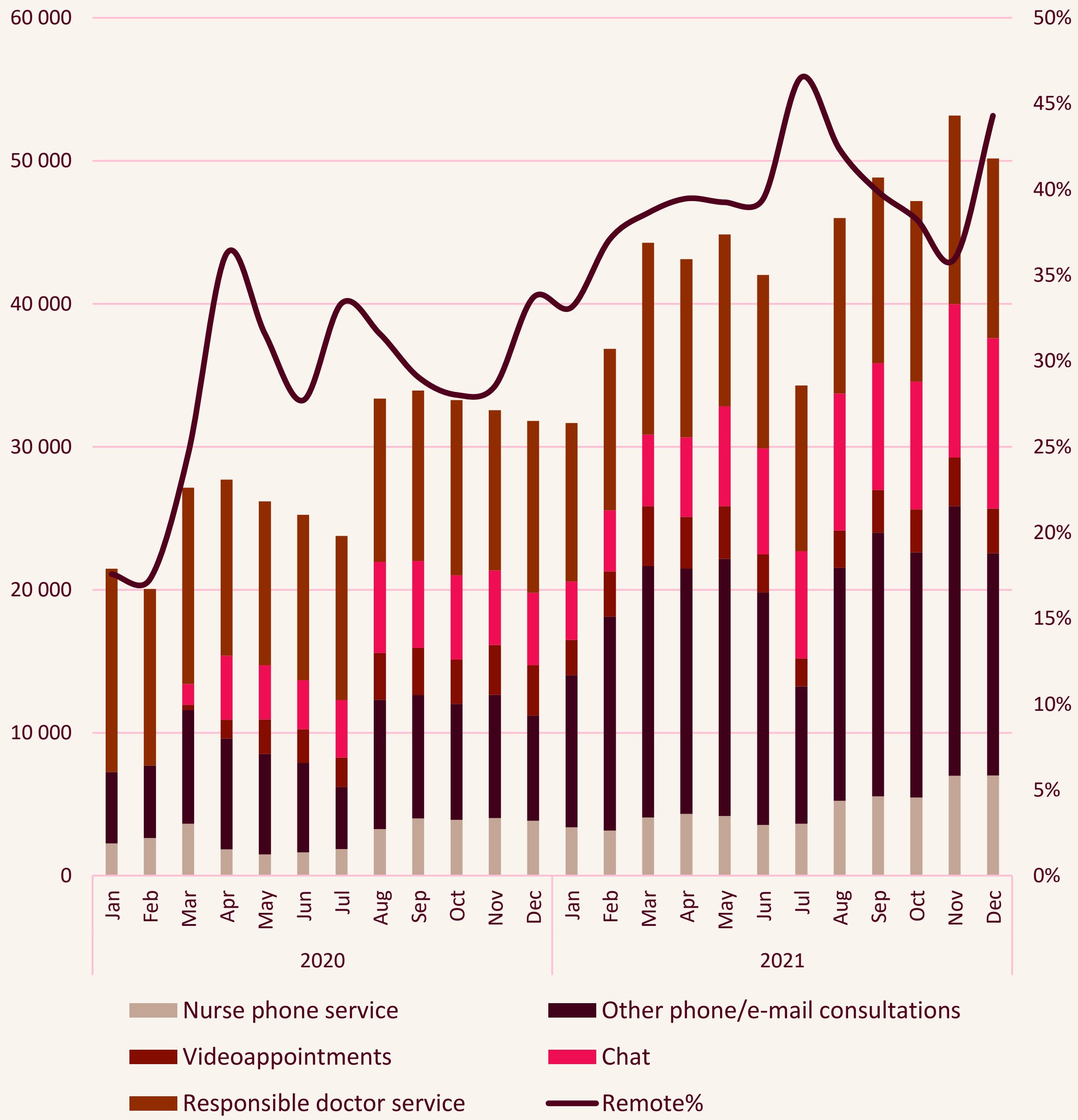
- The acquisition of Pohjola Hospital Ltd was completed on 1 February 2022.
- Following the acquisition of Pohjola Hospital, we have further refined our strategy and long-term targets.
- We will expand our network of operating locations and our range of specialized care services in the Helsinki Metropolitan Area and other growth centers.
- In early 2022 we will open new private clinics in Lahti, Espoo and Vantaa.

Growth continues in occupational health care sales

- The sales of occupational healthcare services continued to see strong growth, and Pihlajalinna has also been successful in terms of customer retention.
- The key drivers of growth are digital services, competitive pricing and successful acquisitions.
- The number of people within the scope of Pihlajalinna occupational health care services was approximately 240,000 at the end of the financial year. Due to new contracts starting at 2022 we expect this number to increase to 250,000.
- The proportion of preventive activities in occupational health care services grew in line with targets, increasing by over 6 per cent year-on-year.

Remote services 2021

- COVID-19 pandemic has made some rapid changes in consumer behavior, for example the increased traffic through digital channels to connect with services.
- 39 per cent of all customer appointments, excluding municipal outsourcing and COVID-19 testing, took place via remote services.
- Launch of the Pihlajalinna Mental Care (Mielen Huoli), a remote mental care helpline service in early 2021 to provide with assistance and treatment for mental health issues at an early stage.



Pihlajalinna Mental Care -helpline service

- An anonymic analysis of Pihlajalinna occupational health care visits shows that the rate of sickness-related absences caused by reasons related to mental health per 1,000 employees have increased by 24 per cent compared to last year.
- Correlation to the pre-pandemic period in 2019, the increase is as high as 36 per cent.
- We launched the Pihlajalinna Mental Care remote helpline.
- Our goal is effective prevention and early intervention to avoid extended disability and human suffering.

Overlook to the operating environment

- The COVID-19 pandemic continued throughout 2021, creating waves of infection early in the year, after the summer and late in the year. The seven-day averages for new cases and the number of hospitalized patients peaked in Finland in January 2022.

- Pandemic-related restrictions were in place throughout 2021, and extensive restrictions were imposed at the turn of the year due to the Omicron variant. In negotiations held on 2 February 2022, the Finnish Government determined that the extensive restrictions can be gradually relinquished while taking the epidemiological situation into consideration. The extensive restrictions have included, for example, the complete closure of indoor facilities used for individual sports and physical exercise by adults. The second-dose vaccination coverage in Finland stood at 74.5 per cent of the entire population at the beginning of February 2022.

- According to the Finnish Institute for Health and Welfare statistics, queues for treatment in public healthcare have increased in general due to COVID-19. At the end of November, a total of 150,392 patients were waiting for access to care at hospitals operated by the hospital districts. This represented a year-on-year increase of nearly 9,000 patients. Of these, 9,499 patients (6.3 per cent) had waited for access to non-urgent specialised care for more than six months, which is an increase of nearly 1,900 patients compared to the beginning of 2021. Care queues have grown especially in surgery and psychiatry.

Overlook to the operating environment

- The number of voluntary medical expenses insurance policies increased significantly between 2009 and 2020. According to Finance Finland, over 1.26 million Finns had private medical expenses insurance at the end of June 2021. Growth has been seen in insurance policies taken out by adult private individuals, children’s insurance policies as well as medical expenses insurance policies taken out by companies for their employees.

- The reform of healthcare and social welfare services will see the responsibility for the organisation of healthcare, social welfare and rescue services transferred from municipalities to 21 wellbeing services counties, the City of Helsinki and partially to the joint county authority for the Hospital District of Helsinki. The results of the regional elections were confirmed on 26 January 2022 and the councils will start their work on 1 March 2022.

- According to the Ministry of Finance latest economic report, the Finnish GDP was expected to have grown by 3.4 per cent in 2021. The deterioration of the COVID-19 pandemic in late 2021 increased uncertainty among economic decision-makers and temporarily slowed down economic growth around the turn of the year. In 2022, GDP growth is expected to be in 3.0 per cent and consumer demand is expected to remain at a good level. Economic growth is expected to subsequently slow down, with the growth forecast being 1.5 per cent in 2023 and 1.4 per cent in 2024.

Pihlajalinna's strategy for the period of 2021-2025

Strategic priorities

Renewal of services for private customers

- Multichannel services
- New consumer service concepts
- Digital innovation

Cooperation in social and health care services

- Close cooperation wtij the wellbeing services counties
- Strong market position in public healthcare

Enhancing digitalisation

- Personnel and practitioners
- Customer experience
- Operational performance

Pihlajalinna's outlook for 2022

- Pihlajalinna's full year consolidated revenue is expected to increase substantially, and full year adjusted operating profit before the amortisation and impairment of intangible assets (EBITA) is expected to be on a par with 2021. Due to Pohjola Hospital integration and potential efficiency improvement plans in municipal companies, the first half of the year will be below the bar of the previous year.

- The acquisition of Pohjola Hospital will increase consolidated revenue by at least EUR 50 million in the financial year 2022. Revenue from COVID-19 services is expected to decline from the level of 2021.

- In 2022, Pihlajalinna will focus on the integration of Pohjola Hospital operations to be a seamless part of its Medical Center for All of Finland -concept.

- Maintaining profitability on a par with 2021 will require success in increasing supply, realization of the planned synergies of the acquisition, and successfull implementation of potential efficiency improvements in municipal companies.

Financial objectives for the strategy period

- Revenue growth of EUR 250 million by the end of 2025, using 2021 as the baseline. One third of the growth is expected to arise from the public sector and the rest two thirds from corporate and private customers.

- Adjusted operating profit before the amortisation and impairment of intangible assets (EBITA) over 9 per cent of revenue in the long term.

- Net debt/adjusted EBITDA ratio under 3 in the long term. In the beginning of strategy period the net debt will decline close to to 5 due to Pohjola Hospital acquisition .

- Distributing at least one-third of the profit for each financial year to shareholders as dividends or capital repayment.

Pihlajalinna´s financial reporting in 2022

- Financial statements and Board of Director´s report: no later than in week 12
- Interim report January-March: Thursday, 5 May 2022
- Half year financial report January-June: Friday, 12 August 2022
- Interim report January-September: Friday, 4 November 2022

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