

Interim Report Q3/2021

Joni Aaltonen, CEO
4 November 2021

Q3/2021: Revenue continued to increase, profitability improved

- Revenue amounted to EUR 140.6 (123.9) million – an increase of EUR 16.8 million, or 13.5 per cent
- **Adjusted EBITDA was EUR 18.8 (17.2) million – an increase of EUR 1.6 million, or 9.2 per cent**
- **Adjusted EBIT was EUR 10.0 (8.7) million – an increase of EUR 1.3 million, or 15.0 per cent**
- **IFRS 3 costs and amortisation related to M&A had a negative effect of EUR 1.3 (0.8) million on operating profit**
- Earnings per share (EPS) was 0.31 (0.20)
- COVID-19 services revenue amounted to EUR 11.8 (3.4) million – an increase of EUR 8.4 million
- The acquisition of Työterveys Virta Oy 1.4.2021 increased revenue by EUR 3.6 million, or 2.9 per cent.
- Appointments at Pihlajalinna's private clinics grew by approximately 9 per cent year-on-year, with remote services representing 44 per cent of all appointments (excluding municipal outsourcings).



Q3/2021: Revenue continued to increase, profitability improved

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- **Adjusted EBITDA excluding IFRS 3 costs was EUR 19.3 (17.2) million – an increase of EUR 2.1 million, or 12.2 per cent**
- **Adjusted EBIT excluding IFRS 3 costs and PPA-amortisation was EUR 11.2 (9.4) million – an increase of EUR 1.8 million, or 19.4 per cent**
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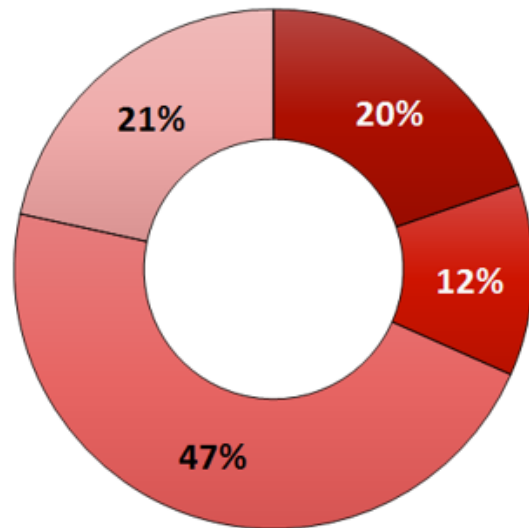
Q3/2021: Main points by customers group

EUR million	7-9/2021	7-9/2020	change	change %	2020
Corporate customers	31.2	28.0	3.2	11.5 %	121.1
of which insurance company customers	7.7	6.7	0.9	13.9 %	31.4
Private customers	18.9	19.9	-1.0	-5.1 %	81.1
Public sector	108.1	91.3	16.8	18.4 %	372.0
of which complete and partial outsourcing agreements	74.0	71.2	2.7	3.8 %	287.9
of which staffing	6.4	5.5	0.9	15.7 %	22.9
of which occupational healthcare and other services	27.7	14.5	13.2	91.0 %	61.3
<i>Intra-Group sales</i>	-17.5	-15.3	-2.3	14.9 %	-65.6
Total consolidated revenue	140.6	123.9	16.8	13.5 %	508.7

- **Corporate customers: +11,5 %.** Sales to insurance company customers increased by EUR 0.9 million, or 13.9 per cent. In the corporate customer group, revenue from COVID-19 services amounted to EUR 2.0 (2.0) million. Appointments at Pihlajalinna's private clinics increased by 2 per cent year-on-year but were 5 per cent lower than in 2019.
- **Private sector: -5,1 %.** In the private customer group, revenue from COVID-19 services amounted to EUR 0.4 (0.5) million, a decrease of EUR 0.1 million. Appointments at Pihlajalinna's private clinics decreased by 6 per cent year-on-year but were 18 per cent lower than in 2019.
- **Public sector: +18,4 %.** Revenue from COVID-19 services to the public sector amounted to EUR 9.4 (0.9) million, an increase of EUR 8.5 million. The partial outsourcing agreement with Kristiinankaupunki and the index adjustments to complete outsourcing agreements increased revenue by a total of EUR 2.8 million. The acquisition of Työterveys Virta increased revenue from the public sector by EUR 3.2 million. Appointments at Pihlajalinna's private clinics increased by 67 per cent year-on-year and were 59 per cent higher than in 2019. Without the acquisition of Työterveys Virta, appointments would have increased by 8 per cent year-on-year and by 3 per cent compared to 2019.

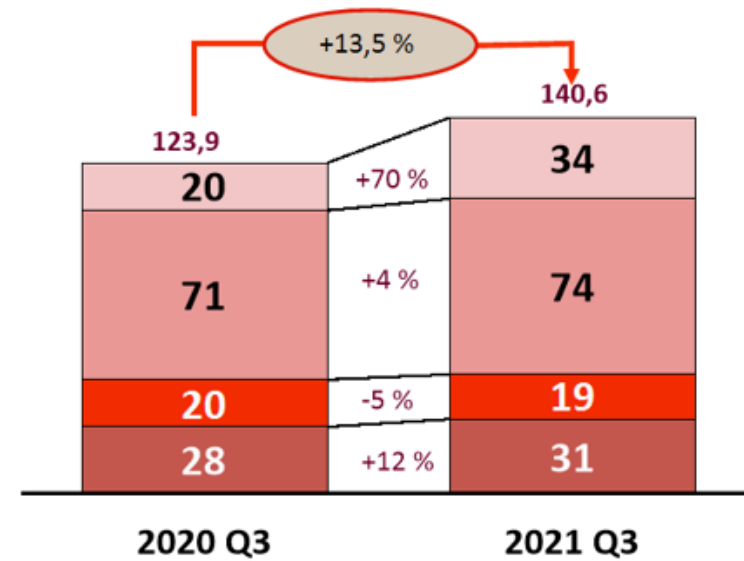
Revenue by customer group Q3/2021

REVENUE BY CUSTOMER GROUP
Q3 2021, %



■ Corporate customers ■ Private customers
■ Complete and partial outsourcing ■ Other services to public sector

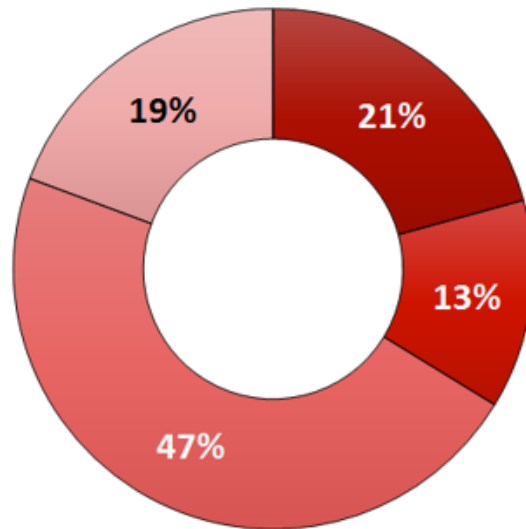
REVENUE BY CUSTOMER GROUP Q3
2021, EUR MILLION



■ Corporate customers ■ Private customers
■ Complete and partial outsourcing ■ Other services to public sector

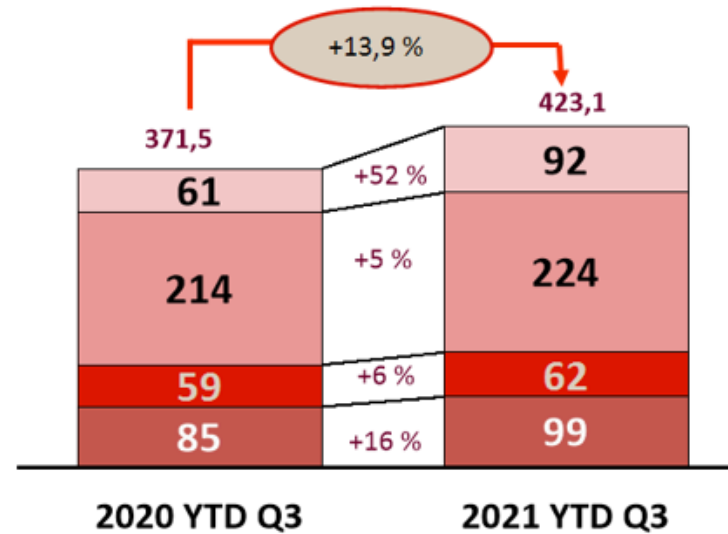
Revenue by customer group 1-9/2021

REVENUE BY CUSTOMER GROUP
YTD Q3 2021, %



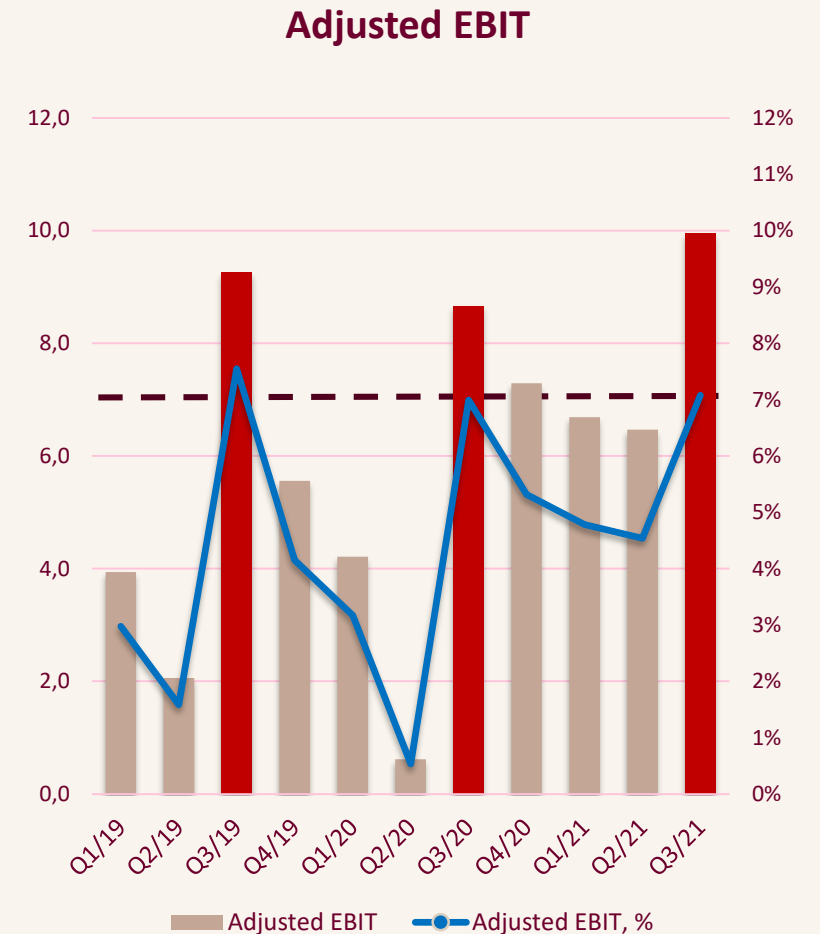
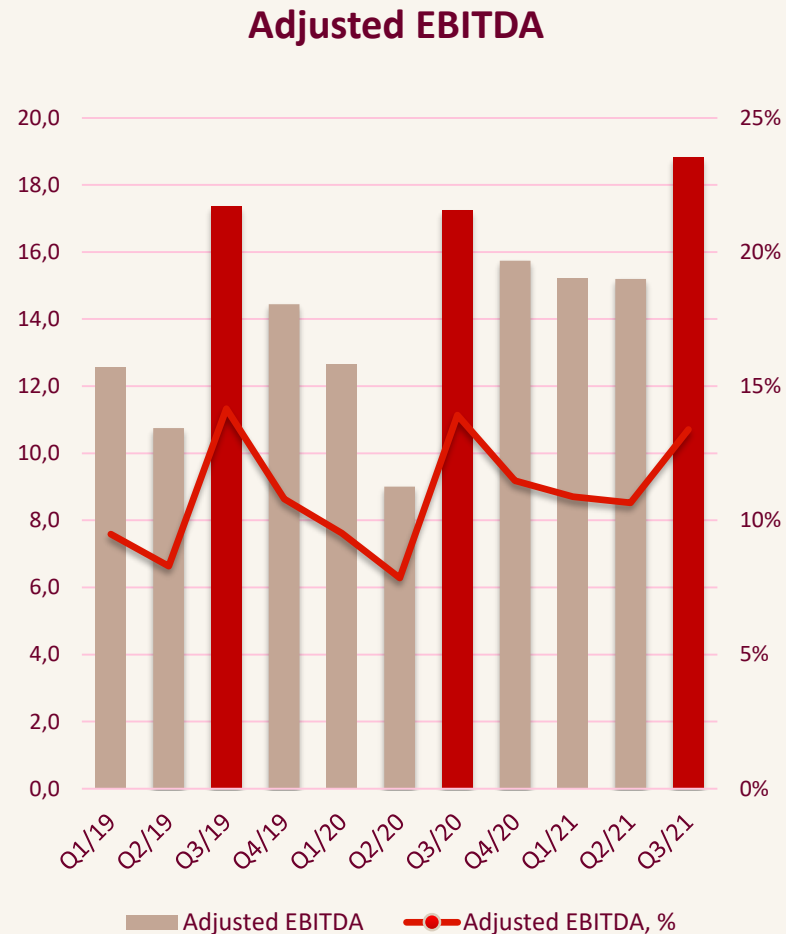
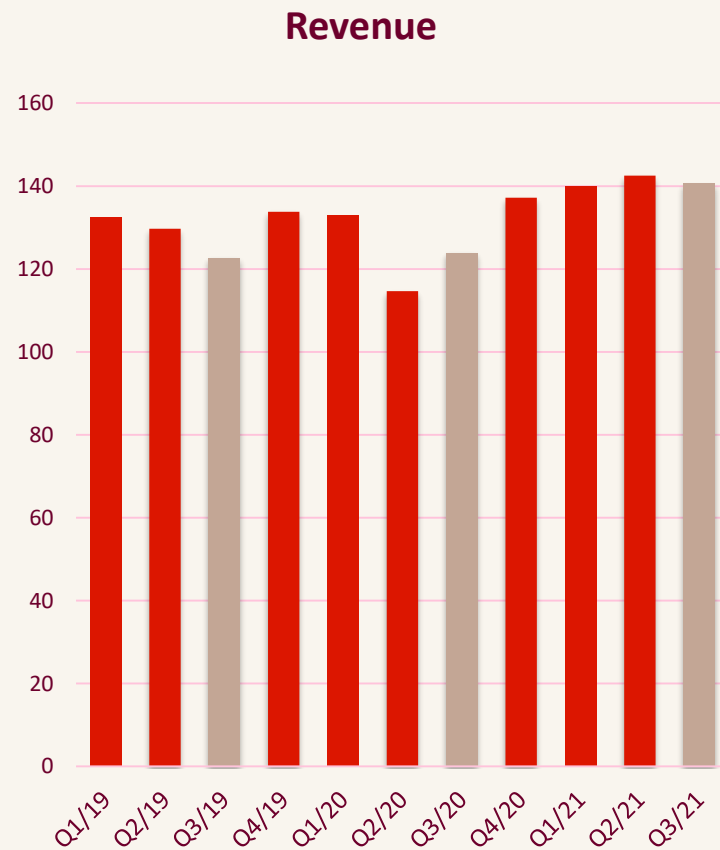
■ Corporate customers ■ Private customers
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REVENUE BY CUSTOMER GROUP
YTD Q3 2021, EUR MILLION



■ Corporate customers ■ Private customers
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Consolidated Revenue and profitability, EUR million

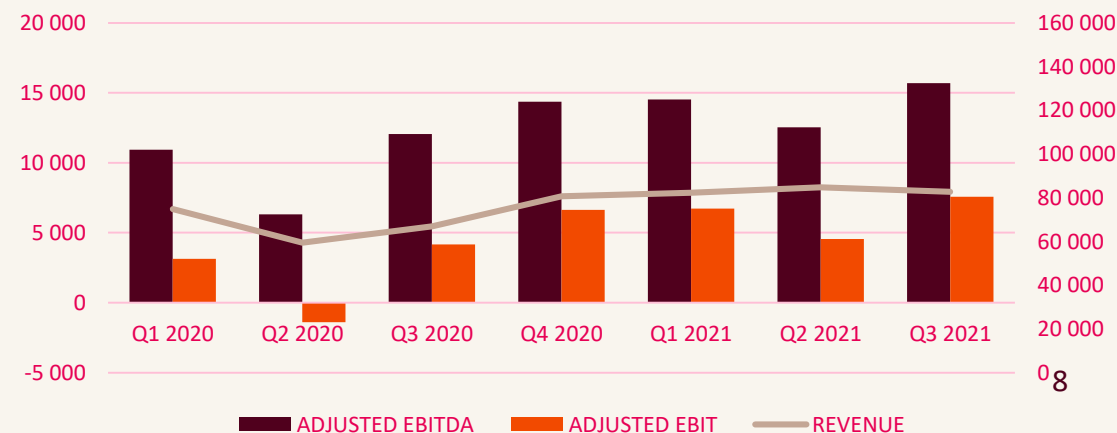
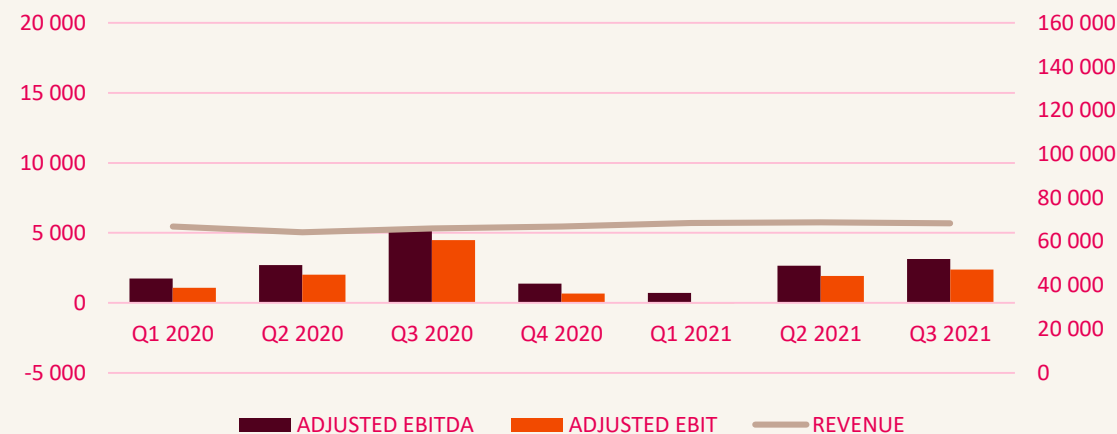
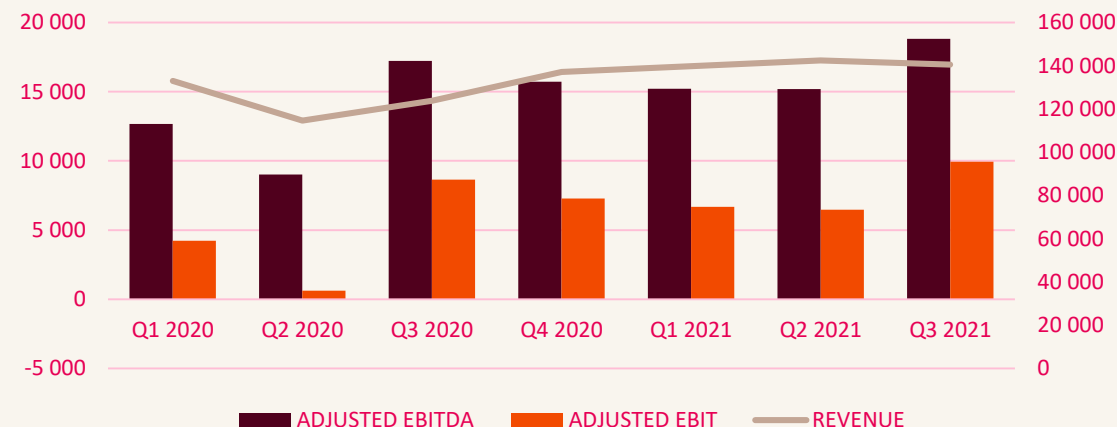


The structure of business operations and profitability Q3 2021

Pihlajalinna Group	Q3 2021	Q3 2020	2020	2019
Revenue, EUR million	140.6	123.9	508.7	518.6
Adjusted EBITDA, EUR million	18.8	17.2	54.6	55.1
Adjusted EBITDA, %	13.4	13.9	10.7	10.6
Adjusted operating profit (EBIT), EUR million	10.0	8.7	20.8	20.8
Adjusted operating profit, %	7.1	7.0	4.1	4.0
Profit before tax (EBT), EUR million	8.5	7.0	13.8	6.3

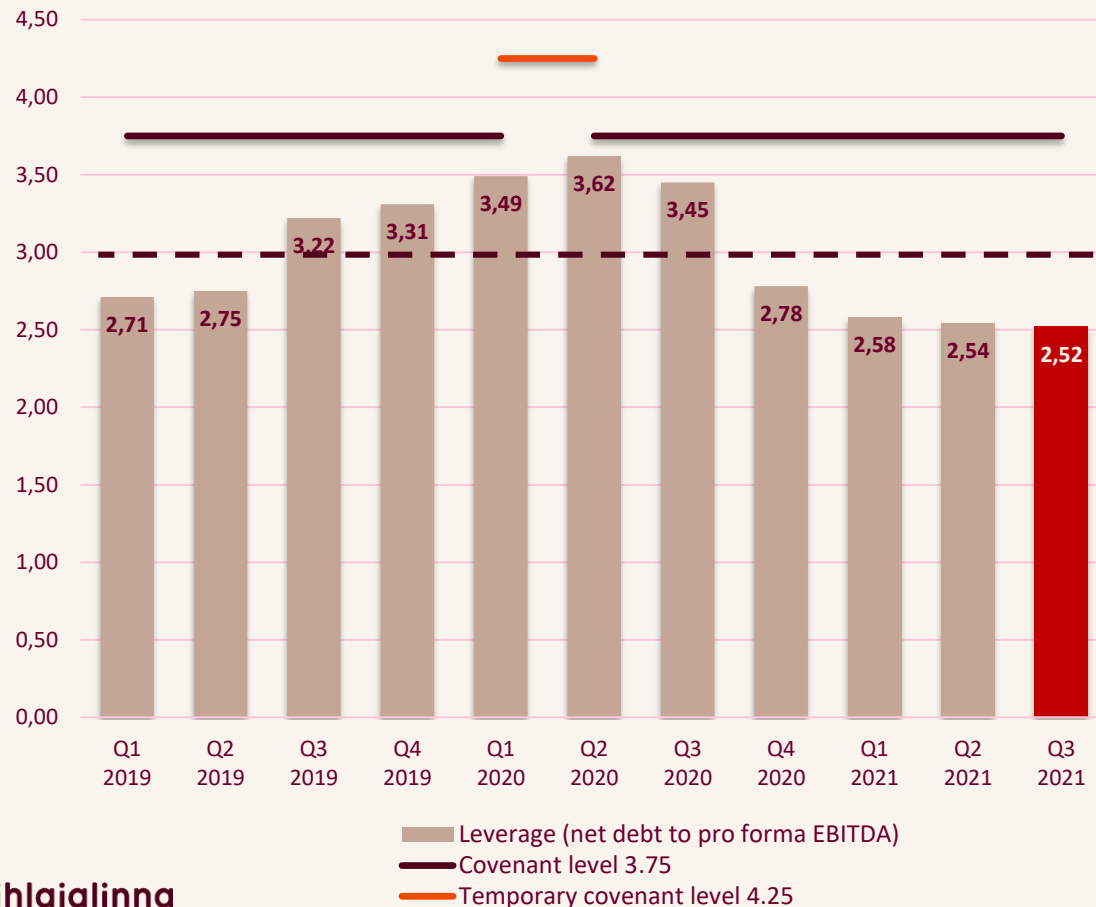
Complete and partial outsourcing, eliminated	Q3 2021	Q3 2020	2020	2019
Revenue, EUR million	68.4	66.0	264.2	262.4
Adjusted EBITDA, EUR million	3.1	5.2	11.0	17.5
Adjusted EBITDA, %	4.6	7.9	4.2	6.7
Adjusted operating profit (EBIT), EUR million	2.4	4.5	8.2	15.1
Adjusted operating profit, %	3.5	6.8	3.1	5.8
Profit before tax (EBT), EUR million	2.4	4.5	8.1	12.8

Group excluding complete and partial outsourcing	Q3 2021	Q3 2020	2020	2019
Revenue, EUR million	82.7	67.0	282.0	290.8
Adjusted EBITDA, EUR million	15.7	12.1	43.7	37.6
Adjusted EBITDA, %	19.0	18.0	15.5	12.9
Adjusted operating profit (EBIT), EUR million	7.6	4.2	12.6	5.7
Adjusted operating profit, %	9.2	6.2	4.5	2.0
Profit before tax (EBT), EUR million	6.1	2.5	6.6	3.9

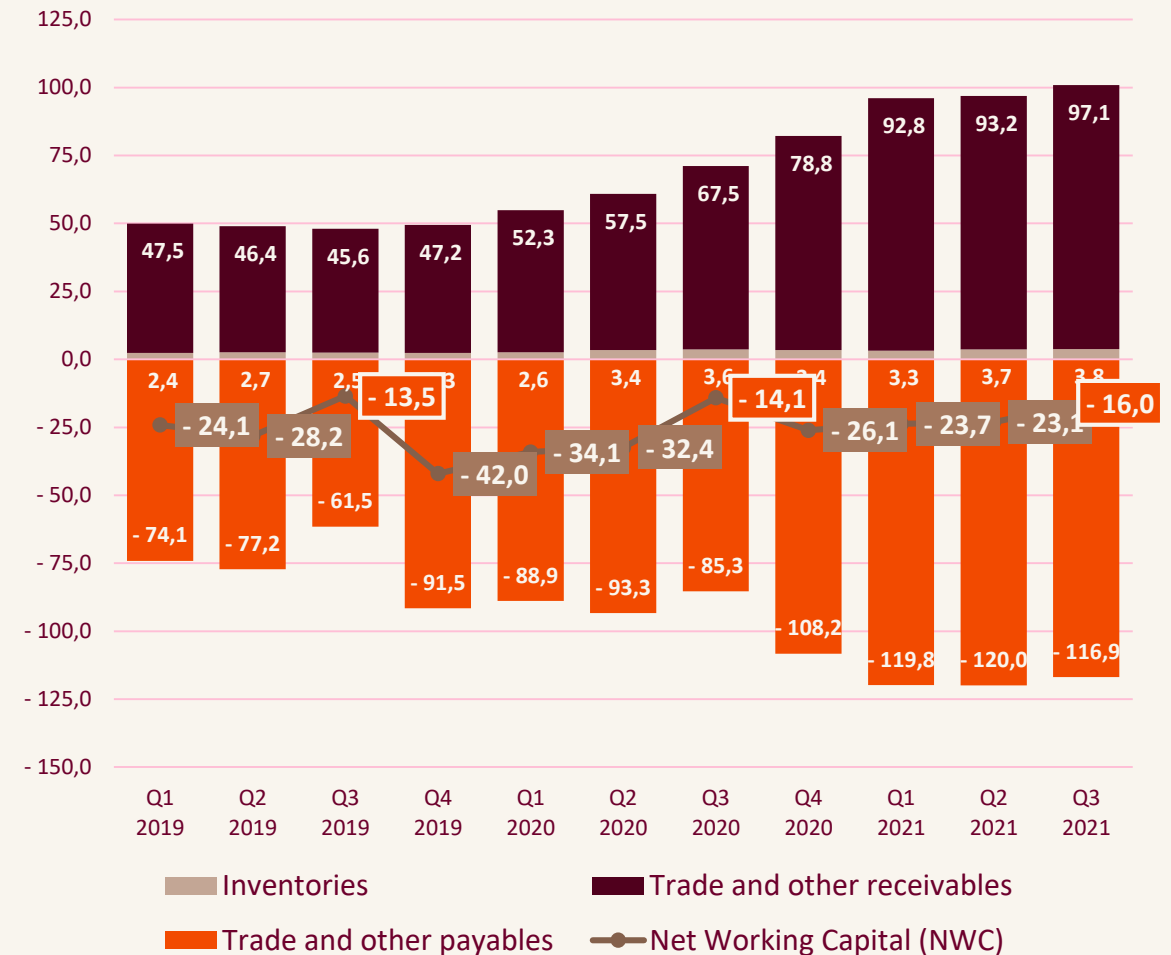


Indebtedness and Net Working Capital, EUR million

Leverage according to financing arrangement
(frozen GAAP)



Net Working Capital, FAS



Pihlajalinna acquires Pohjola Hospital Ltd

- The Finnish Competition and Consumer Authority (FCCA) confirmed that it had received Pihlajalinna's acquisition control notification at the end of September.
- FCCA commenced the second phase of the proceedings on 2.11.2021. According to the Finnish Competition Act, the second phase of the proceedings may not take more than 69 business days unless the Finnish Market Court grants extension upon application.
- Without the potential extension, the second phase of the proceedings will be completed no later than 10 February 2022.



Pihlajalinna acquires Pohjola Hospital Ltd

- The intended acquisition concerns nationwide insurance company services, but also local private sector offering of orthopedic and traumatology in addition to hand surgery services. The Competition and Consumer Authority finds it necessary to further investigate possible effects of the acquisition. Their preliminary investigation indicates potential negative impact to private customers covering their costs themselves, specifically in the areas of orthopedic and traumatology as well as in the hand surgery specified services in hospital districts of Pirkanmaa and Northern Savonia.
- Based on currently available information, Pihlajalinna expects to complete the acquisition by the end of 2021 or in the first quarter of 2022.

Pihlajalinna



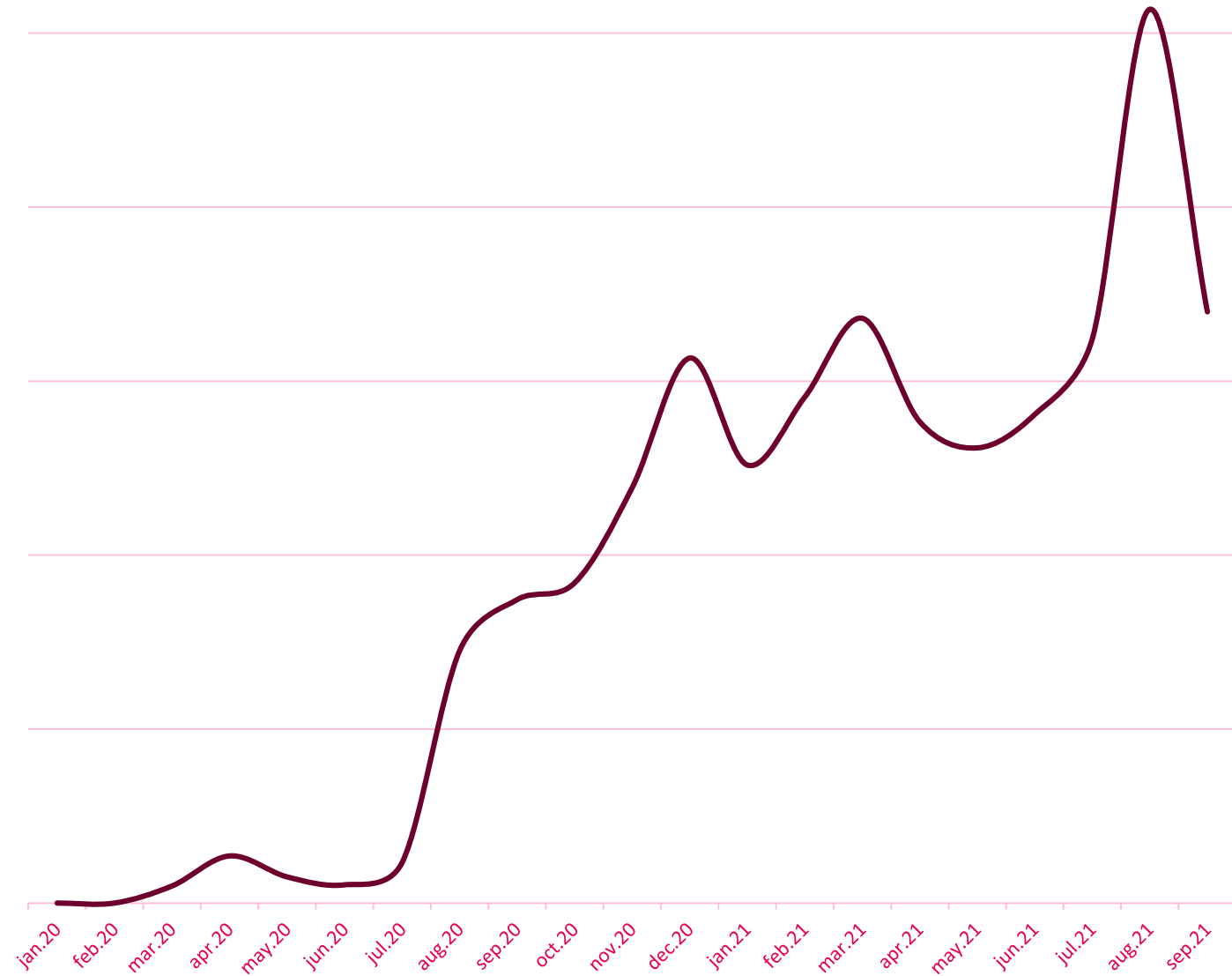


Pihlajalinna's outlook for 2021 unchanged

- Pihlajalinna's consolidated revenue is expected to increase and adjusted EBIT is expected to improve clearly compared to 2020.
- The acquisition of Pohjola Hospital does not have an impact on Pihlajalinna's outlook for the year 2021. The Finnish Competition and Consumer Authority (FCCA) has been notified of the transaction. The acquisition will be implemented after the FCCA's approval.

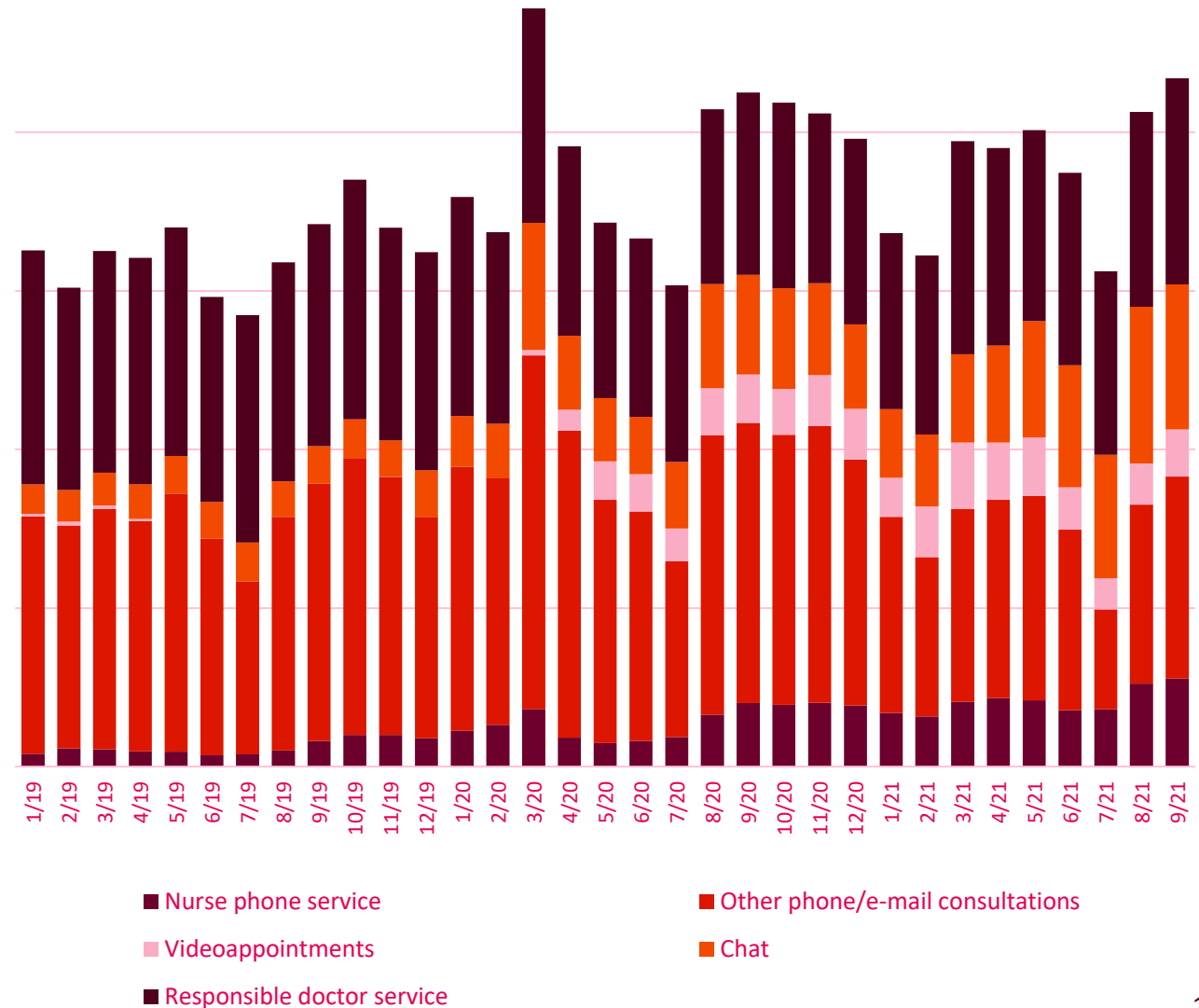
COVID-19 services and profitability Q3/2021

- COVID-19 testing nationally reached its peak in August, with over 25,000 tests being performed on the busiest days.
- There has been a sharp decline in testing volumes since August due to the revised testing recommendations and the increasing vaccination coverage.
- Revenue from COVID-19 services totalled 11.8 (3.4), an increase of EUR 8.4 million. The main factor contributing to the growth of revenue was COVID-19 services.
- The profitability of private clinic and occupational healthcare services improved due to COVID-19 services and higher volumes.
- The capacity utilisation rates and profitability of surgical operations improved.



Pihlajalinna's remote services Q3/2021

- The COVID-19 epidemic has caused rapid changes in consumer behaviour and, for example, guided service users to digital channels.
- Pihlajalinna's preparedness to deliver extensive remote services proved to be good.
- Remote services through various channels represented 44 per cent of all appointments (excluding municipal outsourcing arrangements).
- The remote services complement the public services of the joint ventures owned by Pihlajalinna together with the municipalities.



240 000 persons within the scope of occupational healthcare services

- Occupational healthcare sales continues to grow. The key drivers of growth include digital services, competitive pricing and successful acquisitions..
- The number of people within the scope of Pihlajalinna occupational healthcare services was approximately 240,000 at the end of the review period.
- In July, we signed a new multi-year agreement with the forest industry company UPM regarding the provision of occupational health services. In late summer, we signed a new multi-year occupational health services agreement with Stora Enso, also a major forest industry company.



240 000 persons within the scope of occupational healthcare services

- Based on the analysis of Pihlajalinna occupational healthcare visits states that sickness-related absences starting from mental health reasons per 1,000 employees have increased by 28 per cent compared to last year. Sickness-related absences associated with musculoskeletal disorders have increased by seven per cent.
- This year, we have focused particularly on the development of cure paths for these types of ailments in our digital service development.
- In early 2021, we launched the Mielen huoli -service and in the early summer, we launched the Liikuntalähetee-service.



The new sales strategy is reflected in growth in revenue

- We shifted the focus of public sector sales from the outsourcing market to the service sales market, which will only be affected to a minor extent by the planned reform of health and social services.
- The most significant new service sales agreements signed in the third quarter included health center services in Matinkylä, Espoo, COVID-19 testing services for the City of Jyväskylä and the new agreement for health advisory services for the Port of Helsinki.



Pihlajalinna will strengthen its network

- Pihlajalinna will strengthen its network of private clinics by opening new private clinics in Lahti, Espoo and Vantaa in early 2022.
- Expanding Pihlajalinna's range of services in the network of operating locations is a constant component in Pihlajalinna's business development.
- In September, we opened Pihlajalinna's third Uniikki special needs residential service unit in Lohja.





Pediatrician's online chat service

- We strengthened our position also in pediatric healthcare services by introducing a pediatrician's online chat service on the Pihlajalinna health application in late August.
- A pediatric specialist is available on weekdays from 8:00 to 22:00 and on weekends from 8:00 to 18:00. The service gives customers direct access to a pediatric specialist without an appointment.
- Remote consultations can be used to treat various acute ailments of children under 12 years of age that do not require a physical examination. The pediatrician's online chat service can provide assistance with infections, allergies, rashes and gastrointestinal symptoms, for example.



Kuusiolinna Terveys Oy

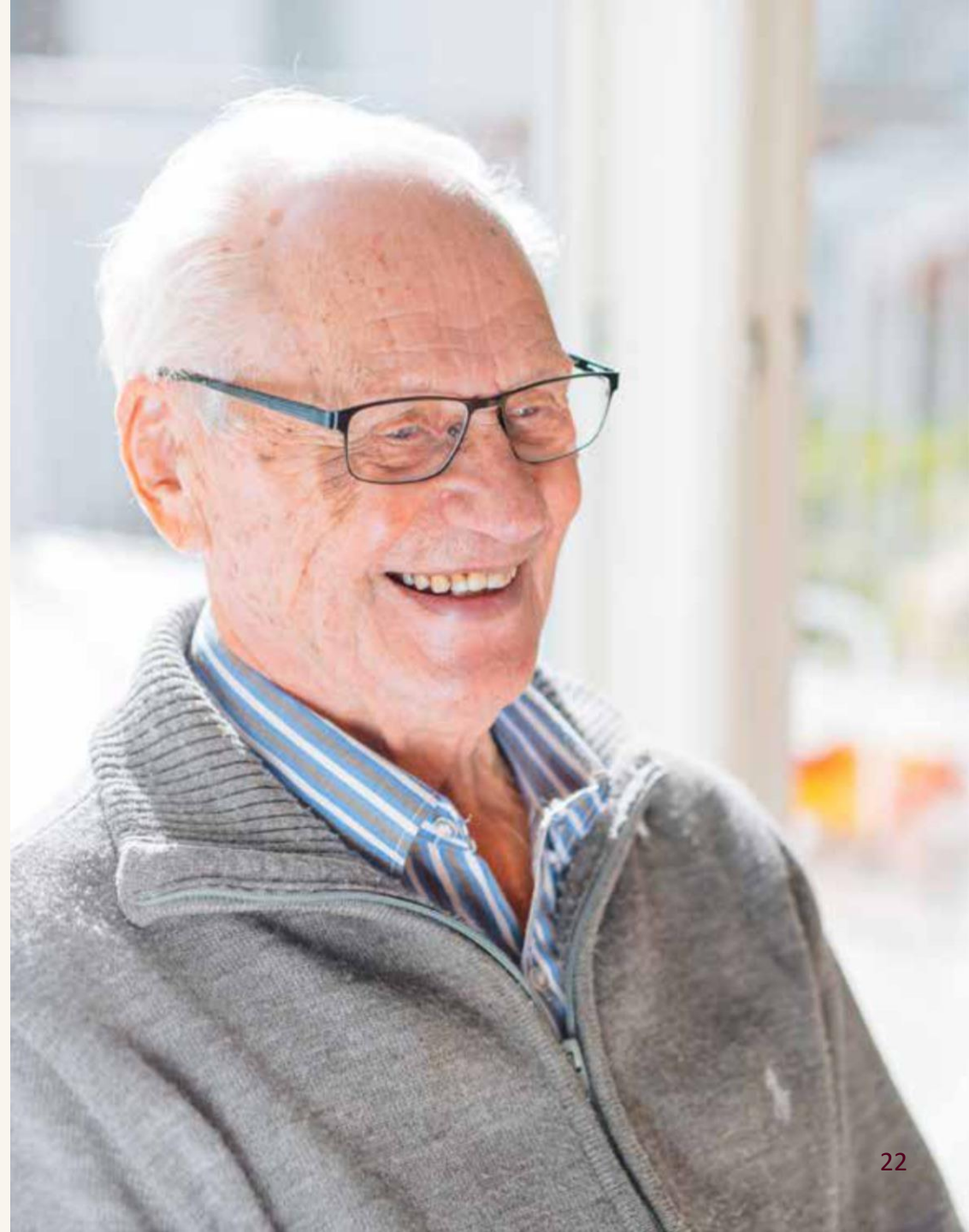
- Kuusiolinna Terveys Oy, a social and health care service provider jointly owned by Pihlajalinna and the participating municipalities, operates in Alavus, Ähtäri, Kuortane and Soini in South Ostrobothnia.
- In August KuusSote, a local service agreement customer of Kuusiolinna Terveys Oy, agreed to compensate any increased costs originated with authority directives in residential services and the investment funding share of the Southern Ostrobothnia Hospital District.
- Compensation for any cost increases resulting from authority directives and new legislation is essential to us to be able to ensure the preconditions for operations and capacity to further development of services.

Digital development in 2021

- During the financial year 2021, the Group will develop preventive operating models that will be conceptualised to create service packages that combine wellbeing and healthcare on Pihlajalinna's website and health application.
- We launched a low-threshold mental health service called Mielen huoli, in our remote service channels. In the beginning of summer, our range of services will include exercise referral, which will strengthen the cross-selling of healthcare and wellbeing services.
- The personalisation of services will be developed through the targeted offering of Pihlajalinna's and its partners' services.
- Opportunities for remote consultations will be expanded and harmonised.
- The range of partnership-based services and analytics offered to occupational healthcare customers via the Occupational Healthcare Portal will be developed and expanded.
- Situational awareness of the care chain will be developed for insurance customers.
- A professionals' mobile application will be developed for Pihlajalinna's employees and practitioners to enable them to carry out their duties efficiently and flexibly when they work remotely.
- The ERP system of fitness centres and the Group's procure-to-pay system will be replaced.
- In dental care, a new patient data system was fully deployed in May 2021.

The operating environment

- The Finnish Government and the Ministry of Social Affairs and Health decided to relinquish certain COVID-19 restrictions at the beginning of October. The plan is to relinquish all COVID-19 restrictions when sufficient vaccination coverage is reached in Finland. Sufficient vaccination coverage is defined as over 80 per cent of the population over the age of 12 years having received two vaccine doses. According to the Finnish Institute for Health and Welfare's COVID-19 vaccination monitoring, on 28 October 2021, some 85,4 per cent of the target population of vaccinations in Finland (people aged 12 and above) had received their first vaccine dose and 77,5 per cent had received their second dose.
- The incidence of COVID-19 has again increased in Finland. According to the Finnish Institute for Health and Welfare, 137 new infections per 100,000 inhabitants were diagnosed during the period 4–17 October. During the preceding two weeks (20 September–3 October), 124 new infections were diagnosed per 100,000 inhabitants. The number of COVID-19 patients in hospital care has also increased, creating a burden on specialised care and intensive care.



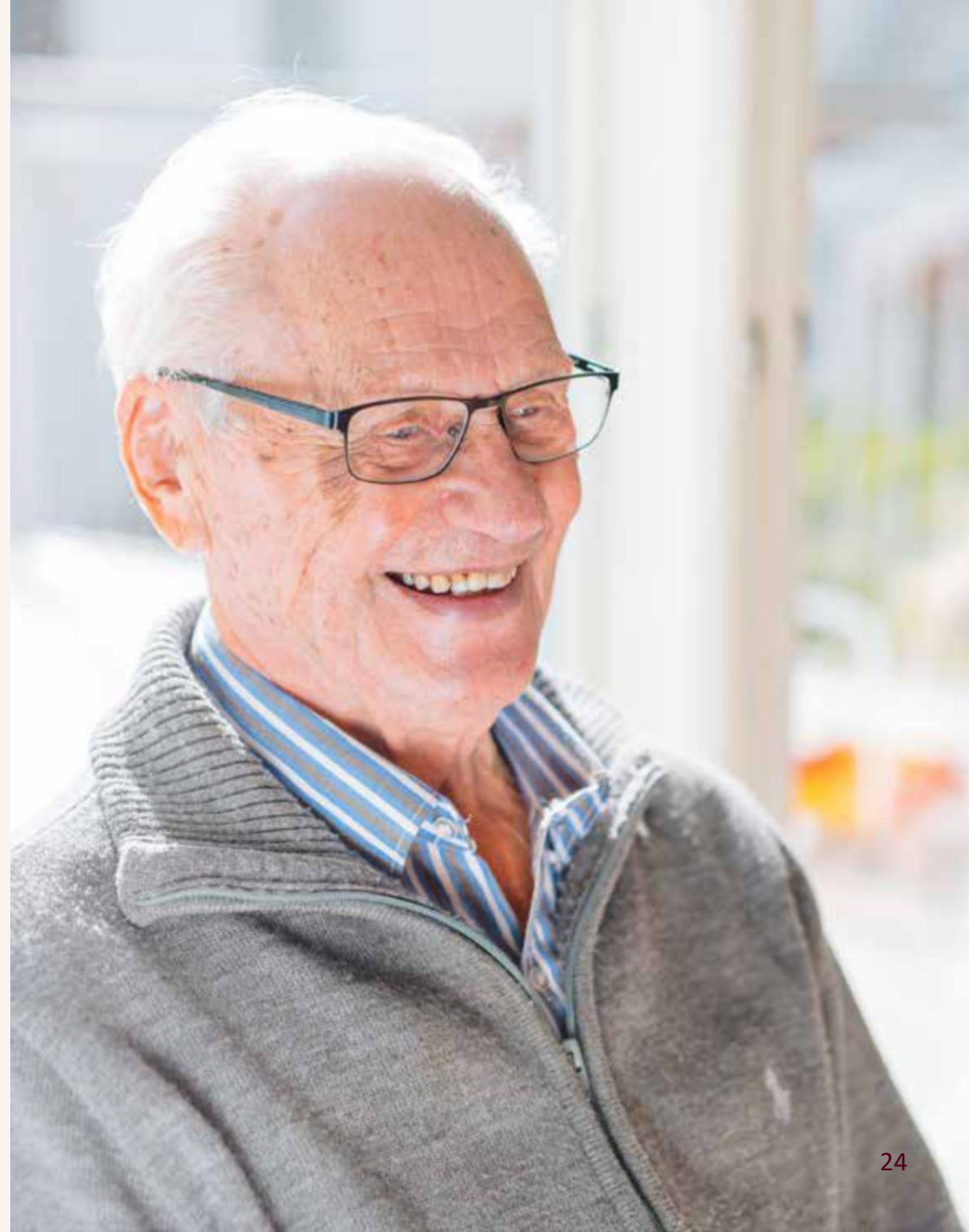
The operating environment

- According to the Finnish Institute for Health and Welfare's statistics report, queues for treatment in public healthcare have increased in general due to COVID-19. At the end of August 2021, a total of 140,032 patients were waiting for access to care at hospitals operated by the hospital districts. Of these, 9,539 per cent (6.8 per cent) had queued to non-urgent specialised care for more than six months. Compared to the end of April, this number had increased by 3,412.
- The number of voluntary medical expense insurance policies increased by more than 50 per cent between 2009 and 2020. Approximately 1.25 million Finns currently have voluntary medical expense insurance.



The operating environment

- The new reforms of social and health 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 HUS, the joint county authority for the Hospital District of Helsinki. The first county elections will be held on Sunday, 23 January 2022. The county election committees will confirm the results of the county elections on 26 January 2022. The newly elected councils will start their work on 1 March 2022.
- Economic growth in spring 2021 was substantially faster than expected. Confidence among businesses and households has improved as vaccinations have progressed and restrictions have been relinquished. The Finnish GDP is expected to grow by 3.5 per cent this year and 2.8 per cent in 2022. Supported by economic growth, employment increased and unemployment decreased during the summer. According to the forecast, the most significant risks to economic growth are still associated with the COVID-19 pandemic.



Pihlajalinna Plc's financial reporting and AGM in 2022

- Financial statements release 2021: Friday 18 February 2022
- Financial statements and the management report: during week 12 at the latest
- Interim report January–March: Thursday 5 May 2022
- Half Year Report January–June: Friday 12 August 2022
- Interim report January–September: Friday 4 November 2022

Thank you!

