



Insider information, profit warning: Pihlajalinna decreases its revenue outlook as the cost liability of demanding care transfers to the well-being services county of South Ostrobothnia

Pihlajalinna Plc

Insider Information

30 April 2024 at 2:30 p.m.

Insider information, profit warning: Pihlajalinna decreases its revenue outlook as the cost liability of demanding care transfers to the well-being services county of South Ostrobothnia

Today 30 April, Pihlajalinna's subsidiary Kuusiolinna Terveys and the well-being services county of South Ostrobothnia has signed an agreement to transfer the cost liability of the demanding specialised care to the well-being services county of South Ostrobothnia retroactively as of 1 January 2024. Transfer of the cost liability decreases Pihlajalinna's revenue approximately EUR 30 million per year but enhances the group's profitability and the anticipated Adj. EBITA level for the financial year as well as the predictability of the outsourcing operations.

Pihlajalinna owns Kuusiolinna Terveys together with the wellbeing services county of South Ostrobothnia. Pihlajalinna's share is 97 percent. The joint company has produced social and wellbeing services for Alavus, Kuortane, Soini and Ähtäri municipality areas since 2016. Kuusiolinna Terveys has not produced demanding specialised care services for the region but has covered the costs as part of the complete outsourcing agreement.

Due to the described reasons, Pihlajalinna revises its outlook for the year 2024. The Group expects the consolidated revenue to decrease from the previous year's level (EUR 720.0 million in 2023). In other respects, the outlook remains unchanged.

Pihlajalinna's outlook for 2024, specified

In 2024, Pihlajalinna will focus on organic growth and improving its profitability and financial position.

- The Group expects the consolidated revenue to decrease from the previous year's level (EUR 720.0 million in 2023) due to the cost liability for demanding specialised care being transferred to the well-being services county of South Ostrobothnia on 1 January 2024.
- The Group expects the adjusted operating profit before the amortization and impairment of intangible assets (EBITA) to improve from the previous year's level (EUR 37.8 million in 2023).
- The Group continues measures to strengthen its financial position. Efficiency measures are expected to improve Pihlajalinna's profitability.

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

Previous guidance, issued on 14 February 2024

In 2024, Pihlajalinna will focus on organic growth and improving its profitability and financial position.

- The Group expects the consolidated revenue to increase from the previous year's level (EUR 720.0 million in 2023).
- 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, weakened consumer confidence and changes in market interest rates may affect Pihlajalinna's service demand and financial result more than expected. Price increases are expected to compensate the effects of cost inflation.

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Further information:

Tuula Lehto, Chief Communications and Sustainability Officer
tel. +358 40 588 5343, tuula.lehto@pihlajalinna.fi

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Pihlajalinna in brief

Pihlajalinna is one of the leading providers of private healthcare and social services in Finland. The Group provides comprehensive and quality private clinic and hospital services as well as occupational healthcare and insurance cooperation services. To the wellbeing services counties Pihlajalinna offers social and healthcare service production models, in which the cooperation between the public and private sectors guarantees effective services for citizens. Approximately 7,000 employees and 2,200 practitioners work at Pihlajalinna. In 2023, Pihlajalinna's revenue was 720 million euros. Pihlajalinna's shares are listed on Nasdaq Helsinki Oy. Read more www.pihlajalinna.fi.