

Financial statements 2020

Joni Aaltonen, CEO
19 February 2021

Q4 2020: Growth in profitability and revenue

- Revenue amounted to EUR 137.2 (133.8) million – an increase of 2.6%
- Adjusted EBITDA was EUR 15.7 (14.4) million – an increase of 9.0%
- Adjusted EBIT was EUR 7.3 (5.6) million – an increase of 31.2%
- IFRS 3 costs and amortisation related to M&A had a negative effect of EUR 0.8 (1.4) million on operating profit
- Earnings per share (EPS) was EUR 0.15 (0.16)
- Although the demand for healthcare services is returning to normal, the customer volumes of Pihlajalinna's private clinic locations were approximately 10 per cent lower than in the comparison period.
- COVID-19 testing volumes increased by 67 per cent compared to the previous quarter as the second wave of COVID-19 continued.



Q4 2020: Main points by region

EUR million	10–12/2020	%	10–12/2019	%	change	change %
Southern Finland	34.1	22	31.1	21	3.0	9.7
Mid-Finland	83.6	54	82.5	56	1.1	1.3
Ostrobothnia	29.9	19	30.0	20	-0.1	-0.5
Northern Finland	5.1	3	3.9	3	1.2	31.2
Other operations	2.8	2	1.9	1	0.9	46.7
Intra-Group sales	-18.4		-15.8		-2.6	
Total consolidated revenue	137.2	100	133.8	101	3.4	2.6

- **Southern Finland: +9,7%.** COVID-19 testing increased the revenue for the business area by EUR 4.0 million. Revenue from surgical operations increased as activity in the public sector picked up in working through treatment queues in cataract and vascular surgery. The demand for remote services increased. Revenue from fitness centre operations decreased by EUR 0.9 million due to a decline in the number of members caused by the restrictions in place in the spring and the prevailing COVID-19 situation.
- **Mid-Finland: +1,3%.** COVID-19 testing increased the revenue for the business area by EUR 2.0 million, but this did not fully compensate for the lower other demand for private clinic services and occupational healthcare services. The expiration of the healthcare service agreement with Hattula as well as agreements concerning reception centre operations contributed to the decrease in revenue for the region.
- **Ostrobothnia: -0,5%.** The region's revenue remained stable thanks to the steady recognition of revenue from the complete outsourcing agreement.
- **Northern Finland: +31,2%.** COVID-19 testing increased the revenue for the business area by EUR 1.2 million.

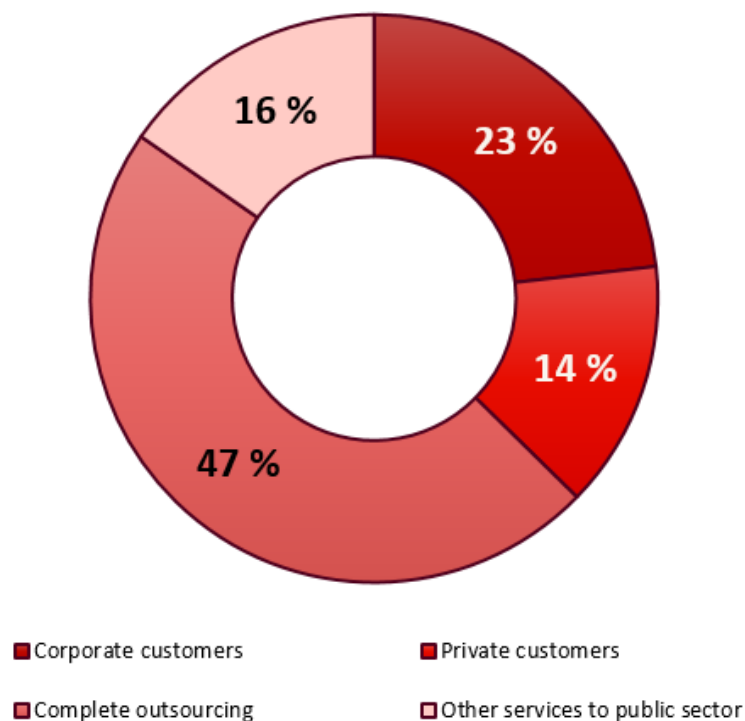
Q4 2020: Main points by customer group

EUR million	10–12/2020	%	10–12/2019	%	change	change %
Corporate customers	36.1	23	31.9	21	4.2	13.0
of which insurance company customers	8.6	6	7.9	5	0.7	8.2
Private customers	22.0	14	24.9	17	-2.9	-11.8
Public sector	97.5	63	92.7	62	4.8	5.2
of which complete outsourcing	73.7	47	72.5	48	1.2	1.6
of which staffing	5.8	4	5.8	4	0.0	-0.2
of which occupational healthcare and other services	18.1	12	14.4	10	3.7	25.4
Intra-Group sales	-18.4		-15.8		-2.6	
Total consolidated revenue	137.2	100	133.8	100	3.4	2.6

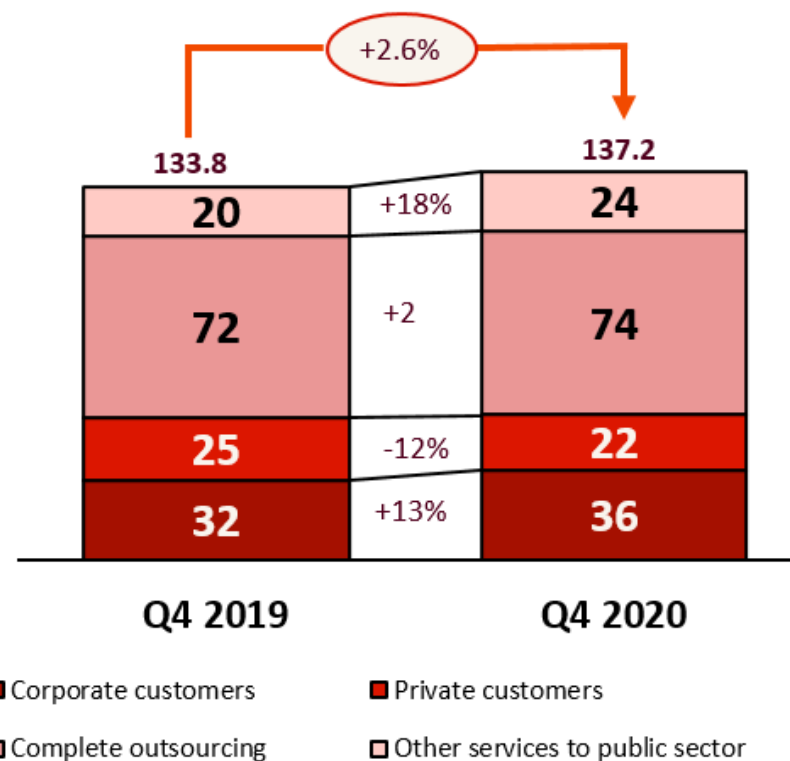
- **Corporate customers: +13%.** Sales to insurance company customers increased by EUR 0.7 million, or 8.2 per cent. In the corporate customer group, revenue from COVID-19 testing came to EUR 3.5 million.
- **Private sector: –11,8%.** The decline in customer volumes caused by the COVID-19 epidemic reduced the revenue of fitness centres by 26 per cent. Among private customers, the demand for private clinic services decreased by 26 per cent and the demand for dental care services decreased by 14 per cent. In the private customer group, revenue from COVID-19 testing came to EUR 0.4 million.
- **Public sector: +5,2%.** COVID-19 testing as a partner to the public sector increased revenue by EUR 3.5 million. The annual price adjustments of complete outsourcing agreements increased revenue. Demand increased for public sector occupational healthcare services, responsible doctor services and special housing services. The expiration of the healthcare service agreement with Hattula as well as agreements concerning reception centre operations contributed to the decrease in revenue. The COVID-19-related costs, like COVID-19 testing, of complete outsourcing agreements for social and healthcare services do not increase Pihlajalinna's revenue, as they are treated as cost compensation under the agreements.

Revenue by customer group Q4 2020

REVENUE BY CUSTOMER GROUP
Q4 2020, %

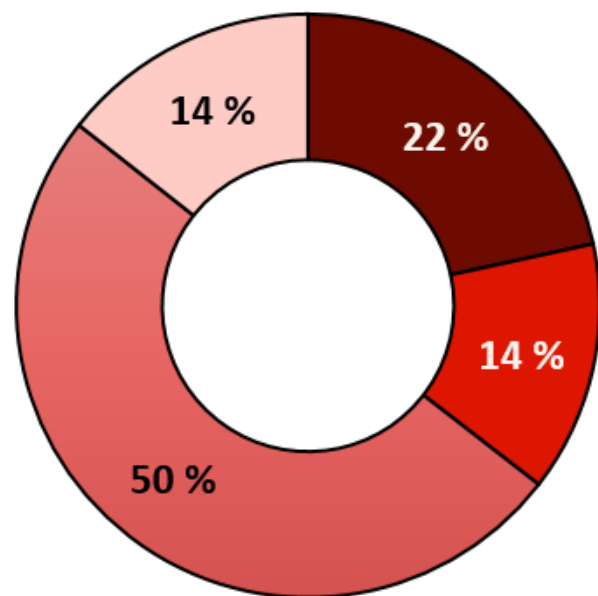


REVENUE BY CUSTOMER GROUP,
EUR MILLION



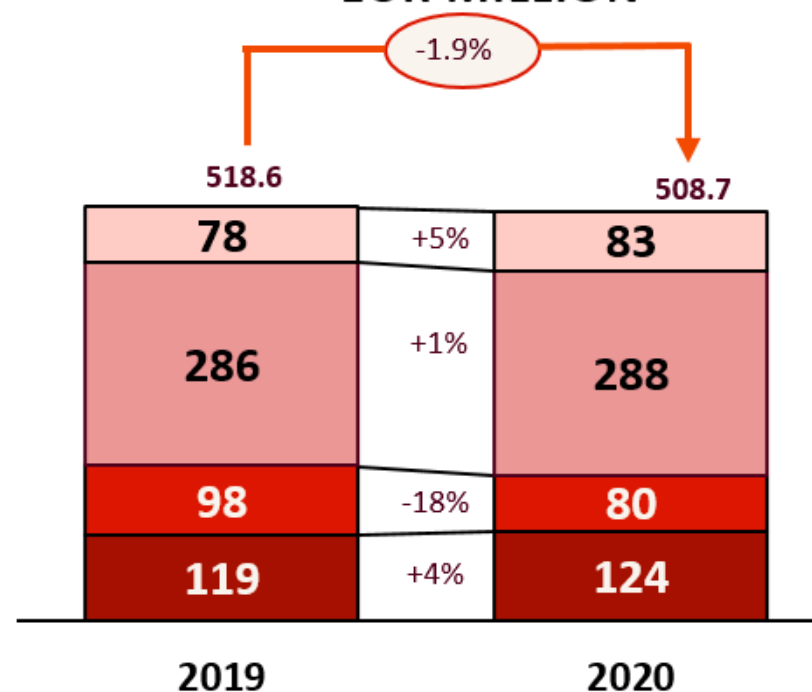
Revenue by customer group 2020

REVENUE BY CUSTOMER GROUP
2020, %



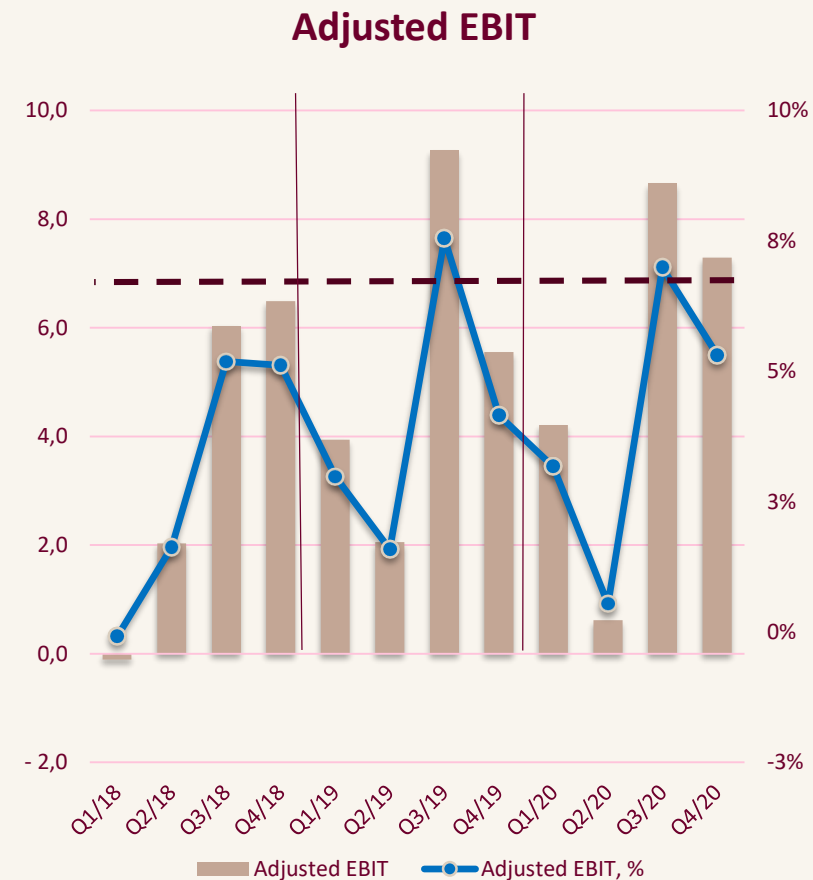
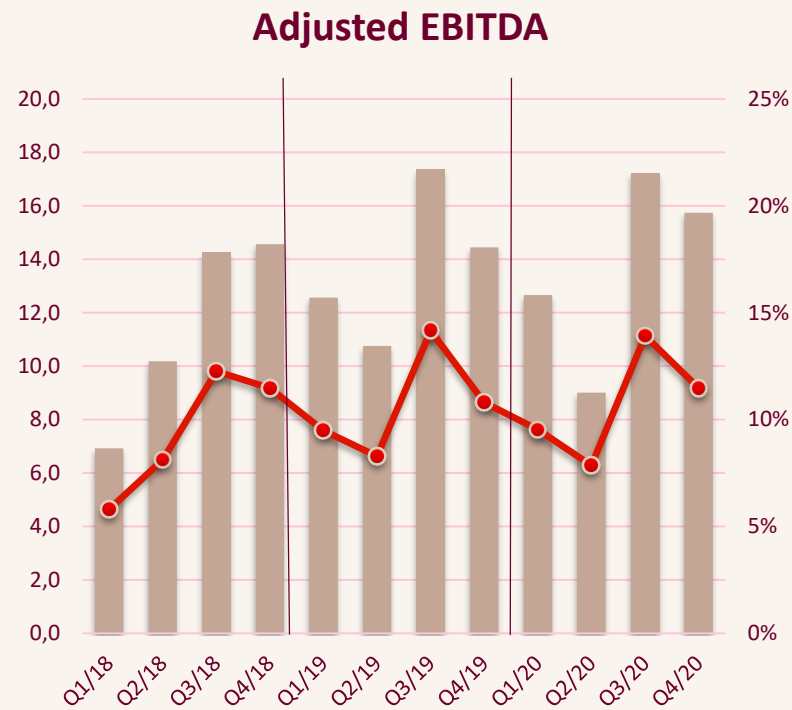
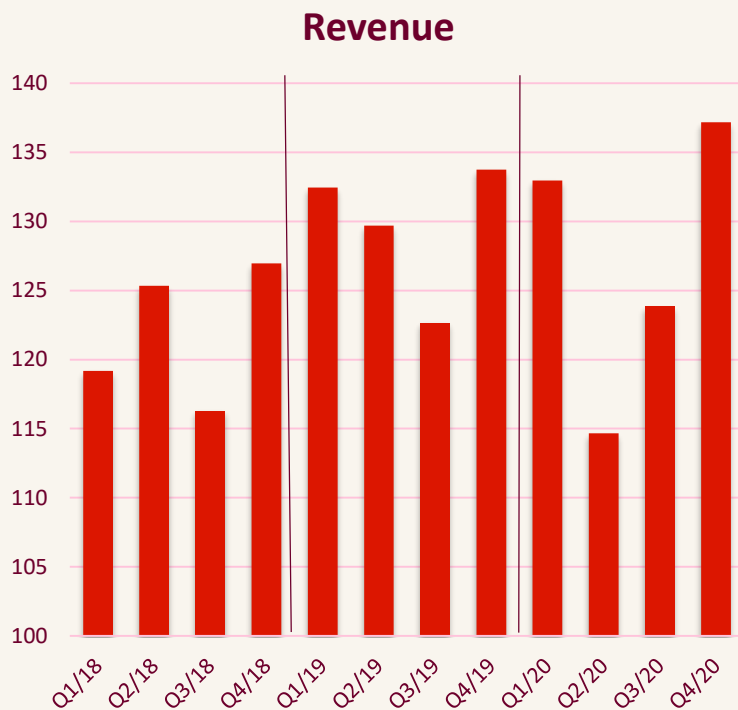
■ Corporate customers
 ■ Private customers
■ Complete outsourcing
 ■ Other services to public sector

REVENUE BY CUSTOMER GROUP,
EUR MILLION



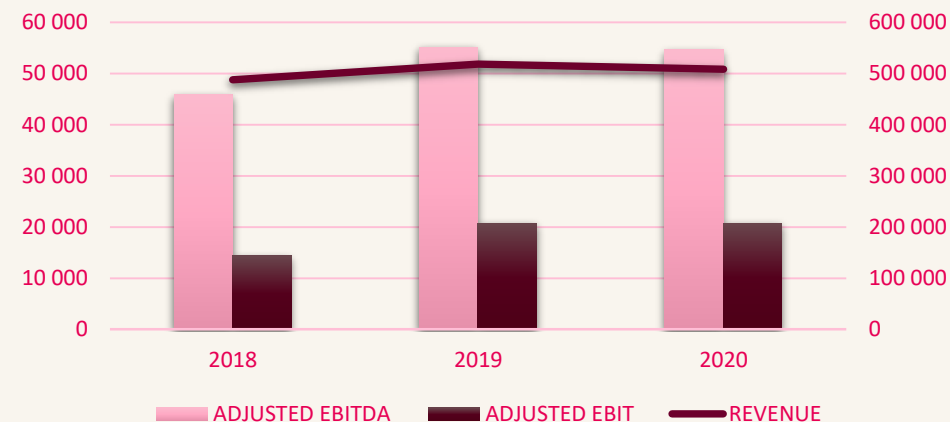
■ Corporate customers
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Consolidated Revenue and profitability, EUR million

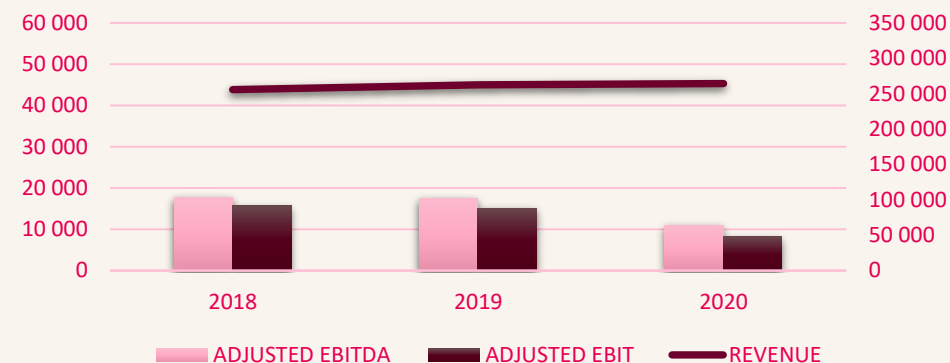


The structure of business operations and profitability

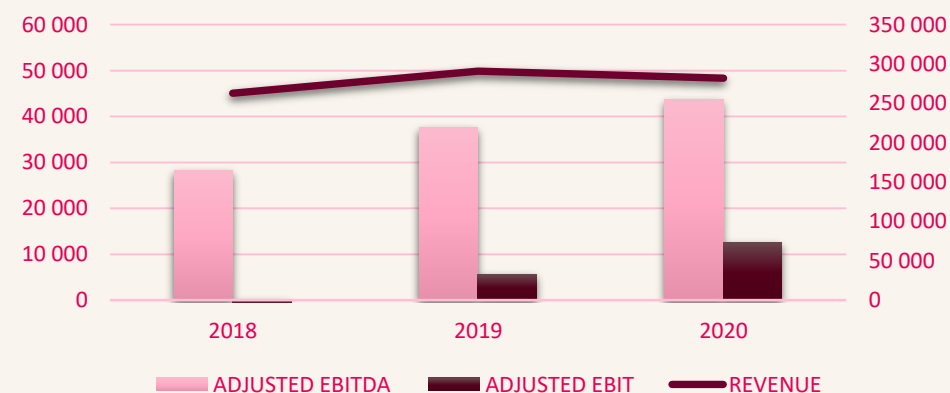
Pihlajalinna Group	Q4 2020	Q4 2019	2020	2019
Revenue, EUR million	137,2	133,8	508,7	518,6
Adjusted EBITDA, EUR million	15,7	14,4	54,6	55,1
Adjusted EBITDA, %	11,5	10,8	10,7	10,6
Adjusted operating profit (EBIT), EUR million	7,3	5,6	20,8	20,8
Adjusted operating profit, %	5,3	4,2	4,1	4,0
Profit before tax (EBT), EUR million	5,7	2,7	13,8	6,3



Complete outsourcing, eliminated	Q4 2020	Q4 2019	2020	2019
Revenue, EUR million	66,9	66,5	264,2	262,4
Adjusted EBITDA, EUR million	1,4	3,9	11,0	17,5
Adjusted EBITDA, %	2,0	5,9	4,2	6,7
Adjusted operating profit (EBIT), EUR million	0,7	3,3	8,2	15,1
Adjusted operating profit, %	1,0	5,0	3,1	5,8
Profit before tax (EBT), EUR million	0,6	1,5	8,1	12,8

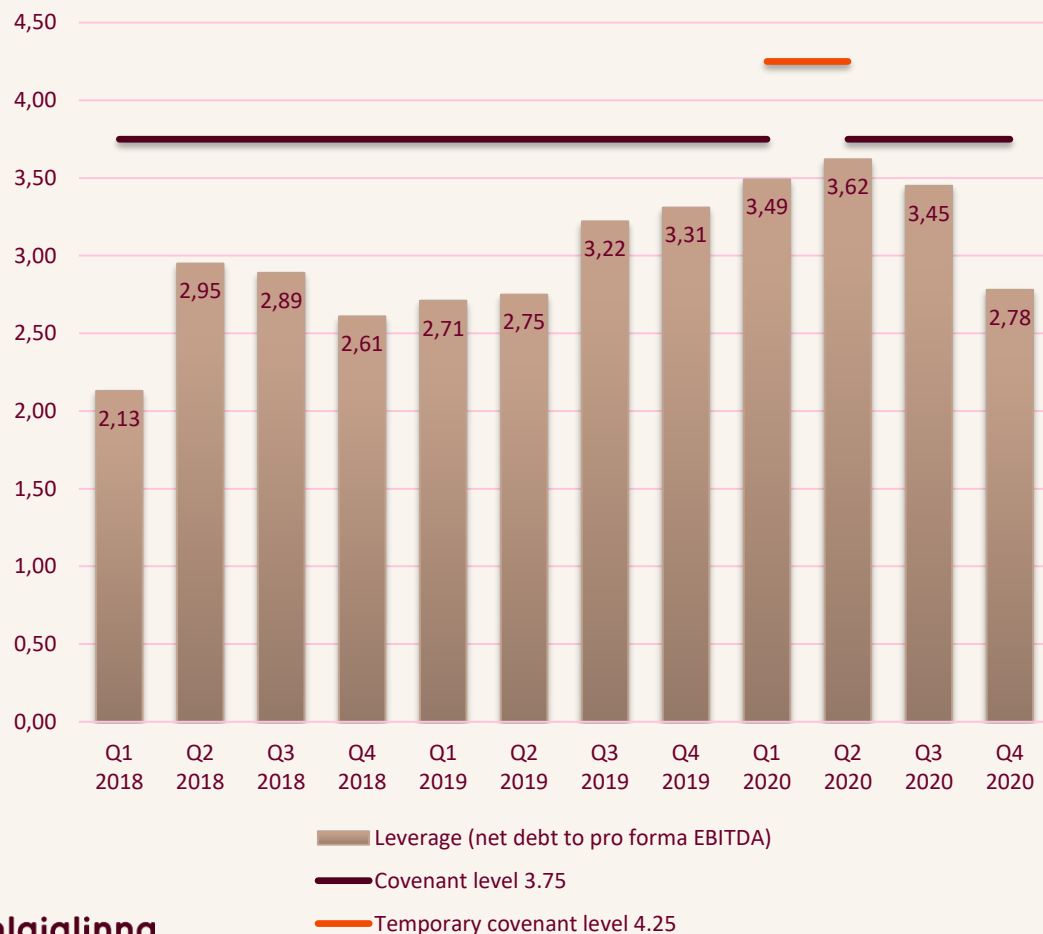


Group excluding complete outsourcing	Q4 2020	Q4 2019	2020	2019
Revenue, EUR million	80,7	76,0	282,0	290,8
Adjusted EBITDA, EUR million	14,4	10,5	43,7	37,6
Adjusted EBITDA, %	17,8	13,8	15,5	12,9
Adjusted operating profit (EBIT), EUR million	6,6	2,2	12,6	5,7
Adjusted operating profit, %	8,2	2,9	4,5	2,0
Profit before tax (EBT), EUR million	6,0	11,7*	6,6	3,9

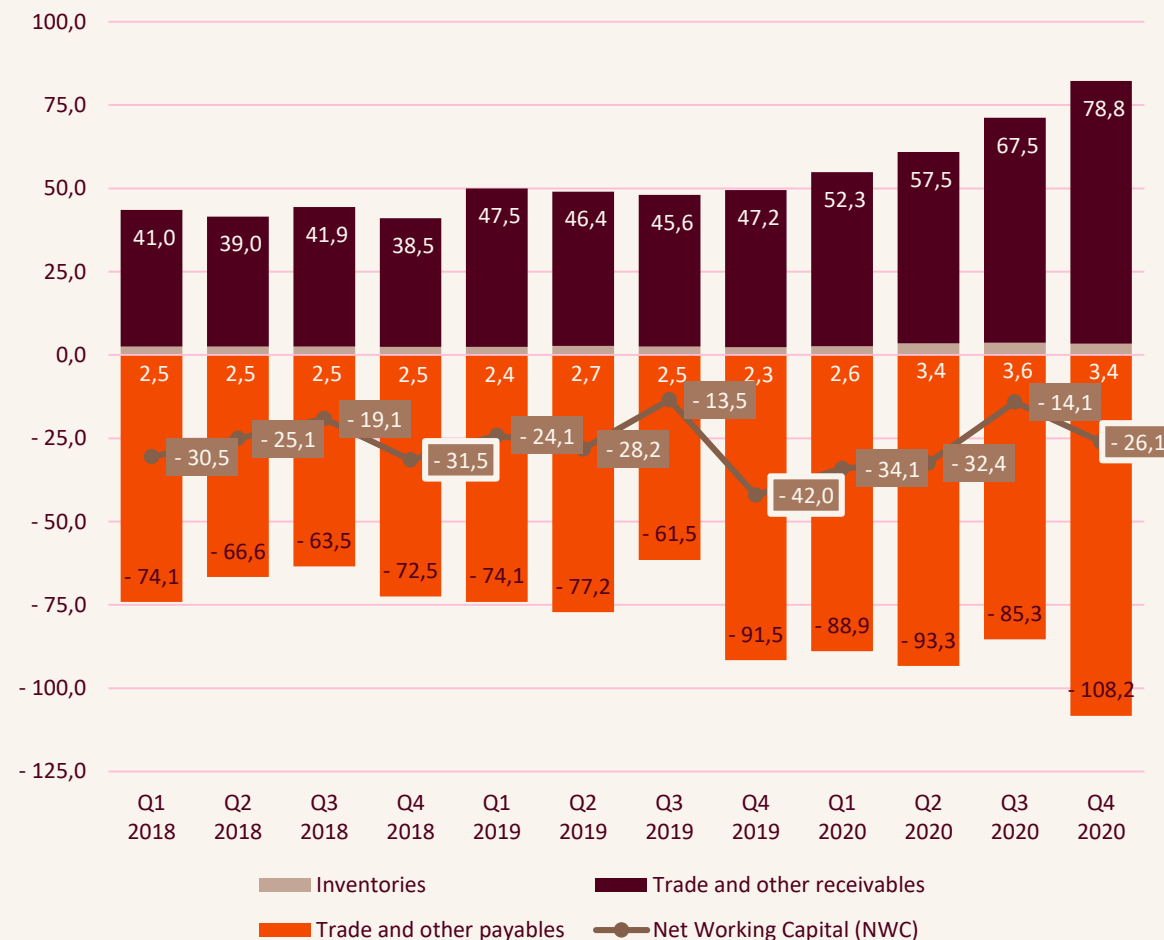


Indebtedness and Net Working Capital, EUR million

Leverage according to financing arrangement
(frozen GAAP)



Net Working Capital, FAS





Outlook for 2021

It is still hard to assess and predict the financial impacts of the duration of the COVID-19 situation. National or regional restrictions aimed at preventing a third wave of COVID-19 and potential delays in COVID-19 vaccinations may have a negative impact on consumer demand. At the same time, extensive COVID-19 testing, the start of vaccinations, working through the queues in the public sector and the release of other pent-up demand help compensate for the decline in consumer demand.

Pihlajalinna's consolidated revenue is expected to increase clearly and adjusted EBIT is expected to improve clearly compared to 2020.

Pihlajalinna is updating its strategy and will publish the new strategy during the beginning of the year.

COVID-19 testing 2020

- The volume of COVID-19 testing began to grow significantly in August 2020.
- COVID-19 testing increased the revenue of the financial year by EUR 11.4 million.
- In addition to its own testing stations, Pihlajalinna provides sampling services for e.g. municipal customers and HUS.

Pihlajalinna

* Excluding complete outsourcing

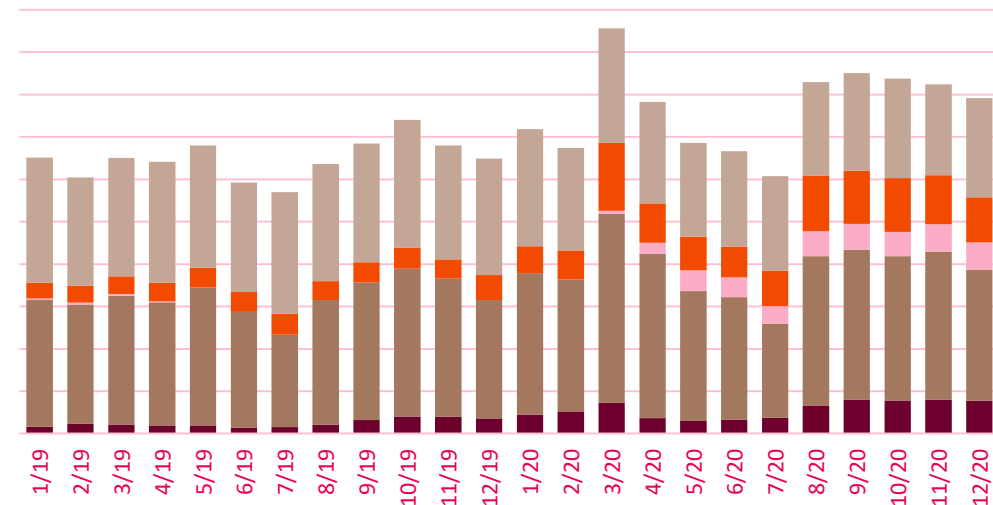
Covid-19 testing*, rolling 7 days



Pihlajalinna's remote services

- Customers' service consumption habits changed quickly due to the COVID-19 epidemic. Pihlajalinna's preparedness to deliver extensive remote services proved to be good.
- Our remote services were used nearly 500,000 times during the year, representing 44 per cent of all consultations*.
- The use of video and chat appointments tripled.
- The remote services have been expanded to complement the private clinic and occupational healthcare services as well as the public services of the joint ventures owned by Pihlajalinna togethert with the municipalities.

Health application (chat)



- Nurse phone service
- Other phone/e-mail consultations
- Videoappointments
- Chat
- Responsible doctor service

COVID-19 vaccinations

- Pihlajalinna is the public sector's largest partner in the early stages of COVID-19 vaccinations*.
- By 16 February 2021, we had vaccinated approximately 18,000 people.
- We vaccinate the personnel of our occupational healthcare customers as well as the customers in the municipal outsourcings in the vaccination order given by the Finnish institute of health and welfare.

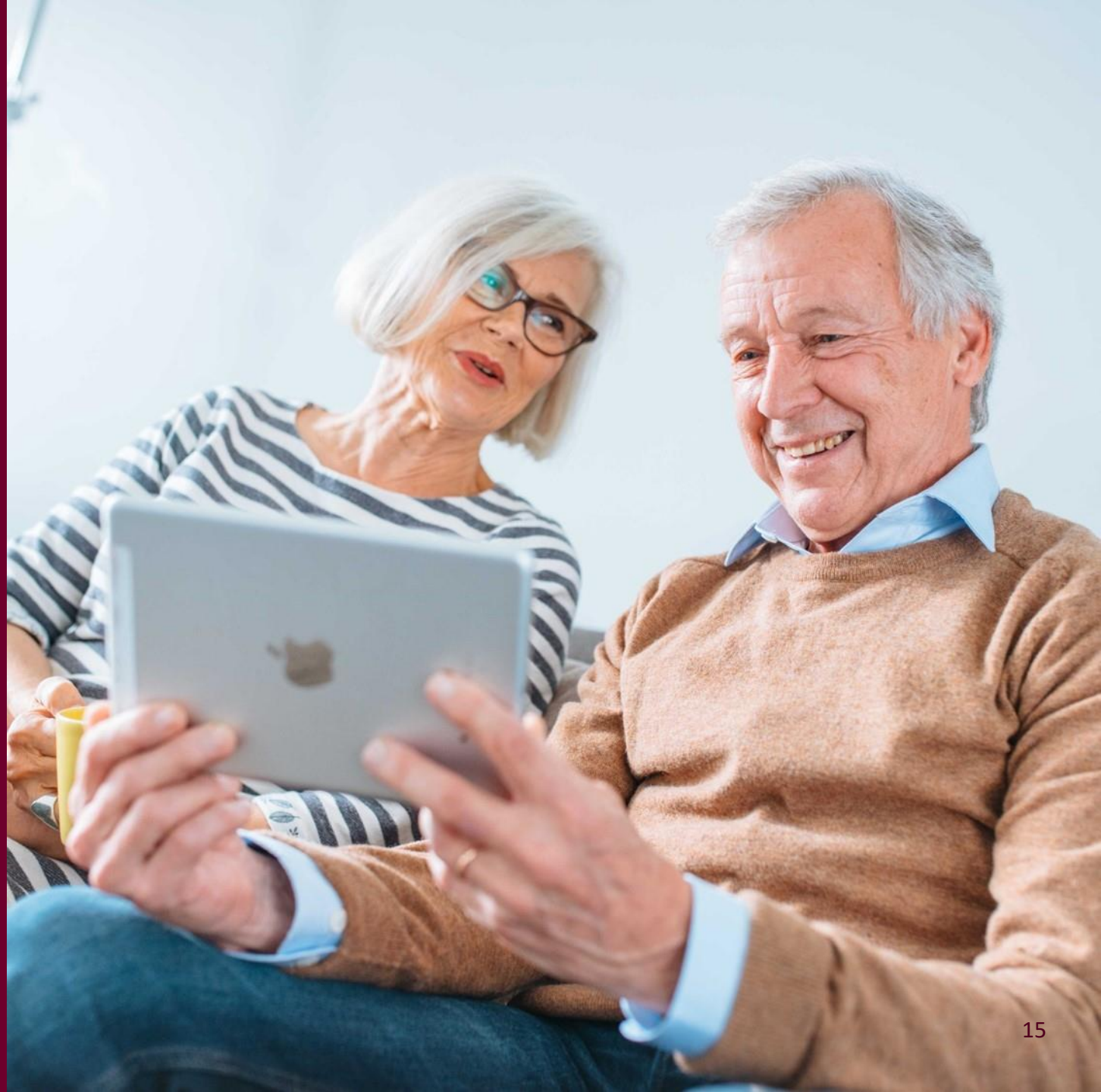


Prevention is emphasized in occupational healthcare services

- Preventive services are the primary purpose of occupational healthcare and the prolonged remote work situation has further increased the need for these services.
- Already for a long time the most common causes of disability have been mental health disorders and musculoskeletal disorders.
- This year, the focus of Pihlajalinna's development of digital occupational health services will especially be on care paths for musculoskeletal disorders and services to support mental health. We are also developing products in collaboration with our Forever fitness centre chain.
- The private sector's share of service provision in occupational healthcare increased by about 10 per cent between 2015 and 2019.
 - This means that approximately 360,000 people moved under private-sector services.
 - The number of Pihlajalinna's individual occupational healthcare customers increased by nearly 150,000 during the same time period.
- Pihlajalinna was selected as the best service provider in a public bidding competition organised for the sale of Työterveys Virta Oy's share capital and occupational healthcare services. The acquisition will give Pihlajalinna a nearly 30 per cent share of the occupational healthcare market in the Oulu region.

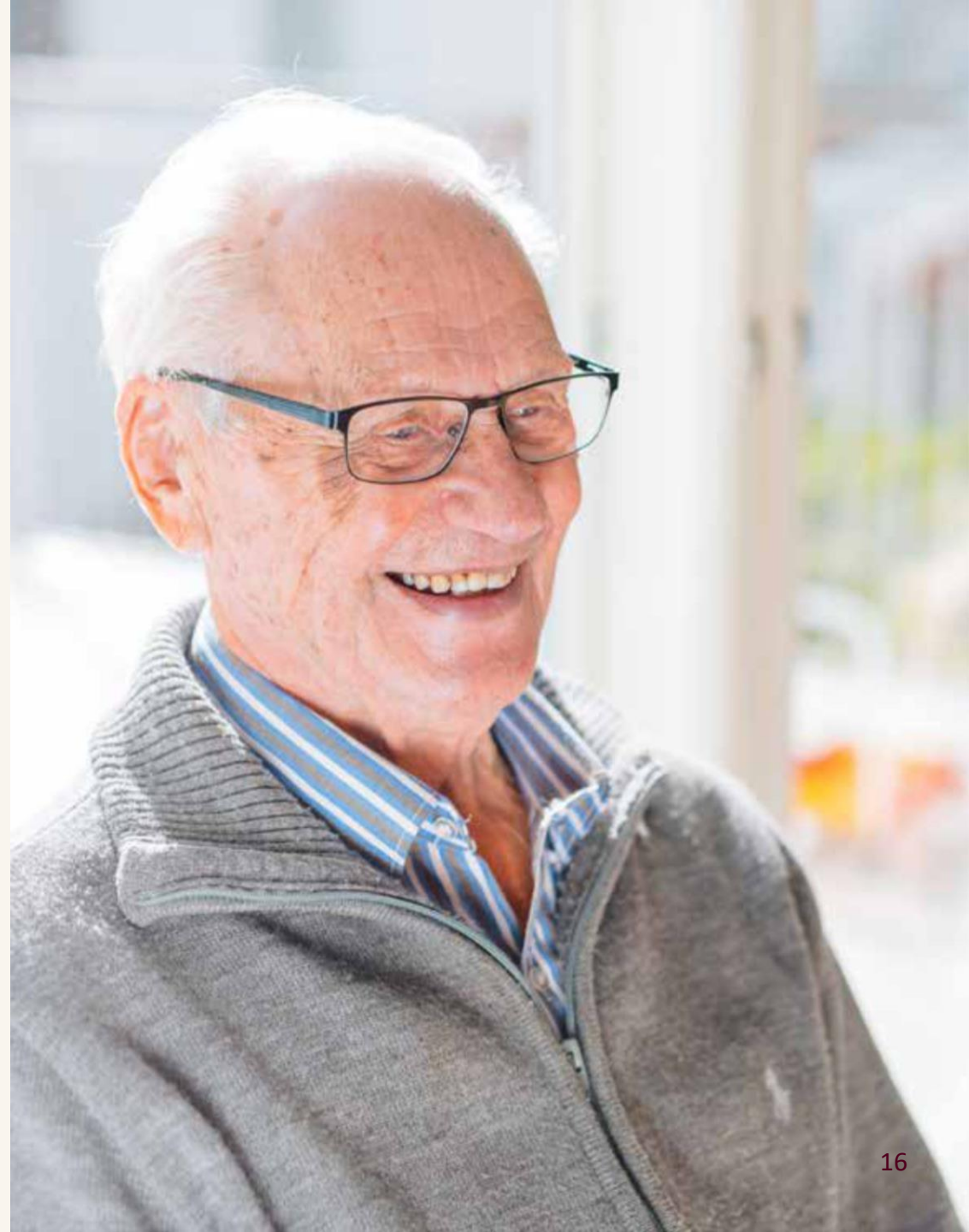
Expansion on public services

- Service production began on 1 January 2021 on the partial outsourcing of social and healthcare services in Kristiinankaupunki. The outsourcing arrangement includes, for example, primary care outpatient appointments, rehabilitation, dental care services and inpatient services.
- In Jyväskylä, the outsourcing agreement for the Huhtasuo health centre won by Pihlajalinna took effect in December 2020.
- Early this year, Pihlajalinna also won a significant proportion of a competitive bidding process for the outpatient clinic, surgery and inpatient services of the Northern Ostrobothnia Hospital District.



The operating environment

- The preparations for the comprehensive reform of social, healthcare and rescue services continued in 2020. Under the proposal, the responsibility for the organisation of healthcare, social welfare and rescue services would be 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 effective from 1 January 2023.
- While the focus of the reform is on public services, they will continue to be complemented by private and third-sector service provision. The objectives of the reform include equality, faster access to care and shifting the focus of healthcare towards preventive services. The sustainability of municipal finances also requires mitigating the upward pressure on social and healthcare service expenses.
- The government's proposal on the reform of healthcare, social welfare and rescue services was submitted to the Parliament on 8 December 2020. In parliament, the discussion of the reform will continue with committee hearings scheduled to start at the beginning of 2021.
- The progress of the reform of social and healthcare services still involves significant risks. These risks are related to, for example, political decision-making, the implementation and funding of the reforms as well as constitutional questions.



The operating environment

- The COVID-19 epidemic continues to make changes in the operating environment less predictable to a significant degree, and the impacts of the epidemic on the social and healthcare service market is impossible to predict.
- The second wave of the epidemic temporarily slowed down economic growth in Finland in late 2020. According to the most recent economic survey of the Ministry of Finance, domestic service demand remains weak at the beginning of 2021.
- At the end of December 2020, a total of 141,471 patients were waiting for access to treatment in hospitals belonging to the hospital districts. Of these, 5.4 per cent had waited for access to non-urgent specialised care for more than six months. The situation can be described as exceptional.
- The demand for occupational healthcare services has not decreased as a result of the COVID-19 epidemic. The social responsibility of employers has been emphasised during the epidemic, as evidenced by, for example, the willingness of businesses to purchase COVID-19 testing services.
- Many municipalities and other public sector entities have divested, or are in the process of divesting, the occupational healthcare providers they currently own.





No additional taxes became payable as a result of the tax audit

- A tax audit of the Group's main companies began in the spring 2017. The tax audit was completed in its entirety in February 2021.
- No additional taxes became payable as a result of the tax audit with regard to income taxation (the Act on the Taxation of Business Profits) and withholding taxes (Tax Prepayment Act). No notable sanctions arose from the tax audit with regard to value added taxes (Value Added Tax Act).

Pihlajalinna's financial reporting in 2021

- Financial statements and Board of Directors' report: no later than in week 13
- Annual General Meeting 15 April 2021
- Interim report January–March: Friday, 7 May 2021
- Half-year financial report January–June: Friday, 13 August 2021
- Interim report January–September: Thursday, 4 November 2021

Coming: CMD, 30 March 2021

Pihlajalinna's virtual Capital Markets day will be held on 30 March 2021

- Featuring Daniel Kraft.
- The invitation and instructions for participation will be sent in the beginning of March at the latest.





Thank you!