INTERIM REPORT
1 January–31 March 2021

Pihlajalinna

Revenue increased and profitability improved

The figures in this interim report are unaudited. The comparison figures in brackets refer to the corresponding period in the previous year.

A brief look at January–March:

- Revenue amounted to EUR 139.9 (133.0) million – an increase of 5.2 per cent
- Adjusted EBITDA was EUR 15.2 (12.7) million – an increase of 20.2 per cent
- Adjusted EBIT was EUR 6.7 (4.2) million – an increase of 58.7 per cent
- IFRS 3 costs and amortisation related to M&A had a negative effect of EUR 0.7 (0.9) million on operating profit
- Earnings per share (EPS) was EUR 0.20 (0.06)
- Although the demand for healthcare services is returning to normal, the customer volumes of Pihlajalinna's private clinics were approximately 13 per cent lower than in the comparison period.
- COVID-19 testing volumes increased by 65 per cent compared to the previous quarter. Remote services represented 39 per cent of all consultations.
- Pihlajalinna won a public bidding competition for the sale of Työterveys Virta Oy's entire share capital and occupational healthcare services. Pihlajalinna's position in North Ostrobothnia will strengthen significantly due to the acquisition. The transaction was completed on 1 April 2021.

	1–3/2021 3 months	1–3/2020 3 months	2020 12 months
INCOME STATEMENT			
Revenue, EUR million	139.9	133.0	508.7
EBITDA, EUR million	15.0	12.1	52.4
EBITDA, %	10.8	9.1	10.3
Adjusted EBITDA, EUR million*	15.2	12.7	54.6
Adjusted EBITDA, %*	10.9	9.5	10.7
Operating profit (EBIT), EUR million	6.5	3.3	18.2
Operating profit, %	4.7	2.5	3.6
Adjusted operating profit (EBIT), EUR million*	6.7	4.2	20.8
Adjusted operating profit, %*	4.8	3.2	4.1
Profit before tax (EBT), EUR million	5.6	2.0	13.8
SHARE-RELATED INFORMATION			
Earnings per share (EPS), EUR	0.20	0.06	0.39
Equity per share, EUR	5.02	4.54	4.85
Dividend per share, EUR			0.20
OTHER KEY FIGURES			
Return on capital employed (ROCE), %	6.7	3.1	5.7
Return on equity (ROE), %	10.3	3.7	8.1
Equity ratio, %	26.4	24.8	26.1
Gearing, %	160.0	186.6	169.4
Interest-bearing net debt, EUR million	189.6	201.2	194.8
Net debt/adjusted EBITDA, 12 months*	3.3	3.6	3.6
Gross investments, EUR million**	4.3	10.2	25.7
Cash flow from operating activities, EUR million	10.8	21.4	47.2
Cash flow after investments, EUR million	7.6	18.1	42.8
Average number of personnel (FTE)	4,444	4,350	4,308
Personnel at the end of the period (NOE)	5,783	5,535	5,550

* Significant transactions that are not part of the normal course of business, infrequently occurring events or valuation items that do not affect cash flow are treated as adjustment items affecting comparability between review periods. 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 does not recognise adjustments affecting comparability for acquisition-related transfer taxes and expert fees (IFRS 3 costs) or purchase price allocation (PPA) amortisation.

Adjustments to EBITDA totalled EUR 0.2 (0.5) million for the quarter. Adjustments to operating profit for the quarter totalled EUR 0.2 (0.9) million.

** 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 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 mitigating the COVID-19 epidemic and potential delays in COVID-19 vaccinations may have a negative impact on consumer demand. At the same time, extensive COVID-19 testing, 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.

Joni Aaltonen, CEO of Pihlajalinna:

Pihlajalinna's profitability improved and revenue developed favourably in the first quarter. Revenue increased by 5.2 per cent and adjusted operating profit by 58.7 per cent year-on-year. The demand for healthcare services is returning to normal, but the customer volumes of private clinics were still lower than in the comparison period. COVID-19 testing volumes continued to grow in the first quarter.

The renewal of Pihlajalinna's sales strategy has been successful. In the public sector, we have transitioned from the outsourcing market to the service sales market, in which the impact of the planned reform of social, healthcare and rescue services is low. The most significant agreements signed in the beginning of the year are the extension of the COVID-19 sampling agreement with HUS, COVID-19 testing services for the City of Oulu, health advisory services for the ports of Helsinki, telephone services and the assessment of the need for treatment for the City of Vantaa, staffing services concerning COVID-19 vaccination personnel in the Turku region and the City of Helsinki as well as remote doctor consultations for the City of Helsinki. We also won the competitive bidding processes for healthcare services for the municipality of Hailuoto and specialist services for the City of Seinäjoki.

Occupational healthcare continues to grow and service demand has been strong in spite of the COVID-19 epidemic. The key drivers of growth include digital services and competitive pricing as well as successful acquisitions, including Työterveys Virta in the Oulu region, which became part of Pihlajalinna Group at the beginning of April. The agreements signed in the first quarter will see the number of private persons within the scope of Pihlajalinna's occupational healthcare services increase to approximately 230,000.

In March, Pihlajalinna announced an investment in NONNA Group, a developer and provider of modern housing solutions. NONNA Group is preparing to introduce a completely new service concept to the market and we believe it will achieve a significant market share as the population ages. There is no overlap between our services. Instead, I see considerable synergies between our businesses. For example, the companies could engage in joint city block projects in the future to combine diverse types of housing and services. Pihlajalinna's role would also be to provide the necessary healthcare services for the residents.

Pihlajalinna published specifications to its strategy in the first quarter. We have three strategic priorities:

- the renewal of private services, for example through new service concepts
- close cooperation with public sector entities and the future wellbeing services counties

- strengthening the role of digitalisation in the development of personnel, customer experience and operational performance.

Our objective is to offer the most attractive and diverse range of services that are the easiest to access in our industry and available without delay.

I believe we have two key competitive advantages. We have systematically developed our operations with the aim of offering a service to suit each customer's situation as well as a genuinely multichannel service model. We will continue to develop our offering broadly through new partnerships, for example. Another key success factor is easy access to our services, both at our private clinics and through remote channels. Approximately 8,000 people are currently waiting for access to treatment having waited longer than the times stipulated by the legislative provisions concerning the care guarantee. In February 2021, a total of 28,417 people had waited for specialised care for more than three months. This situation can be characterised as exceptional. Our job at Pihlajalinna is to provide a channel through which the consumer can access the service in need without unnecessary waiting. I believe that by taking responsibility for the health of the individual as well as their quick and appropriate access to care – regardless of the actions taken by legislators and other parties – we will be able to continue to strengthen our position in the market.

In the long term, the underlying drivers of our business will continue to grow stronger. The ageing of the population will have a significant impact on the demand for healthcare and wellbeing services in the 2020s. For example, the number of people over the age of 75 will grow by an estimated 250,000 in Finland during this decade. This will have a direct impact on service demand: the costs of social and healthcare service for the 75–84 age group, for example, are approximately three times higher than the population average. For people over the age of 85, these costs are nearly seven times higher than the population average.

This raises the question of how Finland will solve the sustainability gap and how can the current welfare state model be maintained in the future. I believe that private sector operators will play a key role in solving this challenge. In primary healthcare in Sweden, the freedom of choice model has achieved good access to care with lower spending than in Finland. The per capita costs of primary healthcare are lower than in Finland and 89 per cent of customers can get an appointment with a doctor within one week of initial contact. The corresponding figure in Finland is 56 per cent. In Sweden, private sector operators produce one-third of all services and the rate of service digitality is higher than in Finland, for instance. In my opinion, this model deserves more extensive examination in Finland.

The importance of preventive services will continue to increase and the prolonged remote work situation, for example, has increased the need for these services. Since the beginning of the 2000s, the most common causes of disability have been mental health disorders and musculoskeletal disorders. This year, we will focus particularly on the development of care paths for these types of ailments in our digital service development. For example, we have 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. It is a comprehensive service that is produced together with our fitness centres. The service improves the customer's quality of life based on scientific evidence of the benefits of exercise.

Digitality will also change the roles of experts. Artificial intelligence, for example, can support the work of doctors in the future. Nevertheless, we are still in the early stages of digitality in the social and healthcare service sector compared to the banking sector, for example. For the full benefits of digitality to be achieved, the digital competencies of personnel will need to be developed further. To ensure our ability to deliver the best employer experience in our industry, we will provide professionals with a dedicated application and upgrade our personnel-related ERP systems. We will also develop new employment models and career paths for doctors and other experts.

Pihlajalinna's strategy 2021–2023

Strategic priorities

1. **The renewal of private services**

   Pihlajalinna will strengthen its multichannel services and private sector business through new service concepts and digital innovation.

2. **Cooperation in social and healthcare services**

   Pihlajalinna will engage in close cooperation with the future wellbeing services counties and build a strong market position in public healthcare.

3. **Enhancing digitalisation**

   Pihlajalinna has a strong focus on digitalisation in the development of personnel, customer experience and operational performance.

Mission
We help Finns to live a better life

Vision
We bring wellbeing to everyone

Values
Ethics, energy, open-mindedness

Objectives

- Pihlajalinna offers the most attractive and diverse range of services.
- Pihlajalinna is the number one choice of consumers and professionals.
- Pihlajalinna's services are the smoothest in its industry and they are available without delay.
- Pihlajalinna ensures profitable growth.

OPERATING PROFIT (EBIT) **OVER 7%** of revenue

NET DEBT **UNDER 3x** EBITDA

Performance indicators

The achievement of goals will be measured by, for example, financial indicators, the volume growth of appointments and operations available for customers and the Net Promoter Score (NPS) measurements of the customer experience and employee experience.

Revenue by customer group

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

- The Group's corporate customer group consists of Pihlajalinna's occupational health customers, insurance company customers and other corporate contract customers.
- The Group's private customers are private individuals who pay for services themselves and may subsequently seek compensation from their insurance company.
- The Group's public sector customer group consists of public sector organisations in Finland, such as municipalities, joint municipal authorities, congregations, hospital districts and the public administration when purchasing social and healthcare outsourcing services, residential services, occupational health services and staffing services.

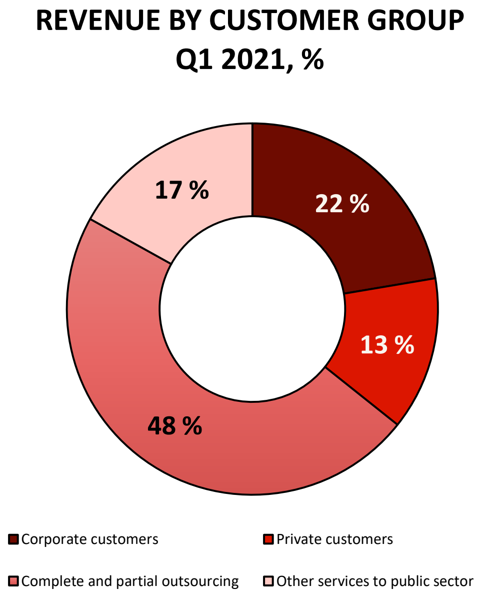
January–March 2021

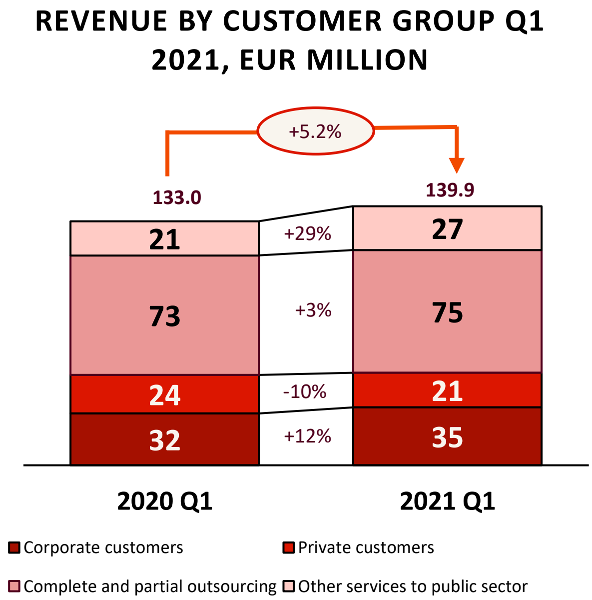
EUR million	1–3/2021	1–3/2020	change	change %	2020
Corporate customers	35.4	31.6	3.7	11.8	124.0
of which insurance company customers	8.5	8.3	0.1	1.8	29.8
Private customers	21.1	23.5	-2.4	-10.1	79.8
Public sector	101.7	93.9	7.9	8.4	370.5
of which complete and partial outsourcing agreements	74.9	73.0	1.9	2.7	287.9
of which staffing	6.5	5.6	0.8	14.3	22.9
of which occupational healthcare and other services	20.3	15.2	5.1	33.8	59.7
Intra-Group sales	-18.3	-16.0	-2.3		-65.6
Total consolidated revenue	**139.9**	**133.0**	**6.9**	**5.2**	**508.7**

Revenue from corporate customers amounted to EUR 35.4 (31.6) million, an increase of EUR 3.7 million, or 11.8 per cent. Sales to insurance company customers increased by EUR 0.1 million, or 1.8 per cent. In the corporate customer group, COVID-19 testing increased revenue by EUR 2.8 million. The customer volumes of Pihlajalinna's private clinics were 11 per cent lower than in the comparison period.

Revenue from private customers was EUR 21.1 (23.5) million, a decrease of EUR 2.4 million, or 10.1 per cent. The decline in customer volumes caused by the COVID-19 epidemic reduced the revenue of fitness centres by 35 per cent, or EUR 1.6 million. In the private customer group, COVID-19 testing increased revenue by EUR 0.5 million. The customer volumes of Pihlajalinna's private clinics were 20 per cent lower than in the comparison period.

Revenue from the public sector amounted to EUR 101.7 (93.9) million, an increase of EUR 7.9 million, or 8.4 per cent. COVID-19 testing as a partner to the public sector increased revenue by EUR 4.7 million. The start of the partial outsourcing agreement in Kristiinankaupunki increased revenue by EUR 1.3 million following the start of the operations of Bottenhavets Hälsa Ab – Selkämeren Terveys Oy on 1 January 2021. Revenue from staffing services and remote services increased. The customer volumes of Pihlajalinna's private clinics were 7 per cent lower than in the comparison period. The COVID-19-related costs, such as 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.





Consolidated revenue and result

January–March 2021

Pihlajalinna's revenue totalled EUR 139.9 (133.0) million, an increase of EUR 6.9 million, or 5.2 per cent.

COVID-19 testing increased revenue by EUR 8.2 million. Revenue from surgical operations increased by EUR 0.7 million. Among specialised surgical operations, the highest growth was seen in plastic surgery. In practice, the number of operations declined only for ear, nose and throat diseases, as respiratory infections decreased during to the COVID-19 epidemic. Revenue from Pihlajalinna's chat and video appointments increased by EUR 0.7 million. Some 39 per cent of all customer appointments took place via remote services during the quarter. The volume of surgical services at Jokilaakso Hospital grew by 9 per cent, while the number of freedom-of-choice patients in public healthcare increased by 32 per cent.

The customer volumes of Pihlajalinna's private clinics were approximately 13 per cent lower than in the comparison period. The figure does not take into account the total number of customer appointments under Pihlajalinna's complete and partial outsourcing agreements. Revenue from Pihlajalinna's fitness centres decreased by EUR 1.6 million year-on-year due to the COVID-19 situation and related restrictions. Nearly all of Pihlajalinna's fitness centres were closed in April due to an order issued by the Regional State Administrative Agencies. Terminated agreements concerning reception centre operations and in the municipality of Hattula reduced revenue by EUR 0.7 million. Dental care revenue declined by EUR 0.4 million.

EBITDA was EUR 15.0 (12.1) million. Adjusted EBITDA was EUR 15.2 (12.7) million, an increase of EUR 2.6 million, or 20.2 per cent. EBITDA adjustments amounted to EUR 0.2 (0.5) million. The profitability of private clinic and occupational healthcare services improved due to COVID-19 testing. The capacity utilisation rates of surgical operations improved particularly in Tampere, Helsinki and Seinäjoki. The profitability of surgical operations at Jokilaakso Hospital improved.

Profitability was significantly reduced by the higher costs of services for the elderly, specialised care and social services under complete outsourcing agreements as well as the COVID-19 restrictions that had an impact on the fitness centre business. For 2020 and the early part of 2021, the assessment of investment costs and COVID-19-related costs included in invoicing by hospital districts can only be carried out after the hospital districts have published their financial statements, which probably will partially cover the increased costs of specialised care under complete outsourcing agreements.

Depreciation, amortisation and impairment amounted to EUR 8.5 (8.8) million. Adjustments to depreciation, amortisation and impairment amounted to EUR 0.0 (0.4) million. Depreciation of intangible assets amounted to EUR 1.6 (1.7) million, of which depreciation related to purchase price allocations amounted to EUR 0.7 (0.9) million. Depreciation, amortisation and impairment of property, plant and equipment amounted to EUR 2.2 (2.4) million, and depreciation and impairment of right-of-use assets totalled EUR 4.7 (4.7) million.

Pihlajalinna's operating profit (EBIT) amounted to EUR 6.5 (3.3) million, an increase of EUR 3.2 million, or 95.4 per cent. The EBIT-to-revenue ratio (EBIT margin) was 4.7 (2.5) per cent. Adjusted EBIT amounted to EUR 6.7 (4.2) million. The adjusted EBIT margin was 4.8 (3.2) per cent. Adjustments to EBIT amounted to EUR 0.2 (0.9) million.

The Group's net financial expenses amounted to EUR -0.9 (-1.4) million. In the comparison period, net financial expenses were increased on a non-recurring basis by a waiver expense associated with Pihlajalinna's financing arrangement. Profit before taxes came to EUR 5.6 (2.0) million. Taxes in the income statement amounted to EUR -1.1 (-0.6) million. Profit came to EUR 4.5 (1.4) million. Earnings per share (EPS) was EUR 0.20 (0.06).

The operating environment

Under the proposal submitted by the Finnish Government to the Parliament in December 2020, 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. The drafting of the reform will continue in spring 2021 with committee work and an assessment of the legislation pertaining to the reform of healthcare and social services.

In April, the Government submitted the SOTE100 legislative package to the Parliament for review. The SOTE100 package presents specifications and updates to key pieces of legislation relevant to the reform of healthcare and social services. The aim of the legislative package is to update legislation in various branches of government to correspond to the organising responsibilities and scope of operation planned in the proposal on healthcare and social services reform. The Ministry of Finance is also requesting comments regarding the criteria for the allocation of funding related to the establishment of the wellbeing services counties stipulated by the reform of healthcare and social services and the start of their operations. The commenting period will end on 1 June 2021.

If the reform of social, healthcare and rescue services is implemented, the focus will shift largely to public services. The aim is to create equal services, accelerate access to care and strengthen the proactive approach in healthcare. Even if public sector services are complemented by private sector services in the future, private operators in the field of social and healthcare services have expressed criticisms regarding the Government proposal. One of these criticisms is that, if implemented, the restriction on the use of purchased services would reduce public sector decision-makers' ability to control the rising costs of social and healthcare services. According to the Government's proposal, the wellbeing services counties would always be required to provide part of the counties' social and healthcare services themselves. Rising costs may also lead to increased inequality if the wellbeing services counties end up in a situation where they are forced to downscale their services and concentrate service provision in larger municipalities. At present, the private sector in wellbeing services produces more than 25 per cent of social and healthcare services and employs more than 127,000 professionals.

Assessing the changes in the operating environment arising from the COVID-19 epidemic remains difficult. In the first months of 2021, the deterioration of the epidemiological situation again brought stricter restrictions and recommendations. Having peaked in mid-March, the incidence of COVID-19 began to decline substantially in April. The Finnish Government engaged in negotiations in April regarding the gradual lifting of COVID-19 restrictions and recommendations, taking the economic and social impacts into consideration. The lifting of restrictions is influenced by factors such as the progress of COVID-19 vaccinations and the potential decline of the epidemic due to seasonal variation.

The distribution of COVID-19 vaccines is managed by Finnish municipalities, many of which want to cooperate with occupational healthcare providers. Pihlajalinna, for example, has vaccinated a large number of social services and healthcare personnel across Finland. Other employer organisations have also shown an interest in purchasing COVID-19 vaccination services from private sector service providers. This is an example of social responsibility by employer organisations, as participation in bearing the costs of COVID-19 vaccination is voluntary for companies.

The COVID-19 epidemic has led to a further increase in queues for treatment. Approximately 8,000 people are currently waiting for access to treatment having waited longer than the times stipulated by the legislative provisions concerning the care guarantee. In February 2021, a total of 28,417 people had waited for specialised care for more than three months.

The interim economic forecast published by the Bank of Finland on 19 March 2021 notes that the economic recovery after the COVID-19 epidemic was bolstered by the better-than-expected economic development in the latter half of 2020. According to the interim forecast, the economic growth outlook has improved slightly from the previous forecast. The forecast is based on the assumption that the increasing vaccination coverage will make it possible to reopen society. The economy is expected to continue to recover in 2022, but growth is estimated to slow down in 2023.

Consolidated statement of financial position and cash flow

Pihlajalinna Group's total statement of financial position amounted to EUR 451.3 (435.3) million. Consolidated cash and cash equivalents amounted to EUR 13.6 (18.7) million.

Net cash flow from operating activities totalled EUR 10.8 (21.4) million. Taxes paid amounted to EUR -2.3 (-1.3) million. The change in net working capital was EUR -1.9 (10.6) million.

Net cash flow from investing activities totalled EUR -3.2 (-3.3) million. Paid contingent considerations arising from M&A transactions amounted to EUR 0.0 (-1.4) million. Investments in tangible and intangible assets amounted to EUR -3.3 (-2.0) million, and the proceeds from the disposal of tangible assets amounted to EUR 0.1 (0.1) million.

The Group's cash flow after investments (free cash flow) was EUR 7.6 (18.1) million.

Net cash flow from financing activities totalled EUR -7.3 (-26.4) million. The change in financial liabilities, including changes in credit limits, amounted to EUR -0.4 (-1.0) million. Payments for financial lease liabilities amounted to EUR -5.0 (-5.7) million, and interest paid and other financial expenses amounted to EUR -1.1 (-1.4) million. The net effect of the change in non-controlling interests on cash flow was EUR 0.0 (-18.3) million. In January 2020, Pihlajalinna paid EUR 16.3 million in total for shares in Kuusiolinna Terveys to the municipalities of Alavus, Ähtäri and Soini as well as EUR 2.0 million to the city of Mänttä-Vilppula for shares in Mäntänvuoren Terveys. A total of EUR 0.2 (0.0) million in dividends was paid to non-controlling interests. The Group has acquired its own shares for its incentive scheme and the remuneration of the Board of Directors in the amount of EUR 0.6 (0.0) million.

The Group's gearing was 160.0 (186.6) per cent. Interest-bearing net debt amounted to EUR 189.6 (201.2) million.

Return on capital employed was 6.7 (3.1) per cent and return on equity was 10.3 (3.7) per cent.

Financing arrangements

Pihlajalinna has a five-year EUR 120 million unsecured financing arrangement with Danske Bank and Nordea. The agreement is valid until 9 March 2023. The arrangement comprises a EUR 50 million revolving credit facility and a long-term bullet loan of EUR 70 million. It also includes an opportunity to increase the total amount by EUR 60 million (to EUR 180 million), subject to separate decisions on a supplementary loan from the funding providers.

The financing arrangement includes the customary financial covenants concerning leverage (ratio of net debt to pro forma EBITDA) and gearing. The calculation of covenants will continue with the creditor banks in accordance with the accounting principles confirmed in the original financing arrangement (frozen GAAP, i.e. excluding the IFRS 16 impact). The Group met the set covenants on 31 March 2021.

Due to the changes in the operating environment caused by the COVID-19 epidemic, Pihlajalinna and the creditor banks agreed on a temporary adjustment to the covenants of the financing arrangement for the first two quarters of 2020 at the end of March 2020. The original covenants of the financing arrangement – leverage of 3.75 and gearing of 115 per cent – took effect again when the covenants were reviewed in the third quarter of 2020.

As part of the agreement, a permanent new margin ceiling was added to the financing arrangement. The margin ceiling will enter into effect if leverage exceeds 3.50. On 31 March 2021, leverage in accordance with the financing arrangement stood at 2.58.

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 a total of EUR 40.0 million in unused committed credit limits.

Capital expenditure

Gross investments, including acquisitions, amounted to EUR 4.3 (10.2) million. The Group's gross investments in property, plant and equipment and intangible assets, which consisted of development investments, additional investments and replacement investments required for growth, amounted to EUR 3.3 (3.5) million. Gross investments in right-of-use assets amounted to EUR 1.0 (6.6) million, including the opening of new units in Riihimäki (Uniikki special needs residential services) and Helsinki (Pihlajalinna Tavastia private clinic) during the comparison period.

Investment commitments for the Group's development, additional and replacement investments amounted to approximately EUR 2.5 (0.5) million. The investment commitments are related to additional and replacement investments in clinical equipment and information system projects.

Complete and partial outsourcing agreements

Company	Pihlajalinna's holding, 31 December 2020	Pihlajalinna's holding, 31 March 2021	First year of service production under the current contract	Duration of contract (years)
Jokilaakson Terveys Oy	90%	90%	internal service provision	internal service provision
Jämsän Terveys Oy	51%	51%	2015	10
Kuusiolinna Terveys Oy	90%	90%	2016	15
Mäntänvuoren Terveys Oy	91%	91%	2016	15
Kolmostien Terveys Oy	96%	96%	2015	15
Bottenhavets Hälsa Ab - Selkämeren Terveys Oy	83%	83%	2021	15–20 years

Summary of the revenue and profitability of complete and partial outsourcing agreements (intra-Group sales eliminated):

Complete and partial outsourcing agreements	1–3/2021 3 months	1–3/2020 3 months	2020 12 months	2019 12 months
INCOME STATEMENT				
Revenue, EUR million	68.6	67.0	264.2	262.4
EBITDA, EUR million	0.7	1.7	11.0	15.3
EBITDA, %	1.0	2.6	4.2	5.8
Adjusted EBITDA, EUR million*	0.7	1.7	11.0	17.5
Adjusted EBITDA, %*	1.0	2.6	4.2	6.7
Operating profit (EBIT), EUR million	0.0	1.1	8.2	13.0
Operating profit, %	-0.1	1.6	3.1	4.9
Adjusted operating profit (EBIT), EUR million*	0.0	1.1	8.2	15.1
Adjusted operating profit, %*	-0.1	1.6	3.1	5.8
Profit before tax (EBT), EUR million	-0.1	1.0	8.1	12.8

More information on the profitability of complete outsourcing agreements is presented in this interim report in the section *Items that may, according to the management's estimate, influence the profitability of complete outsourcing agreements with a delay.*

Research and development

Increases to intangible assets totalled EUR 0.8 (1.1) million during the review period.

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. 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 EMR system for dental care and ERP system for fitness centres will be replaced.

Personnel

At the end of the reporting period, the number of personnel amounted to 5,783 (5,535), an increase of 248 persons or 4 per cent. The Group's personnel averaged 4,444 (4,350) persons as full-time equivalents, an increase of 94 persons or 2 per cent. The Group's employee benefit expenses totalled EUR 61.2 (56.4) million, an increase of EUR 4.9 million or 8.7 per cent. The partial outsourcing agreement in Kristiinankaupunki became operational at the beginning of the year. Bottenhavets Hälsa Ab – Selkämeren Terveys Oy has 74 employees.

In March, co-operation negotiations were held at Pihlajalinna's fitness centres due to the effects of the epidemic and resulted in the layoff of all employees temporarily for 90 days, if necessary. Part-time or full-time layoffs for part of the employees began in the second half of March.

Management Team

CEO Joni Aaltonen serves as the Chairman of the Management Team. The Management Team also includes COO Teija Kulmala, CFO Tarja Rantala, Chief Legal Officer Marko Savolainen, Chief People and Culture Officer Elina Heliö and Sales Director Juha-Pekka Halttunen. Head of Service Development and CIO Sanna Määttänen was a member of the Management Team until 15 March 2021. Antti-Jussi Aro, M.Sc. (Tech.), joined Pihlajalinna on 3 May 2021 as the new CIO and a member of the Group Management Team.

On 17 December 2020, Pihlajalinna announced that medical specialist Sari Riihijärvi, PhD, had been appointed as Medical Director. The appointment will take effect on 2 July 2021, at which time Riihijärvi will take up her position and join the Management Team.

Board of Directors

The Annual General Meeting on 15 April 2021 resolved that the number of the members of the Board of Directors shall be six instead of the previous seven. Hannu Juvonen, Mika Manninen, Leena Niemistö, Kati Sulin, Seija Turunen and Mikko Wirén were re-elected to the Board of Directors for a term of office ending at the conclusion of the next Annual General Meeting.

The Annual General Meeting elected Mikko Wirén as the Chairman of the Board and Leena Niemistö as the Vice-Chairman.

Shareholders' Nomination Board

The Shareholders' Nomination Board is comprised of the following representatives:

- Juha Koponen, Group Director and Board member, LocalTapiola General Mutual Insurance Company and LocalTapiola Mutual Life Insurance Company
- Mikko Wirén, Managing Director, MWW Yhtiö Oy
- Antti Kuljukka, CEO, Fennia Mutual Insurance Company
- Hanna Hiidenpalo, Director, Chief Investment Officer, Elo Mutual Pension Insurance Company

Committees nominated by the Board

Pihlajalinna Plc's Board of Directors appointed the following members to its committees at its constitutive meeting on 15 April 2021:

Audit Committee: Seija Turunen (chairman), Mika Manninen and Hannu Juvonen
People Committee: Mikko Wirén (chairman), Leena Niemistö and Kati Sulin

It was agreed that all members of the Board of Directors may join any of the committee meetings.

Remuneration of the members of the Board of Directors

The Annual General Meeting of 15 April 2021 resolved that the remuneration of the members of the Board of Directors other than the Chairman of the Audit Committee will remain unchanged, and that the following annual remuneration will be paid to the members of the Board of Directors elected for the term of office ending at the 2022 Annual General Meeting: EUR 250,000 per year to the full-time Chairman of the

Board of Directors, EUR 36,000 per year to the Vice Chairman and to the Chairman of the Audit Committee, and EUR 24,000 per year to the other members.

The annual remuneration shall be paid in company shares and in cash, with approximately 40 per cent of the remuneration used to acquire shares in the name and on behalf of the members of the Board of Directors, and the remainder paid in cash. The remuneration can be paid either entirely or partially in cash if the member of the Board of Directors has, on the day of the General Meeting, 15 April 2021, been in possession of over EUR 1,000,000 worth of company shares. The company is responsible for the expenses and transfer tax arising from the acquisition of the shares. The remuneration to be paid in shares can be paid by transferring company shares in possession of the company to the members of the Board of Directors or by purchasing shares directly on behalf of the Board members within three weeks after the interim report for the period of 1 January–31 March 2021 has been published. If this is not, due to legal or other regulatory reasons, such as insider regulations, possible at the first available time after this, the alternative is to pay the remuneration in cash. If the term of a Board member ends before the Annual General Meeting of 2022, the Board is entitled to decide on the possible recovery of the remuneration in a manner it deems appropriate.

The Annual General Meeting decided that each Board member shall be paid a meeting fee of EUR 500 for each Board and Committee meeting. Reasonable travel expenses will also be reimbursed to the members of the Board in accordance with the Company's travel policy.

Board authorisations

The Annual General Meeting of 15 April 2021 authorised the Board of Directors to decide on the acquisition of a maximum of 2,061,314 shares, which is approximately 9 per cent of the Group's current number of shares. Own shares may be repurchased on the basis of 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 2022 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 amount of shares to be issued cannot exceed 3,091,971 shares, which corresponds to approximately 14 per cent of all the shares in the Group. The authorisation concerns both the issuance of new shares and the sale or transfer of the Group's own shares. The authorisation permits a targeted share issue. The authorisation is effective until the next Annual General Meeting, or until 30 June 2022 at the latest.

Auditors and auditing

At Pihlajalinna's Annual General Meeting held on 15 April 2021, KPMG Oy Ab, a firm of authorised public accountants, was elected as the company's auditor for the financial year 1 January–31 December 2021. Lotta Nurminen, APA, is the principal auditor.

Shares and shareholders

At the end of the financial period, Pihlajalinna Plc's share capital entered in the Trade Register amounted to EUR 80,000 and the total number of shares was 22,620,135, of which 22,584,387 were outstanding and 35,748 were held by the company. The company has one share series, with each share entitling its holder to one vote at the Annual General Meeting. All of the outstanding shares bestow their holders with equal rights to dividends and other distribution of the company's assets. At the end of the review period, the company had 14,353 (11,445) shareholders. A list of the largest shareholders is available on the company's investor website at investors.pihlajalinna.fi.

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	1–3/2021	1–3/2020	2020
No. of shares outstanding at the end of the period	22,584,387	22,620,135	22,617,841
Average no. of shares outstanding during the period	22,578,934	22,620,135	22,586,212
Highest price, EUR	11.60	15.66	15.66
Lowest price, EUR	9.26	11.58	8.72
Average price, EUR*	10.30	14.61	12.09
Closing price, EUR	11.60	14.20	9.38
Share turnover, 1,000 shares	3,122	1,363	6,620
Share turnover, %	13.8	6.0	29.3
Market capitalisation at the end of the period, EUR million	262.0	321.2	212.2

* average rate weighted by trading volume

Risks and uncertainties in business operations

Pihlajalinna's risk management and risks related to the company's business operations are described in more detail in the Report by the Board of Directors 2020 and in the Financial Statements in Note 26 *Financial risk management*.

It is still hard to assess and predict the financial impact caused by the restrictions recommended by the Finnish Government and the duration of the COVID-19 situation on Pihlajalinna's business operations.

In addition to the scenarios pertaining to the continuation of the COVID-19 epidemic, the most essential risks and uncertainties affecting the Group's operations are connected to the complete outsourcing agreements on social and healthcare service, material amendments to legislation, opening new locations, the success of acquisitions, digital service development and information system projects as well as risks related to taxation and the commitment and recruitment of competent management.

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).

According to the Finnish Government's proposal, the reforms concerning the organisation of social, healthcare and rescue services, if implemented, would make some outsourcing agreements for social and healthcare services subject to a nullification or termination procedure. According to the proposal, the termination of agreements subject to the termination procedure would require the wellbeing services counties to carry out an overall assessment of compatibility with the legislation governing the organisation of social and healthcare services. Under the proposal, the validity of such agreements would be terminated at the end of 2025. Under the proposal, the nullification of outsourcing agreements would be limited to very comprehensive and significant agreements and areas of operation for which outsourcing is specifically prohibited (e.g. the exercise of public authority, 24-hour social services). In the view of Pihlajalinna's management and legal experts, the nullification of such agreements or making them subject to a termination procedure would still potentially be in conflict with the Constitution and contract law.

Determining the annual profitability of the Group's fixed-term complete outsourcing agreements may become accurate with a delay. The Group may not always be aware of the actual costs of the agreements at the time of preparing the financial statements, and the agreements may involve variable elements of compensation. The cost accumulation of public specialised care involves random fluctuation. In addition, individual cases falling within the scope of the hospital districts' pooling system for high-cost care may influence the cost liability of specialised care considerably during the financial year, and between financial periods, in Pihlajalinna's municipal companies.

The fixed-term service agreements for all of the Group's complete outsourcing arrangements are highly similar with regard to their principles and basic terms. Pihlajalinna has calculated and recognised the variable compensation components and cost compensation under the agreements using the same criteria and model for all clients. Demands for the compensation of cost increases due to changes in services corresponding to the actual costs and investment costs that serve operations after the end of the term of the contract being the client's responsibility constitute the majority of costs and variable compensation components that are specified with a delay. For 2020 and still in 2021, the assessment of investment costs and COVID-19-related costs included in invoicing by hospital districts can only be carried out after the hospital districts have published their financial statements.

Pihlajalinna has recognised only part of these legally justified claims in its income statement. The parties to the agreements are bound by an obligation to negotiate and negotiation is the primary procedure. If the obligation to negotiate does not lead to payment, the receivables are sought through legal action, which may further delay the collection of items presented in current receivables in the interim report.

Items that may, according to the management's estimate, influence the profitability of complete outsourcing agreements with a delay:
The City of Jämsä has taken legal action against Jämsän Terveys Oy regarding a matter concerning the price adjustment provision in the service agreement. The difference in views regarding whether the fixed annual price for social and healthcare services can decrease due to price adjustments amounted to approximately EUR 3.0 million at the end of the review period. The District Court has postponed the hearing of the main case due to Jämsän Terveys bringing an additional counterclaim against the City of Jämsä. The additional counterclaim concerns the effect of changes in the services under the service agreement on price and the service provider's liability for financing investments by the Pirkanmaa Hospital District insofar as such investments serve operations after the term of the service agreement. The service provider is entitled to price adjustments corresponding to increases in costs and the contractual parties are under an obligation to negotiate and try to reach an agreement. In its counterclaim, Jämsän Terveys claims a total of approximately EUR 15 million from the City of Jämsä. The total amount of variable compensation under the counterclaim that Jämsän Terveys has recognised in income statement and recorded in its receivables amounts to EUR 3.8 (3.5) million.

The total amount of contractually and legally justified variable compensation that Kuusiolinna Terveys Oy has recognised in income statement and recorded in its receivables amounts to EUR 7.3 (4.8) million. The protocol on interpretation signed with the municipalities of Alavus, Ähtäri and Soini in conjunction with the share transactions carried out in 2019 were also intended to agree on the principles of charging the variable elements of compensation in question. The company's receivables from variable compensation components are related to cost increases caused by service changes and compensating such increases in accordance with the costs as well as an assessment of the investment cost liability in specialised care. The costs of services for the elderly, the investment costs associated with specialised care, the costs of child welfare services and Kuussote's own administrative costs have increased significantly compared to the time the bid was made. A share transaction has not been completed with Kuortane, and no corresponding protocol on interpretation has been signed. The total claims from the clients amounted to approximately EUR 12 million based on the previously mentioned grounds according to the information available at the time of drawing up the financial statements of 31 December 2020.

The total amount of contractually and legally justified variable compensation from the City of Mänttä-Vilppula that Mäntänvuoren Terveys Oy has recognised in income statement and recorded in its receivables amounts to EUR 3.3 (2.4) million. The variable compensation recognised as revenue in accordance with the agreement includes an estimate of compensation for specialised care costs to the service provider of the Pirkanmaa Hospital District's investment costs allocated to the client. The receivables from variable compensation components are also related to cost increases caused by service changes and compensating such increases in accordance with the actual costs. The total claims from the client based on the previously mentioned grounds amounted to approximately EUR 6 million according to the information available at the time of drawing up the financial statements of 31 December 2020.

The total amount of contractually and legally justified variable compensation from the City of Parkano that Kolmostien Terveys Oy has recognised in income statement and recorded in its receivables amounts to EUR 0.6 (0.7) million. The variable compensation recognised as revenue in accordance with the agreement includes an estimate of compensation for specialised care costs to the service provider of the Pirkanmaa Hospital District's investment costs allocated to the client. The client approved cost increases arising from changes to services for the elderly as part of the annual fee under the service agreement. The total claims from the client based on the previously mentioned grounds amounted to approximately EUR 1.5 million according to the information available at the time of drawing up the financial statements of 31 December 2020.

Pending legal processes:
The City of Jämsä has taken legal action against Jämsän Terveys Oy regarding a matter concerning the price adjustment provision in the service agreement as mentioned above under *Items that may, according to the management's estimate, influence the profitability of complete outsourcing agreements with a delay.*

The municipality of Hattula filed an application for a summons with the District Court regarding confirmation, contractual penalty and claim for damages based on a breach of contract. The claim filed by the municipality of Hattula in the dispute is for the total amount of EUR 2.9 million plus penalty interest and the claimant's legal fees. Pihlajalinna has disputed the presented claims and alleged breach of contract and filed a counterclaim of approximately EUR 1.7 million for the groundless termination of the agreement, amongst other things. Pihlajalinna's service production in Hattula ended on 31 March 2020. The District Court session has ended and the decision will be handed down on 11 June 2021.

A claim based on breach of contract has been filed against a subsidiary of the Group in arbitration proceedings. The claim is estimated to be entirely unfounded.

Impairment testing of goodwill
At the end of the review period, goodwill on Pihlajalinna's statement of financial position amounted to EUR 173.6 (173.6) million. Pihlajalinna checks annually and, if necessary, quarterly, that the carrying amount of goodwill does not exceed the fair value. If negative changes were to occur in the development of Pihlajalinna's profit and growth, this could lead to an impairment of goodwill. This could have an unfavourable impact on Pihlajalinna's operating result and equity.

Current incentive schemes

At its meeting on 14 February 2019, the Board of Directors approved the terms of a share-based long-term incentive programme for Pihlajalinna Group's senior management (LTIP 2019). The incentive programme is effective from 1 January 2019 onwards and it is aimed at the CEO, the Management Team and other key employees selected for inclusion in the programme. LTIP 2019 constitutes a five-year plan period. None of the share rewards received by the key employees thereunder may be sold or transferred prior to the year

2022 and, as a rule, they also include a restriction period of the same duration. In the event that a beneficiary's employment ends during the restriction period, shares that have already been received must be returned. The key employee is required to have made an investment in Pihlajalinna shares as a precondition for participation in the programme. At the end of the review period, the incentive programme included 20 key employees.

The fixed matching share programme (commitment shares) consisted of a commitment period from the beginning of 2019 to the payment of the fixed share reward at the end of 2020. In this scheme, the company matched each key employee's share investments with additional shares at a fixed rate. A total of 97,000 matching shares were awarded. This figure is the gross reward, from which the applicable taxes were deducted, leaving a net amount of 45,105 shares that were transferred to the participants on 28 December 2020. The shares are subject to a transfer restriction but not a restriction period.

The performance- and quality-based matching share plan includes three one-year performance periods (the calendar years 2019–2021), during which the participants can earn performance-based additional shares, provided that the company reaches the performance objectives set by the Board of Directors. Based on each individual performance period, the participant can earn a maximum of two additional shares for three shares invested without consideration (gross before the deduction of the applicable payroll tax). The performance-based share rewards will be delivered after the respective performance periods according to the programme in the spring of 2020, 2021 and 2022.

No performance- and quality-based share rewards materialised for the first performance period 2019 pursuant to the matching share plan, as the minimum objectives set for the programme were not achieved.

For the second performance period of 2020 under the performance- and quality-based matching share plan, the gross reward for the Group's management was 56,583 shares. The net amount of 26,546 shares were paid to the participants on 25 February 2021. The shares are subject to the normal transfer restriction but not a restriction period.

The performance targets for the performance- and quality-based matching share plan for the performance period 2021 were proposed by the People Committee in April 2021 and approved by the Board of Directors on 6 May 2021. The performance targets are related to the achievement of the consolidated adjusted operating profit target for 2021, the development of the customer satisfaction index (NPS), the development of the employee net promoter score (eNPS), the development of the share of internal production in specialised care, the promotion of digitalisation and items that may, according to the management's estimate, have an impact on the profitability of complete outsourcing agreements with a delay.

Repurchase of own shares

During the period 15 January–21 January 2021, Pihlajalinna acquired a total of 60,000 of its own shares for an average price of EUR 9.70 per share.

Following the repurchase, Pihlajalinna held a total of 62,294 of its own shares, corresponding to 0.28 per cent of the total number of shares. On 25 February 2021, Pihlajalinna conveyed 26,546 shares held by the company to key employees in accordance with the incentive scheme. After the share transfer, the number of treasury shares held by the company was 35,748 shares.

The treasury shares can be used for fees paid to the Board of Directors in accordance with the decision of the Annual General Meeting and for payments under the incentive scheme.

Events after the review period

Acquisition of Työterveys Virta Oy

Pihlajalinna completed the acquisition of Työterveys Virta Oy on 1 April 2021. The total price of the shares with cash reserve was EUR 17.6 million.

Annual General Meeting

The Annual General Meeting was held on 15 April 2021. The meeting adopted the Annual Accounts including the Consolidated Annual Accounts for 2020 and discharged the members of the company's Board of Directors and the CEO from liability for the financial year 2020. In accordance with the proposal of the Board of Directors, the Annual General Meeting decided that a dividend of EUR 0.20 per share be paid for the financial year that ended on 31 December 2020 based on the adopted statement of financial position. The dividend was to be paid to shareholders who, on the dividend record date of 19 April 2021, were registered as shareholders in the company's shareholder register maintained by Euroclear Finland Ltd. The dividend was paid on 26 April 2021. The Annual General Meeting adopted the remuneration policy. The other decisions of the Annual General Meeting are reported in this interim report under the subheadings *Board of Directors, Committees nominated by the Board, Remuneration of the members of the Board of Directors and Auditors and auditing*.

Consolidated statement of comprehensive income

EUR million	1–3/2021 3 months	1–3/2020 3 months	2020
Revenue	**139.9**	**133.0**	**508.7**
Other operating income	1.1	0.3	2.4
Materials and services	-53.2	-52.7	-198.0
Employee benefit expenses	-61.2	-56.4	-214.2
Other operating expenses	-11.5	-12.1	-46.4
Share of profit in associated companies and joint ventures	0.0	0.0	0.0
EBITDA	**15.0**	**12.1**	**52.4**
Depreciation, amortisation and impairment	-8.5	-8.8	-34.3
Operating profit (EBIT)	**6.5**	**3.3**	**18.2**
Financial income	0.1	0.0	0.2
Financial expenses	-1.0	-1.4	-4.6
Profit before taxes	**5.6**	**2.0**	**13.8**
Income tax	-1.1	-0.6	-4.8
Profit for the period*	4.5	1.4	8.9
Total comprehensive income for the period	**4.5**	**1.4**	**8.9**
Total comprehensive income for the period attributable:			
To the owners of the parent company	4.6	1.3	8.7
To non-controlling interests	-0.1	0.1	0.2
Earnings per share calculated on the basis of the result for the period attributable to the owners of the parent company (EUR)			
Basic	0.20	0.06	0.39
Diluted	0.20	0.06	0.39

* The Group has no other comprehensive income items

Consolidated statement of financial position

EUR million	31 March 2021	31 March 2020	2020
ASSETS			
Non-current assets			
Property, plant and equipment	44.2	53.1	44.0
Goodwill	173.6	173.6	173.6
Other intangible assets	15.5	18.6	16.3
Right-of-use assets	98.5	108.3	102.8
Interests in associates	0.0	0.0	0.0
Other investments	0.1	0.2	0.1
Other receivables	5.4	2.4	5.5
Deferred tax assets	5.8	6.6	5.4
Total non-current assets	**343.1**	**362.8**	**347.8**
Current assets			
Inventories	3.3	2.6	3.4
Trade and other receivables	89.4	50.1	75.8
Current tax assets	1.9	1.2	1.9
Cash and cash equivalents	13.6	18.7	13.3
Total current assets	**108.2**	**72.5**	**94.4**
Total assets	**451.3**	**435.3**	**442.1**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	0.1	0.1	0.1
Reserve for invested unrestricted equity	116.5	116.5	116.5
Retained earnings	-7.7	-15.2	-15.6
Profit for the period	4.6	1.3	8.7
	113.5	**102.6**	**109.8**
Non-controlling interests	5.0	5.2	5.2
Total equity	**118.5**	**107.8**	**115.0**
Non-current liabilities			
Deferred tax liabilities	5.5	5.6	5.8
Provisions	0.0	0.0	0.1
Lease liabilities	91.3	96.4	95.5
Financial liabilities	92.4	103.6	92.5
Other non-current liabilities	1.1	1.3	1.2
Total non-current liabilities	**190.3**	**206.9**	**195.0**
Current liabilities			
Trade and other payables	120.7	99.1	109.4
Current tax liabilities	1.6	0.7	2.0
Provisions	0.7	1.0	0.6
Lease liabilities	18.2	18.7	18.7
Financial liabilities	1.4	1.1	1.4
Total current liabilities	**142.5**	**120.6**	**132.1**
Total liabilities	**332.8**	**327.5**	**327.1**
Total equity and liabilities	**451.3**	**435.3**	**442.1**

Pihlajalinna

Consolidated statement of changes in equity

EUR million	Equity attributable to owners of the parent company				
	Share capital	Reserve for invested unrestricted equity	Retained earnings	Non-controlling interests	Equity Total
Total equity, 1 Jan. 2020	**0.1**	**116.5**	**-15.5**	**5.0**	**106.1**
Profit for the period			1.3	0.1	1.4
Total comprehensive income for the period			**1.3**	**0.1**	**1.4**
Share-based benefits			0.7		0.7
Investments in Group companies			-0.1	0.1	
Total transactions with owners			**0.6**	**0.1**	**0.7**
Changes in NCI without a change in control			-0.3		-0.3
Total changes in subsidiary shareholdings			**-0.3**	**0.0**	**-0.3**
Total equity, 31 Mar. 2020	**0.1**	**116.5**	**-14.0**	**5.2**	**107.8**

EUR million	Equity attributable to owners of the parent				
	Share capital	Reserve for invested unrestricted equity	Retained earnings	Non-controlling interests	Equity Total
Total equity, 1 Jan. 2021	**0.1**	**116.5**	**-6.8**	**5.2**	**115.0**
Profit for the period			4.6	-0.1	4.5
Total comprehensive income for the period			**4.6**	**-0.1**	**4.5**
Dividends paid				-0.1	-0.1
Acquisition of own shares			-0.6		-0.6
Share-based benefits			-0.3		-0.3
Total transactions with owners			**-0.9**	**-0.1**	**-1.0**
Total equity, 31 Mar. 2021	**0.1**	**116.5**	**-3.1**	**5.0**	**118.5**

Consolidated statement of cash flows

EUR million	**1–3/2021 3 months**	**1–3/2020 3 months**	**2020**
Cash flow from operating activities			
Profit for the period	4.5	1.4	8.9
Adjustments to cash flow from operating activities:			
Taxes	1.1	0.6	4.8
Depreciation, amortisation and impairment	8.5	8.8	34.3
Financial income and expenses	0.9	1.4	4.4
Other	0.0	0.0	-0.1
Net cash generated from operating activities before change in working capital	**15.0**	**12.1**	**52.4**
Change in working capital	-1.9	10.6	-1.8
Interest received	0.1	0.0	0.2
Taxes paid	-2.3	-1.3	-3.6
Net cash flow from operating activities	**10.8**	**21.4**	**47.2**
Cash flow from investing activities			
Investments in tangible and intangible assets	-3.3	-2.0	-9.9
Proceeds from disposal of property, plant and equipment and intangible assets and prepayments	0.1	0.1	6.8
Changes in other receivables and investments		0.0	0.0
Dividends received		0.0	0.0
Acquisition of subsidiaries less cash and cash equivalents at date of acquisition		-1.4	-1.4
Net cash flow from investing activities	**-3.2**	**-3.3**	**-4.4**
Cash flow from financing activities			
Changes in non-controlling interests	0.0	-18.3	-18.3
Acquisition of own shares	-0.6	0.0	-0.7
Proceeds from and repayment of borrowings	-0.4	-1.0	-12.2
Repayment of lease liabilities	-5.0	-5.7	-20.6
Interest and other operational financial expenses	-1.1	-1.4	-4.5
Dividends paid and other profit distribution	-0.2	0.0	-0.2
Net cash flow from financing activities	**-7.3**	**-26.4**	**-56.5**
Changes in cash and cash equivalents	0.3	-8.3	-13.7
Cash at beginning of period	13.3	27.0	27.0
Cash at end of period	**13.6**	**18.7**	**13.3**

Notes to the interim report

Accounting policies

This interim report has been prepared in compliance with IFRS standards and the provisions of IAS 34 (Interim Financial Reporting). The information published in this interim 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 preparation of interim reports 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.

The impact of the COVID-19 epidemic and the resulting exceptional circumstances on the company's business operations have been taken into account in the preparation of this interim report. The management has used various scenarios to analyse the impacts of the COVID-19 epidemic on various regions and customer groups, demand and profitability. The company has initiated measures to maintain and promote profitability and sales. The adequacy of financing, liquidity, credit risks and the covenants of the financing arrangement are continuously monitored. The impact of the COVID-19 epidemic on items subject to management judgment as well as the basis and underlying assumptions of the management's estimates has been evaluated and taken into consideration. In the view of the management, preparing the interim report under the going concern principle is justified and appropriate.

The interim report has been prepared in compliance with the IFRS standards that are currently in effect. The interim report has been prepared according to the accounting policies applied in the financial statements of 31 December 2020, taking into account the new and amended standards and interpretations that became effective on 1 January 2021.

Impacts of new and revised IFRS standards

The amended standards published by IASB for adoption in 2021 do not have a material impact on Pihlajalinna's financial statements.

Contingent liabilities and commitments

EUR million	31 March 2021	31 March 2020	2020
Collateral given on own behalf			
Sureties	4.3	3.3	4.4
Lease deposits	0.6	1.8	0.6
Properties' VAT refund liability	0.1	1.6	0.1
Lease commitments for off-balance sheet leases	0.6	0.6	0.8

The investment commitments for the Group's development, supplementary and replacement investments are approximately EUR 2.5 million.

Changes in intangible assets

EUR million	31 March 2021	31 March 2020	31 December 2020
Acquisition cost at beginning of period	228.0	224.8	224.8
Additions	0.8	1.1	3.9
Transfers between items		0.0	-0.2
Disposals		-0.4	-0.4
Acquisition cost at end of period	228.8	225.5	228.0
Accumulated depreciation at beginning of period	-38.1	-32.1	-32.1
Depreciation and amortisation for the period	-1.6	-1.7	-6.5
Transfers between items		0.0	0.1
Accumulated depreciation on disposals		0.4	0.4
Accumulated depreciation at end of period	-39.7	-33.3	-38.1
Carrying amount at end of period	**189.1**	**192.2**	**190.0**

Changes in property, plant and equipment

EUR million	31 March 2021	31 March 2020	31 December 2020
Acquisition cost at beginning of period	94.2	97.4	97.4
Additions	2.5	2.5	7.2
Transfers between items	0.2	0.9	1.1
Disposals	-0.2	-3.5	-11.5
Acquisition cost at end of period	96.8	97.2	94.2
Accumulated depreciation at beginning of period	-50.2	-44.1	-44.1
Depreciation and amortisation for the period	-2.2	-2.5	-8.8
Transfers between items	-0.3	-1.0	-1.0
Accumulated depreciation on disposals	0.1	3.4	3.7
Accumulated depreciation at end of period	-52.5	-44.1	-50.2
Carrying amount at end of period	**44.3**	**53.1**	**44.0**

Changes in right-of-use assets

EUR million	31 March 2021	31 March 2020	31 December 2020
Acquisition cost at beginning of period	182.9	172.7	172.7
Additions	1.0	6.6	14.6
Disposals	-1.0	-3.9	-4.3
Acquisition cost at end of period	183.0	175.3	182.9
Accumulated depreciation at beginning of period	-80.1	-64.6	-64.6
Depreciation and amortisation for the period	-4.7	-4.7	-18.9
Accumulated depreciation on disposals	0.3	2.2	3.4
Accumulated depreciation at end of period	-84.5	-67.0	-80.1
Carrying amount at end of period	**98.5**	**108.3**	**102.8**

Right-of-use assets and lease liabilities

EUR million	Right-of-use asset items 31 March 2021	Lease liabilities 31 March 2021
Carrying amount at the beginning of the period	102.8	114.2
Changes	0.3	0.4
Depreciation and amortisation	-4.7	
Repayments of lease liabilities		-5.0
Carrying amount at end of period	**98.5**	**109.5**

On 31 March 2021, EUR 81.5 million of the lease liabilities were the result of the adoption of IFRS 16 and EUR 27.9 million were financial lease liabilities in accordance with previous accounting standards.

EUR million	Right-of-use asset items 31 March 2020	Lease liabilities 31 March 2020
Carrying amount at the beginning of the period	108.1	114.2
Changes	4.9	6.6
Depreciation and amortisation	-4.7	
Repayments of lease liabilities		-5.7
Carrying amount at end of period	**108.3**	**115.1**

On 31 March 2020, EUR 88.8 million of the lease liabilities were the result of the adoption of IFRS 16 and EUR 26.3 million were financial lease liabilities in accordance with previous accounting standards.

Quarterly information

EUR million	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19
INCOME STATEMENT								
Revenue	139.9	137.2	123.9	114.7	133.0	133.8	122.7	129.7
EBITDA	15.0	15.1	16.7	8.5	12.1	12.3	12.9	10.4
EBITDA, %	10.8	11.0	13.5	7.4	9.1	9.2	10.5	8.1
Adjusted EBITDA	15.2	15.7	17.2	9.0	12.7	14.4	17.4	10.8
Adjusted EBITDA, %	10.9	11.5	13.9	7.9	9.5	10.8	14.2	8.3
Depreciation and amortisation	-8.5	-8.4	-8.7	-8.4	-8.8	-8.6	-11.5	-8.8
Operating profit (EBIT)	6.5	6.8	8.0	0.1	3.3	3.7	1.4	1.6
Operating profit, %	4.7	4.9	6.4	0.1	2.5	2.7	1.1	1.2
Adjusted operating profit (EBIT)	6.7	7.3	8.7	0.6	5.3	5.6	9.3	2.1
Adjusted operating profit (EBIT), %	4.8	5.3	7.0	0.5	4.0	4.2	7.5	1.6
Financial income	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Financial expenses	-1.0	-1.1	-1.1	-1.1	-1.4	-1.0	-1.0	-1.0
Profit before taxes	5.6	5.7	7.0	-0.9	2.0	2.7	0.4	0.6
Income tax	-1.1	-2.8	-1.5	0.1	-0.6	-0.6	-0.3	-0.3
Profit for the period	4.5	3.0	5.4	-0.8	1.4	2.1	0.1	0.4
Share of the result for the period attributable to owners of the parent company	4.6	3.4	4.6	-0.6	1.3	3.7	-1.3	-0.5
Share of the result for the period attributable to non-controlling interests	-0.1	-0.4	0.8	-0.3	0.1	-1.6	1.4	0.9
EPS	0.20	0.15	0.20	-0.03	0.06	0.16	-0.06	-0.02
Average number of personnel (FTE)	4,444	4,308	4,303	4,306	4,350	4,649	4,713	4,666
Change in personnel during the quarter	136	5	-4	-44	-299	-64	47	-133

Trade and other receivables

Due to the COVID-19 epidemic, Pihlajalinna has reviewed the credit risk of receivables and the procedures used to estimate the credit risk. No significant changes have been observed in customers' payment behaviour. The collection of trade receivables has been enhanced. The amount of receivables more than 90 days past due is significantly increased by withheld payments concerning trade receivables and trade payables between Jämsän Terveys and the City of Jämsä. As described under *Risks and uncertainties in business operations*, if the negotiation obligation does not lead to payment, the receivables will be collected through legal action. This may further delay the collection of items presented in current receivables in the financial statements.

The Group has recognised impairment losses of EUR 0.2 (0.3) million on trade receivables for the review period.

EUR million	31 March 2021	2020
Trade receivables	69.4	59.1
Prepayments and accrued income	15.8	15.7
Current subleases	0.4	0.5
Other receivables	3.8	0.4
Total	**89.4**	**75.8**

Age distribution of trade receivables

EUR million	31 March 2021	of which written down	Net 31 March 2021	31 December 2020	of which written down	Net 30 December 2020
Not yet due	23.8	0.0	23.7	23.6	0.0	23.6
Past due						
Less than 30 days	4.6	0.0	4.6	3.8	0.0	3.8
30–60 days	4.4	-0.1	4.3	1.9	-0.1	1.8
61–90 days	3.9	-0.1	3.8	2.2	-0.1	2.1
More than 90 days	33.6	-0.5	33.0	28.3	-0.5	27.8
Total	**70.2**	**-0.8**	**69.4**	**59.8**	**-0.7**	**59.1**

Tax footprint

EUR million	31 March 2021	31 March 2020	31 December 2020
Direct tax payable for the period			
Income tax (business income tax)	1.8	1.3	4.2
Employer's pension contributions	8.4	7.8	27.0
Social security contributions	0.6	0.6	2.5
Employer's unemployment insurance contributions	0.7	0.7	2.5
Contribution to accident insurance and group life insurance	0.3	0.2	1.3
Employer contributions, total	**10.0**	**9.3**	**33.3**
Property taxes	0.1	0.0	0.1
Transfer taxes	0.0	0.1	0.4
Direct tax payable for the period, total	**11.9**	**10.7**	**37.9**
Value added tax of acquisitions payable by the company			
Value added taxes, estimate	**3.2**	**2.9**	**11.3**
Tax for the period			
Withholding taxes	9.1	10.1	43.3
Employee pension contributions	2.9	3.4	13.7
Employee unemployment insurance contributions	0.5	0.6	2.2
Payroll tax, total	12.5	14.0	59.2
Net value-added tax	0.5	0.2	1.9
Total tax for the period	**13.1**	**14.2**	**61.1**
Tax footprint	**28.2**	**27.9**	**110.4**
Revenue	**139.9**	**133.0**	**508.7**
Profit before taxes	**5.6**	**2.0**	**13.8**
Average number of personnel (FTE)	**4,444**	**4,350**	**4,308**
Public subsidies	**-0.1**	**0.1**	**1.4**

Pihlajalinna

Calculation of key financial figures and alternative performance measures

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

Net debt/Adjusted EBITDA*, rolling 12 months	Interest-bearing net debt - cash and cash equivalents / Adjusted EBITDA (rolling 12 months)	
Cash flow after investments	Net cash flow from operating activities + net cash flow from investing activities	
Adjusted operating profit (EBIT)*	Operating profit + adjustment items	
Adjusted operating profit, %*	Adjusted operating profit (EBIT) / Revenue	x 100
Profit before taxes	Profit for the financial year + income tax	
Gross investments	Increase in tangible and intangible assets and in right-of-use assets	
Organic revenue growth, %	Revenue for the period - revenue from M&A transactions for the period - revenue for the previous period / Revenue for the previous period	x 100

* Significant valuation items that are not part of the normal course of business, are infrequently occurring or do not affect cash flow are treated as adjustment items affecting comparability between reporting periods. According to Pihlajalinna's definition, such items include, for example, restructuring measures and group refinancing, 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.

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, unless otherwise stated	1–3/2021 3 months	1–3/2020 3 months	2020
Return on equity (ROE), %			
Profit for the period (rolling 12 months)/	12.0	4.0	8.9
Equity at beginning of period	115.0	106.1	106.1
Equity at end of period	118.5	107.8	115.0
Equity (average) x 100	116.7	106.9	110.5
Return on equity (ROE), %	**10.3**	**3.7**	**8.1**

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 period.

EUR million, unless otherwise stated	1–3/2021 3 months	1–3/2020 3 months	2020
Return on capital employed (ROCE), %			
Profit before taxes (rolling 12 months) +	17.4	5.7	13.8
Financial expenses (rolling 12 months)	4.2	4.4	4.6

/	21.6	10.1	18.4
Total statement of financial position at beginning of period -	442.1	438.4	438.4
non-interest-bearing liabilities at beginning of period	119.0	112.7	112.7
	323.1	325.8	325.8
Total statement of financial position at end of period -	451.3	435.3	442.1
Non-interest-bearing liabilities at end of period	129.5	107.7	119.0
	321.7	327.6	323.1
Average x 100	322.4	326.7	324.4
Return on capital employed (ROCE), %	**6.7**	**3.1**	**5.7**

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.

Equity ratio, %			
Equity/	118.5	107.8	115.0
Total statement of financial position –	451.3	435.3	442.1
Advances received x 100	1.9	0.8	1.2
Equity ratio, %	**26.4**	**24.8**	**26.1**

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.

Gearing, %			
Interest-bearing financial liabilities –	203.2	219.8	208.1
Cash and cash equivalents/	13.6	18.7	13.3
Equity x 100	118.5	107.8	115.0
Gearing, %	**160.0**	**186.6**	**169.4**

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.

Net debt/adjusted EBITDA, rolling 12 months			
Interest-bearing financial liabilities –	203.2	219.8	208.1
Cash and cash equivalents	13.6	18.7	13.3
Net debt/	189.6	201.2	194.8
Adjusted EBITDA (rolling 12 months)	57.2	55.2	54.6
Net debt/adjusted EBITDA, rolling 12 months	**3.3**	**3.6**	**3.6**

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.

EBITDA and Adjusted EBITDA			
Profit for the period	4.5	1.4	8.9
Income tax	-1.1	-0.6	-4.8
Financial expenses	-1.0	-1.4	-4.6
Financial income	0.1	0.0	0.2

Depreciation, amortisation and impairment	-8.5	-8.8	-34.3
EBITDA	**15.0**	**12.1**	**52.4**
Total EBITDA adjustments	0.2	0.5	2.2
Adjusted EBITDA	**15.2**	**12.7**	**54.6**

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.

EBITDA, %			
EBITDA/	15.0	12.1	52.4
Revenue x 100	139.9	133.0	508.7
EBITDA, %	**10.8**	**9.1**	**10.3**
Adjusted EBITDA, %			
Adjusted EBITDA/	15.2	12.7	54.6
Revenue x 100	139.9	133.0	508.7
Adjusted EBITDA, %	**10.9**	**9.5**	**10.7**
Operating profit (EBIT) and Adjusted operating profit (EBIT)			
Profit for the period	4.5	1.4	8.9
Income tax	-1.1	-0.6	-4.8
Financial expenses	-1.0	-1.4	-4.6
Financial income	0.1	0.0	0.2
Operating profit (EBIT)	**6.5**	**3.3**	**18.2**
Total adjustments to depreciation, amortisation and impairment	0.0	0.4	0.4
Total EBITDA adjustments	0.2	0.5	2.2
Total operating profit (EBIT) adjustments	0.2	0.9	2.6
Adjusted operating profit (EBIT)	**6.7**	**4.2**	**20.8**

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.

Operating profit (EBIT), %			
Operating profit/	6.5	3.3	18.2
Revenue x 100	139.9	133.0	508.7
Operating profit (EBIT), %	**4.7**	**2.5**	**3.6**
Adjusted operating profit (EBIT), %			
Adjusted operating profit/	6.7	4.2	20.8
Revenue x 100	139.9	133.0	508.7
Adjusted operating profit (EBIT), %	**4.8**	**3.2**	**4.1**

Cash flow after investments			
Net cash flow from operating activities	10.8	21.4	47.2
Net cash flow from investing activities	-3.2	-3.3	-4.4
Cash flow after investments	**7.6**	**18.1**	**42.8**

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 share-holders 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.

Profit before taxes			
Profit for the period	4.5	1.4	8.9
Income tax	-1.1	-0.6	-4.8
Profit before taxes	**5.6**	**2.0**	**13.8**
Gross investments			
Property, plant and equipment at the end of the period	44.2	53.1	44.0
Right-of-use assets at the end of the period	98.5	108.3	102.8
Other intangible assets at end of period	15.5	18.6	16.3
Goodwill at end of period	173.6	173.6	173.6
Depreciation, amortisation and impairment for the period are added	8.5	8.8	34.3
-			
Property, plant and equipment at the start of the period	44.0	53.2	53.2
Right-of-use assets at the start of the period	102.8	108.1	108.1
Other intangible assets at beginning of period	16.3	19.1	19.1
Goodwill at beginning of period	173.6	173.6	173.6
Proceeds from the sale of property, plant and equipment during the period	-0.7	-1.8	-8.7
Gross investments	**4.3**	**10.2**	**25.7**
Organic revenue growth, %			
Revenue for the period -	139.9	133.0	508.7
Revenue from M&A transactions during the period (rolling 12 months) -		0.8	1.4
Revenue for the previous period	133.0	132.5	518.6
Organic revenue growth/	**6.9**	**-0.3**	**-11.3**
Revenue for the previous period x 100	133.0	132.5	518.6
Organic revenue growth, %	**5.2**	**-0.3**	**-2.2**
Revenue growth due to M&A transactions, %		**0.6**	**0.3**
Revenue growth	**6.9**	**0.5**	**-9.9**
Revenue growth, %	**5.2**	**0.4**	**-1.9**

Organic revenue growth is growth in existing business operations that has not come about as a result of M&A transactions. Organic growth can be achieved through increasing the service offering, new customer acquisition, growth in custom from existing customers, price increases and digitalisation. Social and healthcare outsourcing contracts won through public competitive bidding and new business locations established by the group itself are included in organic growth.

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

EUR million	**1–3/2021 3 months**	**1–3/2020 3 months**	**2020**
EBITDA	**15.0**	**12.1**	**52.4**
Adjustments to EBITDA			
Dismissal-related expenses	0.2	-0.1	-0.1
Compensation under the share-based incentive scheme in relation to the expired tender offer		0.4	1.5
Other		0.2	0.7
Adjustments to EBITDA in total	**0.2**	**0.5**	**2.2**
Adjusted EBITDA	**15.2**	**12.7**	**54.6**
Depreciation, amortisation and impairment	-8.5	-8.8	-34.3
Adjustments to depreciation, amortisation and impairment			
Double depreciation arising from a merger with no cash flow effect		0.4	0.4
Adjustments to depreciation, amortisation and impairment in total	**0.0**	**0.4**	**0.4**
Adjusted operating profit (EBIT)	**6.7**	**4.2**	**20.8**
Operating profit (EBIT)	**6.5**	**3.3**	**18.2**

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

EUR million	**1–3/2021 3 months**	**1–3/2020 3 months**	**2020**
Employee benefit expenses	0.2	0.3	1.5
Other operating expenses		0.2	0.7
EBITDA adjustment items total	**0.2**	**0.5**	**2.2**
Depreciation, amortisation and impairment		0.4	0.4
Operating profit adjustment items total	**0.2**	**0.9**	**2.6**

Pihlajalinna's financial reporting in 2021

Half-year financial report January–June: Friday, 13 August 2021
Interim report January–September: Thursday 4 November 2021

Briefing

Pihlajalinna will hold a briefing for analysts and the media on Friday, 7 May 2021 at 10:00 a.m. The event will be held remotely.

Helsinki, 6 May 2021
The Board of Directors of Pihlajalinna Plc

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Pihlajalinna in brief

20-year-old Pihlajalinna is one of Finland's leading private providers of social, healthcare and wellbeing services. The Group provides services to private individuals, companies, insurance companies and public sector entities, such as municipalities and joint municipal authorities, across Finland. The Group provides general practitioner and specialised care services, occupational healthcare and dental care services, housing services and wellbeing services. The Group, in cooperation with the public sector, offers social and healthcare service provision models to public sector entities with the aim of providing high-quality services for public pay healthcare customers.