REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

2021

MEHILÄINEN
EST. 1909

MEHILÄINEN IN BRIEF

BETTER HEALTH AND WELL-BEING

Mehiläinen is a well-known and highly valued private provider of social and healthcare services, operating in Finland and abroad.

Number of employees and private practitioners over

29,000

Number of units over

670

Total number of customers at Mehiläinen

2 million

OmaMehiläinen users

1.5 million

Revenue (EUR million)

1,398.9

Revenue growth

20.3%

FINLAND: comprehensive social and healthcare services for private and corporate customers, insurance companies, and public service providers.

INTERNATIONALLY: primary healthcare and outpatient healthcare services in physical clinics, utilising digitalisation in Estonia, Sweden and Germany. Our subsidiary BeeHealthy provides software services for healthcare in Europe, the Middle East and Africa.

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*) Part of statutory Financial Statements

GROUP'S FINANCIAL INFORMATION

Mehiläinen is a well-known and highly valued private provider of healthcare and social care services offering comprehensive high-quality services quickly and smoothly to private, corporate, and municipal customers. Mehiläinen provides help, support, and care for over 2.0 million customers annually. Mehiläinen's services are produced at 670 locations by more than 29,000 employees and private practitioners. 112-year-old Mehiläinen is a traditional but rapidly developing and growing pioneer in the industry. Mehiläinen invests in the effectiveness and quality of healthcare in all its business areas and develops and exports Finnish digital healthcare services to the world at the forefront of the industry.

Mehiläinen Group ("Group" or "Mehiläinen") consists of Mehiläinen Konserni Oy ("parent company") and its subsidiaries in Finland and abroad.

Operating environment

The COVID-19 pandemic was declared a global pandemic almost two years ago. The previous year was marked by a sharp decline in demand for healthcare services at the beginning of the pandemic and a gradual normalization of demand for services that followed towards the end of the year. The positive development of the economy, partial loosening of restrictions and delayed care created by the pandemic and it's phased decommissioning have contributed to the increase in demand for healthcare services during the year.

In Finland, the number of COVID-19 tests fluctuated during 2021 according to the pandemic situation and changes in regulatory recommendations. There was a significant downward change in the number of coronavirus tests taken from the government's revised testing strategy in the early autumn. However, the worsening situation towards the end of the year and the arrival of a more easily spread omicron-variant in Finland rapidly increased testing volumes towards the end of the year. During 2021, a total of more than 420,000 COVID-19 tests were taken and analyzed in Mehiläinen. In addition, testing was performed at Mehiläinen's units in Estonia and Sweden. Mehiläinen also participated in COVID-19 vaccination during the year. While the demand for at-home tests has increased, the number of tests performed both by the public and private sectors is expected to decline during 2022. At the end of the year, about 84 per cent of those over 12 years of age in Finland had received the second dose of the vaccine. The third vaccinations have started towards the end of the year and will continue in 2022.

Labor shortages have become a significant challenge for the entire social and healthcare services industry. This has been particularly evident in the care services. Personnel sizing per capita for enhanced service housing for the elderly will increase by about 30 per cent from 2021 to 2023. The need for services for the elderly will also increase as the number of people over the age of 85 years continues to grow. Thousands of new nurses will be needed in elderly care services. As one of the solutions to this challenge, Mehiläinen has set up Healthcare Staffing Solutions Oy ("HSS"), which recruits and trains nursing professionals from Asia to Finland, with the aim to solve labor shortages through labor migration. The increase in personnel sizing, the availability of labor and the increase in the number of older people are putting pressure on the current pricing level in the service production.

The need for therapy services in Finland has grown even before the COVID-19 pandemic. According to Kela's statistics, mental disorders are the most common reason for the sickness allowances, and the amounts have become more common in all age groups. The trend is also reflected in Mehiläinen's occupational health statistics, according to which the number of sickness-related absences has increased by 28 per cent during 2021. The growth in demand for therapy services is also reflected in Kela-funded speech and occupational therapy services and neuropsychological rehabilitation and rehabilitation psychotherapy, the number of which has grown by more than 10 per cent annually.

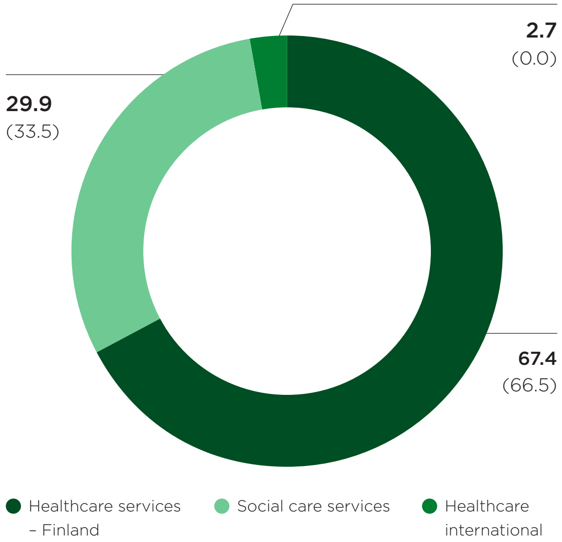
Laws related to the SOTE reform were passed at the parliamentary session on 23 June 2021. Laws came into force on 1 July 2021, however, the implementation will take place in phases until 2026. In the approved SOTE reform, the organization of social and healthcare services will be transferred from the municipalities to the new welfare areas to be established and to the City of Helsinki from the beginning of 2023. In the future, the same body will be responsible for primary healthcare services, special medical and social care services. The use of purchasing services will be limited in the reform to 24-hour on-call and extensive outsourcing. Other minor restrictions on the use of purchasing services are also set. For the time being, the operation of Mehiläinen's purchasing service agreements will continue as normal. Mehiläinen`s current outsourcing agreements will be renegotiated and any possible changes to these will take effect from the beginning of 2026 in particular Mehiläinen Länsi-Pohja agreement is valid for these prospects until at least 2026.

The SOTE reform will have an impact on Mehiläinen's operating environment in Finland, as the welfare areas to be established will form a new customer base for Mehiläinen's public healthcare and social care services. The government's proposals have also set many new substantive requirements and targets for the welfare areas, such as the reforms related to services for the elderly care and the government's proposal to reduce the primary healthcare guarantee to seven days in statements at the end of 2021. Welfare areas are expected to utilize of purchasing services and the multi-producer model, and demand is forecast to grow in several service sectors.

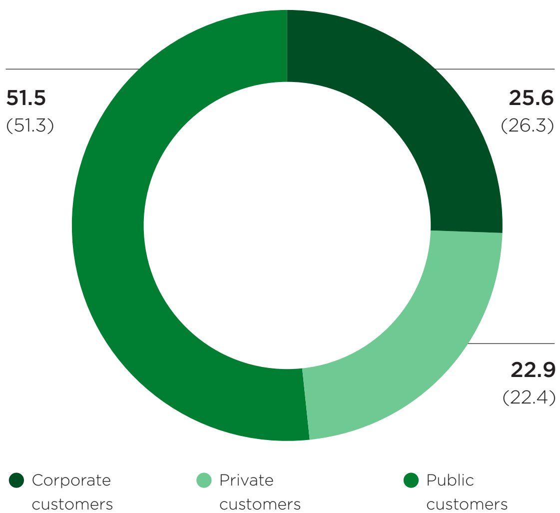
Healthcare services - Finland

More than 1.3 million customers were served in Mehiläinen's private healthcare services during

Revenue by businesses
%



Revenue by customers
%



the year. Services are provided in 76 medical and 38 dental care clinics, 31 of which are on the same premises. In addition, occupational healthcare services are provided at 27 occupational healthcare locations and mental health services at 25 therapy clinics. Customers were also served at remote appointments and digital clinics where volumes continued to grow strongly compared to the previous year. By the end of the year, the OmaMehiläinen application had over 1.5 million registered customers and approximately one million Digital Clinic visits.

Growth in occupational healthcare services continued for the seventh year in a row. At the end of the year, Mehiläinen had 21,000 customers organisations with 540,000 individuals covered by Mehiläinen's occupational healthcare services.

Through organic development and several acquisitions, Mehiläinen has also become a nationwide provider of therapy services. During the financial year, Mehiläinen's therapy services were expanded through the acquisitions of Psykologipalvelu Poiju, Hippo Terapiaklinikka and Kommunikointikeskus Arki. On 1 July 2021, Mehiläinen signed a share transaction in which Finland's largest private physiotherapy company Fysios and its 800 therapy experts around the country joined Mehiläinen 1 February 2022, after the approval of the Finnish competition and consumer authority.

Mehiläinen's public healthcare services provided services to more than 300,000 residents and almost 200 municipal customers all over Finland. A significant milestone in the field of public healthcare services was the decision of the Päijät-Häme Joint Authority for Health and Wellbeing (PHHYKY) in the summer of 2020 to outsource the social care and health centre services of Lahti, Iitti, and Kärkölä to a joint venture to be established together with Mehiläinen. The joint venture was renamed Harjun terveys oy. As of 1 January 2021, a total of 130,000 inhabitants primary healthcare services in the area were transferred to the joint venture. The outsourcing agreement spans ten years and includes two five-year options to extend the agreement and regional coverage.

The staffing services developed positively, and revenue grew compared to the previous year. In particular, the personal assistance and nurse staffing business expanded as planned. In primary healthcare outsourcing, a new unit was opened in Ruoholahti, Helsinki. In addition, Mehiläinen was selected as a producer for Siuntio health center services, which started its operations on 1 January 2022.

Social care services

The growth and development of Mehiläinen's social services continued in 2021. Organic growth was supported by the new units established in 2020 and 2021 and the increase in utilization rates, especially in housing services for the elderly. During the financial year, with the acquisition of Aurinkokulma Oy, two disability service units became part of social care services as of 1 April 2021, and Vetrea Terveys Oy with 10 disability service units and 6 elderly units as of 1 December 2021. With the acquisitions completed, social care services have more than 300 units in different parts of Finland, with more than 8,000 inhabitants.

In March, social service-specific brands were introduced in social care services: elderly care services operated under the Mainiokodit brand, mental rehabilitation care services under the Ykköskodit brand and disabled care services under Onnikodit brand. Child welfare services have been operating under the Familar brand since 2015. In social care services, a project to restructure the company was taken forward, the aim of which is to have functions that provide services to different groups of residents more clearly in their own legal companies. The management resources for social care services were developed during the year through several training programs for supervisors.

The strategic focus of the social care services remained on developing the quality and effectiveness of operations. During the year, both the processes and tools were renewed and developed. Service line-specific quality manuals and ERP systems were introduced towards the end of the year. To ensure the availability of personnel, recruitment resources were strengthened, and the work-related immigration of nurses was promoted through the Mehiläinen subsidiary Healthcare Staffing Solutions. The first trained nurses from the Philippines arrived in Finland in August. During the year, several significant tenders were organized by the municipalities, and Mehiläinen succeeded to continue co-operation in key services and in several geographical areas also beyond the transition phase of the forthcoming SOTE reform.

Healthcare international

Mehiläinen's growth strategy is also to expand and grow internationally by offering digital healthcare platform and software solutions as well as services based on digitalization and its own physical clinics in Finland's neighboring areas and Northern Europe.

Mehiläinen closed its first acquisition abroad in December last year by acquiring Sibyllekliniken in Sweden, which provides public freedom of choice services and occupational healthcare in the Stockholm area. In addition, several acquisitions were completed in Sweden during the year, which support and complement the services.

In Estonia, Mehiläinen acquired healthcare companies Qvalitas and Unimed. Qvalitas is a leading provider of occupational healthcare services that also provides medical clinic services. Unimed is the leading dental care service provider. Both companies have roughly ten clinics and extensive operations in different parts of Estonia. Mehiläinen's goal is to increase both the service offering to different customer groups and its clinic network in the Estonian market in the future. Additional digital services will be introduced to complement and improve the availability and scale of healthcare services.

At the end of the financial year, Mehiläinen expanded its operations to Germany by acquiring Dalberg Klinik AG, a hospital services company operating near Frankfurt. With the acquisition, Mehiläinen received a license to provide both public and private insurance-based healthcare services. Mehilainen aims to grow operations through new acquisitions and organic growth. The company is also certifying its subsidiary BeeHealthy's e-health platform for the German market.

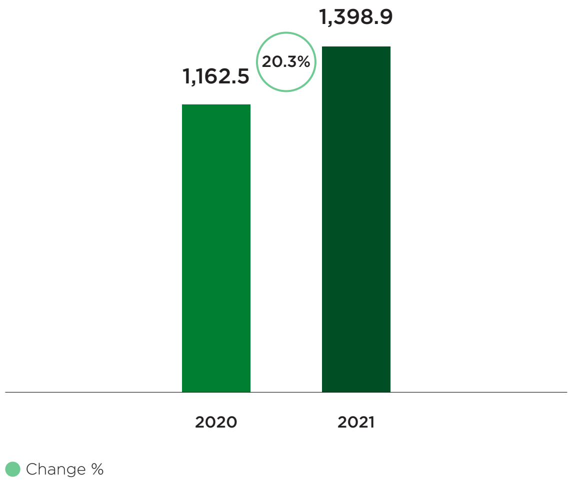
Mehiläinen's subsidiary BeeHealthy offers its customers a digital healthcare platform solution that includes, among other things, a digital clinic, a patient's medical history, monitoring of longer care paths and electronic appointment booking. During the year, a collaboration agreement was launched with Mediclinic International, a company that will provide customized digital services to Mediclinic's customers in Switzerland, the United Arab Emirates and South Africa. The collaboration between Mediclinic and BeeHealthy covers different digital service solutions in different market areas. Cooperation has been piloted in Switzerland.

Revenue and result

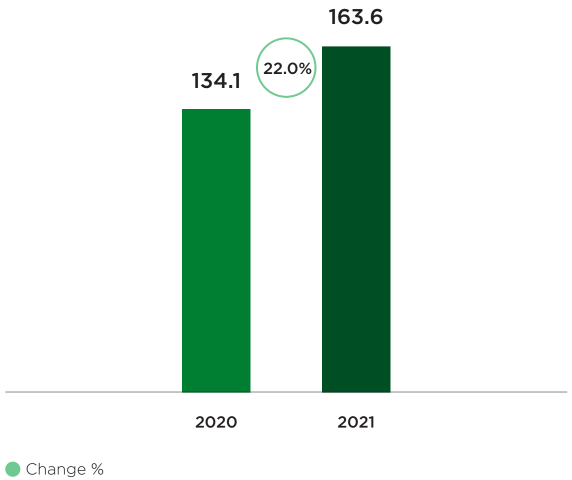
Mehiläinen's revenue increased by 20.3 per cent to EUR 1,398.9 (1,162.5) million. Revenue consisted of domestic healthcare and social care services and international healthcare services. In comparable year, revenue was affected negatively by the sharp decline in demand for private healthcare services in the early stages of the COVID-19 pandemic. During the financial year, demand for services remained at a good level and increased during the year. The increase in revenue was largely organic, but growth was also boosted by several acquisitions closed in Finland and abroad. The organic growth in the revenue of healthcare services was affected by, among other things, the start of the Harju terveys outsourcing agreement at the beginning of the year. More COVID-19 testing was performed during the financial year compared to the previous year.

The underlying operating profit before depreciation and amortisation of intangible assets arising from business combinations, impairments and items affecting comparability (underlying EBITA) increased by 22.0 per cent to EUR 163.6 (134.1) million. The corresponding reported EBITA was EUR 153.3 (125.1) million. The total amount of items affecting comparability was EUR 10.3 (8.9) million. The profitability improved mainly in connection with increased revenue. Good demand for services in private healthcare services, increased COVID-19 testing volumes, strong demand for staffing services and positive utilization rates for elderly care services improved profitability, but on the other hand, expansion into international markets and increased personnel costs for social care services had a negative impact on profitability. Depreciation

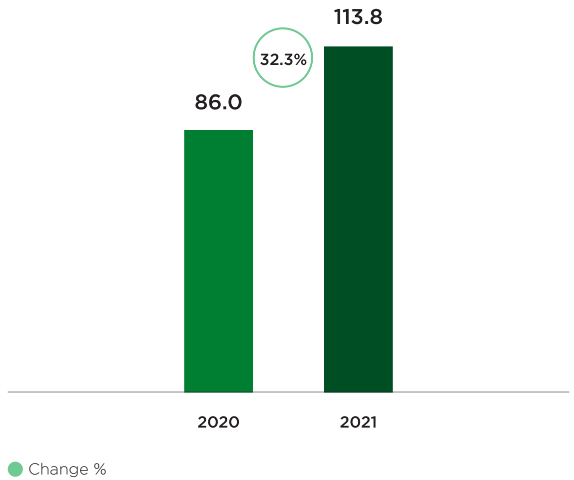
Revenue
EUR million



Underlying EBITA
EUR million



EBIT
EUR million



and impairment increased to EUR -150.1 (-132.6) million. Operating profit (EBIT) increased to EUR 113.8 (86.0) million and was 8.1 (7.4) per cent of the revenue.

Financial income and expenses totaled EUR -77.2 (-77.0) million. From this, interest expenses on loans were EUR -49.4 (-49.9) million and interest expenses on leases EUR -24.1 (-23.9) million. Taxes for the financial year totaled EUR -11.7 (-8.8) million, of which the effective tax rate was 31.9 (97.6) per cent. The result for the financial year was EUR 24.9 (0.2) million.

Financial position

The balance sheet total at the end of the reporting period was EUR 2,930.3 (2,721.7) million. Shareholders' equity totaled EUR 945.4 (911.1) million. The equity ratio decreased slightly compared to previous year and was 32.3 (33.5) per cent. Equity improved due to higher result for the year and share issue.

Interest-bearing net debt at the end of the financial year was EUR 1,582.3 (1,420.4) million. Of this, interest-bearing loans from financial institutions amounted to EUR 1,048.0 (991.9) million and the rest to lease liabilities. The gearing ratio at the end of the financial year was 167.4 (155.9) per cent. The Group's liquidity remained good despite of increased investments during the financial year.

The loan package of Mehiläinen was restructured in May 2021, when the old EUR 810 million first lien loan (interest margin 3.75%) and the EUR 200 million second lien loan (interest margin 7.25%) were repaid and replaced with a new loan of EUR 1 060 million, with an increase of EUR 50 million. The basic margin of the loan is 3.625 per cent and it may increase or decrease depending on how Mehiläinen achieves its sustainability goals. The sustainability targets included in the loan package are the quality index of care services for the elderly, very quick access to non-urgent care in public primary healthcare services provided by Mehiläinen and Group's carbon dioxide emissions.

The financing arrangement and risks are described in more detail in Note 5.3 to the consolidated financial statements.

Cash flow

Cash flow from operating activities increased due to improved profitability and was EUR 243.2 (202.0) million. The change in net working capital affecting cash flow remained close to the previous year's level, amounting to EUR 1.8 (-0.6) million. The increase in trade receivables in connection with increased sales had a negative effect on cash flow, but the change in trade and other payables improved cash flow accordingly. Taxes paid during the financial year increased to EUR -19.2 (-13.9) million.

Cash flow from investing activities increased to EUR -154.7 (-52.2) million. Of this, acquisitions of subsidiaries and businesses accounted for EUR -108.4 (-23.0) million and investments in tangible and intangible assets for EUR -51.3 (-30.1) million. Cash flow from financing activities was EUR -120.6 (-87.8) million, of which interest paid accounted for EUR -46.2 (-46.9) million. Cash flow from financing activities related to lease liabilities was EUR -93.1 (-84.3) million.

Cash and cash equivalents at the end of the financial year were EUR 52.3 (84.5) million.

Investments

The number of investments in 2021 tripled from the comparison year. Total investments in acquisitions, tangible and intangible assets increased to EUR -159.7 (-52.8) million. For 2021, the most significant acquisitions were the acquisitions of the Unimed and Qvalitas groups in Estonia and the acquisitions of the Vetrea Group and the Debora Group at the end of the year. Large investments were made in Mehiläinen's leased premises during the year. New medical clinics were opened in Vaasa, Rovaniemi, Kajaani and Espoo, in addition to which a new medical clinic will be opened in Vantaa at the beginning of 2022.

Investments are increasingly focused on intangible assets such as software and digital services. At the beginning of the year, Mehiläinen introduced a group-wide Workday HR-system. A smartphone application for the treatment of chronic diseases and a new training operating model with professional tools were developed for the OmaMehiläinen application platform. In addition, investments increased in the digital healthcare platform solution developed by BeeHealthy for the international market.

Personnel

At the end of the financial year, Mehiläinen had 12,492 (9,897) full-time employees. In addition to personnel, Mehiläinen employs about 4,700 private practitioners at the end of the financial year. The increase in the number of employees is mainly due to acquisitions both in Finland and abroad and the establishment of new units, such as Harjun terveys. Expenses arising from employee benefits form the largest single expense group and amounted to EUR

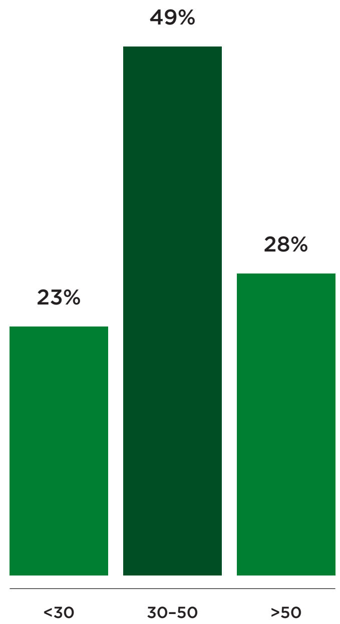
Personnel groups

20% Physicians and dentists

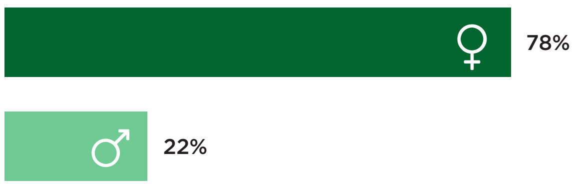
71% Care and nursing staff

9% Supervisors and administration

Personnel by age, %



Personnel by sex, %



-645.5 (-521.8) million. Out of this, salaries and fees accounted for EUR -534.0 (-441.7) million.

Mehiläinen is one of Finland's largest private-sector employers in terms of the number of employees. The aim is to be the most desirable employer in the social and healthcare sector. To achieve this goal, Mehiläinen has invested in, among other things, supervisor training, employee experience, and corporate responsibility matters. To promote the performance of the personnel, various training paths, supervisor training, induction, and workability management were further developed. In addition, at the beginning of 2021, Mehiläinen introduced the Workday system for managing human resources. The investment will enable, among other things, easy use of personnel information, transparency, quality of reporting, development of automation, employee experience, and international growth with a unified HR-system in all countries.

The commitment, well-being at work, and job satisfaction of Mehiläinen's personnel are evaluated in an annual employee survey. The survey was conducted in the autumn of 2021 and collected a record 60 per cent response rate. According to the results, there had been a positive development for all indicators for the third year in a row. During the year, Mehiläinen also conducted the first equality, and non-discrimination survey with encouraging results. In addition to corporate responsibility issues, equality and non-discrimination issues have been included in the themes of continuous development.

Continued COVID-19 pandemic has caused work ability challenges in some employee groups, either perceived well-being by the employees or measured through external surveys. Result of this, Mehiläinen has focused on preventive work ability management and the identification and early support of people at risk in our own occupational health cooperation and management Despite the exceptional year, the development of Mehiläinen's personnel's perceived ability to work and sick leave were positive in its entirety.

Board of Directors, Annual General Meeting and Auditors

From 1 January to 31 December 2021 the members of the Board of Directors of Mehiläinen Konserni Oy were Andreas Tallberg (Chairperson), Eveliina Huurre, Harri Aho, Janne-Olli Järvenpää, Lave Beck-Friis, Minna Kohmo and Tomas Ekman. 28.6 per cent of the board members are women and 71.4 per cent are men. The Group's CEO is Janne-Olli Järvenpää.

The Board of Directors has appointed three committees:

- Audit Committee: Lave Beck-Friis (Chairperson), Harri Aho and Eveliina Huurre.
- Remuneration Committee: Andreas Tallberg (Chairperson) and Tomas Ekman.
- Contracts Committee: Eveliina Huurre (Chairperson), Lave Beck-Friis and Tomas Ekman.

The Board of Directors has assessed that all committee members are independent of the company.

The annual remuneration paid to the members of the Board of Directors is as follows: Andreas Tallberg (Chairperson) EUR 130 thousand per year, Chairperson of the Contracts Committee Eveliina Huurre EUR 55 thousand, Harri Aho and Minna Kohmo EUR 38 thousand per year. Board fees were not paid to other Board members. .

Mehiläinen's Annual General Meeting was held in Helsinki on 18 March 2021. The Annual General Meeting approved the financial statements and discharged the members of the Board of Directors from liability for the financial year 2020. The Annual General Meeting decided, in accordance with the Board's proposal, that no dividend be distributed.

The auditor is Ernst & Young Oy, with APA Mikko Rytilahti as the auditor in charge.

Transactions with related parties are presented in note 7.3 to the financial statements.

Significant disputes

Due to the extensive business operations, the Group companies are involved in disputes or litigation. Management estimates that these are not expected to significantly impact the Group's result or financial position, considering the provisions made.

Share capital, share and shareholders

Mehiläinen Mehiläinen Konserni Oy has 984,781,394 registered shares at the year end. The shares are divided to 49,448,691 A-shares, 913,009,850 B-shares and 22,322,853 C-shares. The shares are divided into classes that differ in accordance with the order of priority when distributing funds. In other respects, the company's shares provide equal rights in the company in accordance with the Articles of Association. The Group has no valid stock option programmes.

A total of EUR 8.9 million has been subscribed to the invested unrestricted equity fund during the financial year through paid-up directed share issues. Mehiläinen Konserni Oy has decided on paid directed share issues as follows:

- Pursuant to the share issue authorization issued on 21 December 2020, the company's Board of Directors has during the previous financial year decided on 30 December 2020 to issue a total of 353,328 new A-shares and 2,196,672 new B-shares for a total subscription price of EUR 2.6 million. The shares were subscribed for during the financial year.
- Pursuant to the share issue authorization issued on 21 December 2020, the company's Board of Directors has decided on 15 February 2021 to issue a total of 419,047 new A-shares and 1,511,453 new B-shares for a total subscription price of EUR 1.9 million.
- Pursuant to the share issue authorization issued on 21 December 2020, the company's Board of Directors has decided on 1 April 2021 to issue a total of 198,880 new A-shares and 2,001,120 new B-shares for a total subscription price of EUR 2.2 million.
- Pursuant to the share issue authorization issued on 17 September 2021, the company's Board of Directors has decided on 3 November 2021 to issue a total of 33,280 new A-shares and 1,970,323 new B-shares for a total subscription price of EUR 2.2 million.

The above-mentioned share issues are directed to investors of the company's personnel as part of the expansion of the Company's shareholder base.

During the financial year, Mehiläinen Konserni Oy acquired its own shares from private investors who have given up their holdings in the company. A total of 563,719 of the company's own shares have been repurchased, of which 144,077 are A-shares and 419,642 are C-shares. The consideration paid by the company for the shares have been the initial subscription price for 63,479 A-shares, i.e. EUR 1 per share, and for 179,388 C-shares EUR 1 plus a 10 per cent return as defined in the company's Articles of Association. The remuneration paid by the company for 80,598 A-shares and 240,254 C-shares has been EUR 1.12 per share. On 30 December 2020, the Board of Directors decided to cancel the own shares held by the company and 6,700,896

A-shares and 19,583,330 B-shares held by the company during the previous financial year.

Decisions related to share issues and repurchase of own shares valid at the end of the financial year:

- On 17 September 2021, the company's shareholders have authorised the Board of Directors to decide on a share issue. A maximum of 15,510,812 shares, including a maximum of 242,295 A-shares and a maximum of 15,268,517 B-shares, may be issued under the authorisation. Under the authorisation 209,015 A-shares and 13,298,194 B-shares were not issued at the end of the financial year.
- On 21 December 2020, the company's shareholders have authorised the Board of Directors to decide on the repurchase of own shares. Pursuant to the authorisation, a maximum of 4,500,000 shares may be repurchased, of which a maximum of 1,500,000 A-shares, a maximum of 1,500,000 B-shares and a maximum of 1,500,000 C-shares. At the end of the financial year, 1,224,634 A-shares, 1,500,000 B-shares and 1,080,358 C-shares were not repurchased at the end of the financial year

Shareholders

Funds managed by CVC Capital Partners	56%
LocalTapiola Group	20%
Varma Mutual Pension Insurance Company	8%
The State Pension Fund of Finland (VER)	5%
Ilmarinen Mutual Pension Insurance Company	4%
Apteekkien Eläkekassa	0.6%
Valion Eläkekassa	0.4%
Other investors and private persons, total	6%

Outlook for 2022

Mehiläinen estimates the revenue to grow and EBITA (operating profit before amortisation of intangible assets arisen from acquisitions and impairment losses) to improve during the year 2022. Uncertainty in the operating environment caused by the COVID-19 pandemic is likely to continue during 2022.

Proposal by the Board of Directors for profit distribution

The Board of Directors proposes to the 2022 Annual General Meeting that no dividend would be distributed for the financial year ending on 31 December 2021. The parent company's distributable funds totaled EUR 991.0 million at the end of the financial period.

Events after the reporting period

Finland's largest private physiotherapy Group, Fysios, will join Mehiläinen with a share transaction signed on 1 July 2021. The pioneer in physiotherapy services offers a wide range of physiotherapy-related services in more than 50 cities in more than 100 different locations. The Group employs about 800 therapy specialists. The aim of the transaction is to reform the industry by emphasizing the role of digital services. The competition authority approval for the transaction has been received on 20 January 2022 and the transaction has been closed on 1 February 2022.

On 31 January 2022, Mehiläinen drew down additional EUR 150 million loan to finance acquisitions and expansion projects. The terms of the loan are identical to the terms of the loan package agreed by the Group in May 2021. At the same time, the revolving credit facility was increased by EUR 25 million to EUR 150 million.

By the completion of the financial statements, Mehiläinen Konserni Oy's shares have been subscribed for a total of EUR 1.6 million. Total 78,110 new A-shares and 977,500 new B-shares have been issued in the subscriptions.

In addition, Mehiläinen has closed smaller acquisitions after the reporting period.

NON-FINANCIAL INFORMATION

Corporate Responsibility

The core of Mehiläinen's corporate responsibility are the company's strategy, values, and mission to create health and wellbeing into society. Corporate responsibility is guided by the company's responsibility program as well as group policies, which focus on environmental, social, and governance responsibility. During 2021 guiding group practices were fully updated to correspond with the company's internationalization.

Mehiläinen will publish a separate responsibility report on week 8. It will further describe the development and fulfillment of the responsibility work by Mehiläinen for the year 2021.

In accordance with the GRI framework, Mehiläinen's responsibility program is based on the key issues identified by stakeholders as well as the company's strategy and identified opportunities for influence in Mehiläinen's operating environment. With its responsibility program, Mehiläinen aims to promote the responsibility of its business, guide the company to develop on issues that are important and measure the progress.

Mehiläinen's responsibility program is built around four themes that are central to its business. These themes describe what aspects Mehiläinen wants to especially promote in its operations:

A pioneer in quality care and nursing. Customers and their loved ones can be confident that the care is personalized, proficient, safe, and effective. Mehiläinen leads with knowledge, strives for improvement every day and is a builder and pioneer in digital healthcare services.

Industry innovator and agile developer. Mehiläinen is growing steadily, creating jobs, and exporting Finnish know-how to international markets. Target is to be a strong partner for private and public sectors.

Desired and meaningful employer. Holistic well-being of our employees is being invested in as well as the opportunities to develop and excel in the work. Diverse career paths are offered, and the corporate culture encourages success.

Sustainable development. Business is operated sustainably, transparently, and efficiently throughout the value chain. In addition to the responsibility programme, Mehiläinen is committed to promoting UN Sustainable Development Goals, which are affected by the company's operations.

In 2021, Mehiläinen agreed with its financiers on a 1.06-billion-euro loan package. The interest rates of the loan is tied how Mehiläinen reaches the responsibility targets. The indicators included are the quality index of elderly care services, access to elective care in Mehiläinen's public healthcare centers, and the carbon dioxide emissions of the group. Mehiläinen is committed to spending the savings resulting from decreases in the interest margin on environmental and other sustainability investments.

Mehiläinen was evaluated during the year by an external independent company Ecovadis, which is one of the largest global providers of sustainability assessments. Mehiläinen achieved a gold rating, which is given to the top 5 per cent of more than 70,000 companies assessed. Ranking improved from the previous year in four categories; environment and climate, workers and human rights, ethical practices, and sustainable procurement.

Environment

Mehiläinen's environmental system is part of Mehiläinen's responsibility policy. In all activities, identifying and preventing possible adverse effects on the environment is being strived towards, and thus to promote the principle of sustainable development. Every employee working at Mehiläinen is expected to commit to environmental responsibility in their own work.

Environmental goals are based on Mehiläinen's values (responsibility and caring) and environmental issues are part of the operating and quality system. Operations are developed aiming to reduce amount of waste, as well as to reduce energy consumption and negative impact on the environment due to traveling. In 2021 environmental impact monitoring was further developed by the system operator, for example regarding water and waste monitoring.

Environmental impact of the business is considered, responsible sourcing policy implemented and work processes and operating methods to reduce environmental impact are being built.

Individual-level responsibility is supported by providing information, training, and tools to promote environmental issues. Suppliers and other partners are expected to minimize the environmental impacts of their products and services. Mehiläinen promotes the digitalization of the industry by developing digital services and products that contribute to reducing travel and thus the environmental impact. Mehiläinen utilizes energy-efficient and environmentally friendly computer rooms and thus reduces the impact on the environment.

Mehiläinen's operations have been certified by Bureau Veritas as proof that the service meets the customer and regulatory requirements of the ISO 9001 and ISO 14001 quality and environmental standards as well as the ETJ + energy efficiency system. The certification covers all business lines and most of the premises. With audits carried out 1-2 times a year, new units are included in the scope of certification.

In 2021, Mehiläinen, in cooperation with an external partner, calculated the company's carbon footprint and set emission reduction targets for the coming years for the company's direct emissions (scope 1 and scope 2).

Human rights

Mehiläinen respects international human rights in all operations. In accordance with the responsibility policy, UN Global Compact guidelines and the human rights defined in the UN Declaration of Human Rights are respected. The same is expected from partners.

Due to the nature of the operations, Mehiläinen's personnel are constantly interacting with people. In connection with the interaction, personnel must treat customers with respect, while complying with applicable laws and regulations, as well as values and general operating principles. Mehiläinen's general operating principles require to meet the customer individually and holistically, to treat everyone equally and to always put patient safety first. The social and healthcare services sector is a strictly regulated and monitored sector and therefore effectiveness, impact, and safety of the operations are closely monitored.

Customer satisfaction

Customer experiences at Mehiläinen is measured with the well-known and widely used NPS (Net Promoter Score) method. The NPS index may be anything between -100 and +100. NPS index of more than 50 is considered very good. In healthcare services, customer satisfaction is measured in, for example, medical clinics, hospitals, Felicitas infertility clinics, and dental care. For the full year, the total NPS was 89 in private healthcare services and 73 in public healthcare services.

The customer satisfaction of Mehiläinen's occupational healthcare services decision-makers' customers is measured by online surveys and telephone interviews in the spring and autumn, by means of a continuous steering group survey and by service satisfaction and development surveys.

In social care services housing units, customer experience is measured by a quality index developed by Mehiläinen, which is implemented through quality reports and surveys. The development has been positive, Mainiokoti quality index broke the 80-point mark in October 2021. In Ykköskodit and Onnikodit, the quality indicators were differentiated and revised in October to support line-specific needs.

Customers are involved in the development of Mehiläinen's operations and services in the Asiakasraati online panel. In 2021, 3,500 Mehiläinen customers participated in the Customer Board. A total of almost 18,000 responses were received to the panel surveys. The jury members were asked for their views and development suggestions on Mehiläinen's digital services, website, and new services planned. In 2021, the feedback from the jury was also utilized for the development of customer communications and transaction instructions during the corona pandemic.

In 2021, a survey was also launched on patients' feelings about coping with their illness after a visit. The results clearly reflect improved performance. The fraction of respondents who felt they were doing worse were offered the opportunity for personal contact for further investigation.

Customer and patient safety

Mehiläinen's services are based on evidence-based medicine and good care and operating practices. Patient and customer safety refers to the principles and operating practices of all professionals, Mehiläinen units, and the Group that ensure the safety of patients and customers health, medical care, and nursing services. Mehiläinen uses the HaiPro tool for reporting incidents that risks patient and customer safety. There is also a separate security incident reporting section.

The HaiPro reporting system is intended for the development of the organization's operations. With a systematic and easy-to-use reporting process, users can benefit from lessons learned from incidents and the organization's management receives information about, for example, the adequacy of training or guidance and the impact of measures. Mehiläinen also has a feedback channel and a separate alert channel through which patients can share their dissatisfaction with the treatment. In addition, The Patient Insurance Centre handles all the notices of patient injury concerning medical treatment in Finland and maintains statistics on patient injury incidents. In Mehiläinen, patient injuries are monitored especially in healthcare services.

In 2021, self-monitoring was expanded to foreign units in Sweden and Estonia. Self-monitoring surveys focus specifically on patient safety.

Quality and Effectiveness

Mehiläinen focuses on the quality and effectiveness of care based on the principle of continuous improvement. Everyone who works at Mehiläinen participates in quality work. Quality work is led by a quality team chaired by the Group's Chief Medical Officer. Customers are also actively involved in quality development through feedback systems and a customer panel. In Mehiläinen, quality is monitored and managed with a Quality Monitoring System, which reports on issues related to patient safety, access to care, the functionality of processes and the customer experience. Quality indicators include more than 25 indicators from different areas of the business.

In 2021, the guidelines for quality in social care services were line-specific and updated in connection with the brand reform. The quality deviation process was reformed so that the documentation and follow-up are of high quality and the responsibilities are clear. Line-specific ERP systems were built to support customer work and quality assurance. The deviation process was technically reformed into ERP systems to increase monitoring and transparency. In addition, line-specific quality manuals were developed to support the daily quality work of supervisors and employees.

Digitization, data utilization, and information management also bring effectiveness and quality to healthcare services. Mehiläinen's quality Indicators were published to assess the responsible use of antibiotics used for upper respiratory tract infections, cough medicines for young children, and medicines that mainly affect the central nervous system. Treatment results of diabetes and cardiovascular disease are also monitored. In addition, patients provide information on their recovery and symptoms regarding surgical procedures and their follow-up. According to these indicators, the quality of care has remained at an excellent level despite the challenges of the pandemic. In 2021, knowledge-based management was strengthened by setting up a data analytics team led by the Head of Data Scientist.

Mehiläinen also offers a wide range of digital lifestyle coaching to support disease prevention. In 2021, coaching expanded to include life management coaching for child welfare customers. With the acquisition of Psyykkisen hyvinvoinnin keskus Komppi, digital mental training and short-term therapy services expanded to meet the growing need to treat mental health symptoms during the pandemic.

At Mehiläinen, research and development focused on developing the digitalization of healthcare services with the aim of providing high-quality services. Digital services create new channels for using Mehiläinen's services, improve the customer experience and streamline service processes. One of the key digital services developed is OmaMehiläinen application, which enables quick and easy access to your personal health information, making an appointment from the mobile phone, renewing an electronic prescription, and 24-hour communication with healthcare professionals. In 2021, its own digital channels were established for dental care and occupational customers. Total investments in research and development amounted to EUR 12.5 (7.9) million in 2021, some of which were recognized directly as an expense, and some capitalized in intangible assets.

In 2021, Mehiläinen signed framework agreements with all Finnish universities providing medical education to deepen research and education cooperation. The bi-annual steering groups have presented Mehiläinen's Tieto ja Taito concept, which includes doctors' specialization training, a common training calendar compiled in 2021, and other information on extensive training. Doctors from outside of Mehiläinen were also allowed to participate in Mehiläinen's virtual training concept "Physician's Day". In the spring of 2021, a virtual training "Nurse's Day" was organized for the first time, in which all Finnish nurses from both social care services and healthcare units were invited to participate.

Code of conduct

Mehiläinen expects all employees, private practitioners, and partners to follow the group's Code of Conduct and other policies. Purpose of these policies is to guide all employees and private practitioners to face each other and customers as professionals according to high quality standards. Relevant policies are human resources policy, quality policy, information security and data privacy policy, communications policy, procurement policy, risk management policy, corporate social responsibility, and tax policy.

Code of Conduct also covers principles on prevention of bribery and corruption. Mehiläinen has zero tolerance towards corruption and bribery. Risk management process covers questions concerning corruption practices. As specified in the Mehiläinen management system, steering and management committees have been appointed to monitor the implementation of the Code of Conduct and policies within the units. The implementation of Code of Conduct is also monitored through internal and external audits. A whistle blowing system for reporting suspected fraud and misconduct is in use.

Risks and risk management

Strategic and operational risks and damage risks related to the operations are managed through continuous monitoring and development of processes and operating models. Monitoring the quality of operations and managing risks related to operations is part of Mehiläinen's management system. For example, internal and external audits, a feedback system, incident reporting, and a reporting channel are used for monitoring.

In addition to the requirements and set goals, social and healthcare services are a highly regulated industry with permits, registrations, and regulatory oversight. The group's risks are assessed and monitored regularly and systematically both at the group level and at the operational level. Significant risks are regularly reviewed in the group's Management Team and the Audit Committee. Mehiläinen's risk management process and responsibilities are described in more detail in the Group's risk management policy.

During the financial year 2021, the company introduced a new anti-fraud policy, which specifies measures and responsibilities related to the prevention of misconduct.

Most significant risks and uncertainties are:

Changes in the operating environment. Mehiläinen operates in a highly regulated industry. Both the operations and changes in the business environment can pose risks. Changes in the legislation on social and healthcare services create both opportunities and risks for the Group.

Contracts. Mehiläinen has long-term leases and customer contracts, such as contracts on outsourced services with municipalities, with limitations on price adjustments. While they permit long-term development of operations, profitability is not guaranteed in the long run. For example, the contractual terms may not consider increases in employee benefit expenses or weaker than expected demand for the services in different units.

Demand changes. Demand for privately funded services may be adversely affected by a general downturn in the economy, pandemic, and a fall in the employment rate. Competition and the measures taken by the public sector may also impact the Group. Intensified competition increases pricing pressures and complicates customer acquisition.

Personnel availability. Other circumstances affecting the operations include the availability of qualified social and healthcare professionals whether private practitioners or employees. This may limit the growth and create cost pressures. Mehiläinen invests in human resources development and employee well-being, and surveys show that Mehiläinen is regarded as an attractive employer.

Risks related to data protection. Patient, information, and customer safety are the foundation of social and healthcare services. The functionality and information security of information systems are important in both customer work and support functions. The Group monitors risks on a regular basis, develops operations, and invests in information systems and information security in the operating environment.

Finance risks. The Group's operations involve financial risks, such as liquidity, interest rate and credit risks as well as damage risks. Mehiläinen mitigates these risks by forecasting financing needs, concluding long-term financing agreements, considering interest rate hedging, analyzing counterparties, and taking out insurance.

Internationalization. During the year, Mehiläinen has expanded abroad. The risks listed above are emphasized in Mehiläinen's international business.

Data privacy and data protection

Mehiläinen processes large amounts of patient data, social care services customer data, and other personal data daily. Information security policy aims to ensure the confidentiality of the information of Mehiläinen and its customers and partners.

The processing of personal data in healthcare is heavily regulated through both common European and national legislation in each country of operation. The Finnish healthcare system is in the changing phase, which is also causing constant changes to the healthcare data protection regulations, which are systematically monitored in the group.

The growing general interest of customers in the protection of personal data, as well as in the exercise of the data subject's rights, contribute to the importance, visibility, and risks of the operating models related to the processing of personal data.

Proper and careful processing of personal information is a key part in day-to-day quality and risk management. Requirements and responsibilities related to information security and protection are part of Mehiläinen's management system and are an integral part of all the operations. Data protection issues are managed at the group level by the Data Protection and Data Security Steering Group, which monitors the overall data protection situation, addresses significant risks and deviations, and decides on Group-level practices. Kim Klemetti is the Group's Data Protection Officer in cooperation with the data protection officers of the national companies.

Mehiläinen's operations comply with the European General Data Protection Regulation (GDPR) and other data protection regulations, according to which the development of operations has continued during the past years. In the current year, the development and priority areas related to data protection has been the centralization of activities related to the exercise of the data subject's rights, contractual matters and international business.

Data security

Data security and data protection are part of Mehiläinen's ISO 9001-certified quality management system. Security is built as high as possible, for example in terms of network connections, encryption, user authentication, applications, and expertise. Numerous measures are in place to ensure the company's high level of information security.

- The protection of Internet connections is a critical factor in terms of information security, and the company implements this protection e.g., through code-level testing, firewalls, access restriction, and strong authentication. Connections to Mehiläinen's systems are regularly tested by an external security company.
- All software on the market has vulnerabilities that will be fixed as they become known. Mehiläinen has a wide range of measures in place to ensure that the latest software versions have been fixed.
- The use of systems and networks are monitored, and abnormal use and traffic are responded to with alarms.
- In addition to its own security experts, the company has an external security company's cyber defense center.

In 2021, Mehiläinen organized a bug bounty program for the first time for a select group of domestic and international security experts. The goal of the program was to look for vulnerabilities in Mehiläinen's digital healthcare services. Targeted testing by experts complements machine security testing as well as external auditing.

GROUP KEY FIGURES

Financial performance		2021	2020	2019
Revenue	EUR million	1,398.9	1,162.5	1,064.1
Underlying EBITDA [1]	EUR million	271.0	227.6	202.0
– of revenue	%	19.4	19.6	19.0
EBITDA	EUR million	263.9	218.6	197.1
– of revenue	%	18.9	18.8	18.5
Underlying EBITA [1]	EUR million	163.6	134.1	118.8
– of revenue	%	11.7	11.5	11.2
EBITA	EUR million	153.3	125.1	114.0
– of revenue	%	11.0	10.8	10.7
Operating profit	EUR million	113.8	86.0	81.8
– of revenue	%	8.1	7.4	7.7

1) Adjustments included in the underlying EBITDA and EBITA have been presented in the section 'Items Affecting Comparability' of Report of the Board of Directors.

Profitability		2021	2020	2019
Net working capital	EUR million	-67.7	-50.9	-53.4
Return on Capital Employed (ROCE)	%	4.6	3.7	3.5
Return on Equity (ROE)	%	2.7	0.0	0.1

Financing and financial position		2021	2020	2019
Equity ratio	%	32.3	33.5	34.6
Gearing	%	167.4	155.9	154.5
Interest-bearing net debt	EUR million	1,582.3	1,420.4	1,408.1

Other key figures		2021	2020	2019
Net cash from operating activities	EUR million	243.2	202.0	200.7
Investments, excluding acquisitions	EUR million	51.3	30.1	28.0
Average number of personnel (FTE)		11,281	9,461	9,077
Number of personnel at the end of the period (FTE)		12,492	9,897	9,589

The Group follows the Guidelines issued by the European Securities and Markets Authority (ESMA) on Alternative Performance Measures (APM) when reporting certain other commonly used key figures in addition to the IFRS standards. The accounting principles for these APMs are not defined in IFRS. As such, they may not be fully comparable with the alternative performance measures disclosed by other companies.

Mehiläinen considers that the presentation of alternative performance measures give users of the financial statements a better view of the Group's financial performance, profitability and financial position. Underlying EBITDA and underlying EBITA are used to monitor the profitability of the underlying business in order to improve comparability between periods. All alternative performance measures are disclosed with comparison period and are consistently used over the years, unless otherwise stated.

Calculation of key figures

Financial performance		
Operating profit	=	Revenue + other operating income - materials and services - employee benefit expenses - depreciation, amortisation and impairment losses - other operating expenses +/- share of results in associated companies
Underlying EBITDA	=	Operating profit + depreciation, amortisation and impairment losses + items affecting EBITDA comparability
EBITDA	=	Operating profit + depreciation, amortisation and impairment losses
Underlying EBITA	=	EBITDA - (depreciation and amortisation - depreciation and amortisation arisen from business combinations) + items affecting EBITA comparability
EBITA	=	EBITDA - (depreciation and amortisation - depreciation and amortisation arisen from business combinations)
Profitability		
Net working capital	=	Inventories + trade receivables and other current receivables - trade payables and other current payables
Return on Capital Employed (ROCE), %	=	$\frac{\text{Result before taxes + finance expenses}}{\text{Total equity + interest-bearing debt (average)}}$
Return on Equity (ROE), %	=	$\frac{\text{Result for the year}}{\text{Total equity (average)}}$
Financing and financial position		
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Total assets - advances received including contract liabilities}}$
Gearing, %	=	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$
Interest-bearing net debt	=	Interest-bearing debt including lease liabilities - (interest-bearing receivables + cash and cash equivalents)
Other key figures		
Average number of personnel	=	Calculated as average of monthly number of personnel (full-time equivalent)
Number of personnel at the end of the period	=	Number of personnel at the end of the period (full-time equivalent)

Items affecting comparability

The Group discloses a number of items in its Financial Statements that affect comparability of EBITDA and EBITA in different reporting periods. From the Group's point of view, items affecting comparability must be exceptional and outside the course of ordinary business operations. These include costs of structuring and changes in ownership of the Group, costs and revenues related to business combinations, costs of business integration and takeover of new service production, capital gains and losses on the sale of businesses or assets, costs related to both restructuring and streamlining operations, costs of significant information system projects and other items impacting comparability.

Costs related to acquisitions may arise from, for example, valuation advisory services, due diligence on corporate business and risks, transfer taxes, acquisition recognition advisory services and changes in the fair value of contingent consideration. Integration and restructuring costs, as well as other costs, may relate to, for example, site mergers, IT system projects, termination of employment, and tax and other advisory services.

EUR million	2021	2020
Acquisition related income	0.9	0.6
Acquisition related expenses	-8.1	-5.8
Integration and restructuring related and other expenses	-3.0	-3.7
Total	**-10.3**	**-8.9**

Items affecting comparability increased due to the number of completed acquisitions. Acquisition related income, mainly revaluations of additional purchase prices, was recorded more than in the previous year. The items affecting comparability in the comparison period 2020 include acquisition related expenses (EUR 3.8 million) of Pihlajalinna public tender offer. Items affecting the comparability do not include COVID-19-ancillary costs.

Reconciliation of key figures to Consolidated Financial Statements (IFRS)

EUR million	2021	2020
Operating profit	**113.8**	**86.0**
Depreciation, amortisation and impairment losses	150.1	132.6
EBITDA	**263.9**	**218.6**
Items affecting comparability		
Other operating income	-1.6	-0.6
Materials and services	0.1	0.3
Employee benefit expenses	0.1	0.5
Other operating expenses	8.4	8.7
Underlying EBITDA	**271.0**	**227.6**
Depreciation, amortisation and impairment losses	-150.1	-132.6
Impairment losses	0.3	3.6
Depreciation and amortisation arisen from business combinations	39.2	35.4
Items affecting comparability		
Depreciation and amortisation	3.2	
Underlying EBITA	**163.6**	**134.1**
Impairment losses	-0.3	-3.6
Depreciation and amortisation arisen from business combinations	-39.2	-35.4
Underlying operating profit	**124.1**	**95.0**

EUR million	2021	2020
Inventories	8.2	6.9
Trade receivables and other current receivables	143.0	108.9
Trade payables and other current payables	-218.9	-166.7
Net working capital	**-67.7**	**-50.9**

EUR million	2021	2020
Result before taxes	36.6	9.0
Finance expenses	77.9	77.9
Total equity 1 Jan.	911.1	911.3
Interest-bearing debt including lease liabilities 1 Jan.	1,506.5	1,432.0
Total equity 31 Dec.	945.4	911.1
Interest-bearing debt including lease liabilities 31 Dec.	1,634.6	1,506.5
Return on Capital Employed (ROCE), %	**4.6**	**3.7**

EUR million	2021	2020
Result for the year	24.9	0.2
Total equity 1 Jan.	911.1	911.3
Total equity 31 Dec.	945.4	911.1
Return on equity (ROE), %	**2.7**	**0.0**

EUR million	2021	2020
Total equity	945.4	911.1
Total assets	2,930.3	2,721.7
Advances received including contract liabilities	-3.5	-1.6
Equity ratio, %	**32.3**	**33.5**

EUR million	2021	2020
Interest-bearing debt including lease liabilities	1,634.6	1,506.5
Interest-bearing receivables	0.0	-1.7
Cash and cash equivalents	-52.3	-84.5
Interest-bearing net debt	**1,582.3**	**1,420.4**
Total equity	945.4	911.1
Gearing, %	**167.4**	**155.9**

CONSOLIDATED STATEMENT OF INCOME

EUR million	Note	2021	2020
Revenue	2.1	1,398.9	1,162.5
Other operating income	2.2	10.2	4.7
Materials and services	2.3	-365.6	-316.8
Employee benefit expenses	2.4	-645.5	-521.8
Depreciation, amortisation and impairment losses	4.4	-150.1	-132.6
Other operating expenses	2.5	-134.2	-110.0
Share of results in associated companies	6.2	0.0	0.0
Operating profit		**113.8**	**86.0**
Finance income and expenses	5.5	-77.2	-77.0
Result before tax		**36.6**	**9.0**
Income taxes	7.1, 7.2	-11.7	-8.8
Result for the year		**24.9**	**0.2**
Result for the year attributable to			
Owners of the parent company		25.1	0.2
Non-controlling interests		-0.2	0.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	2021	2020
Result for the year		24.9	0.2
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedging	5.3	1.4	-1.8
Taxes on items that may subsequently be transferred to profit or loss	7.1	-0.3	0.4
Currency translation differences related to a foreign operation		0.0	
Other comprehensive income, net of tax		**1.2**	**-1.4**
Total comprehensive income		**26.1**	**-1.2**
Total comprehensive income attributable to			
Owners of the parent company		26.3	-1.2
Non-controlling interests		-0.2	0.0

The notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	2021	2020
ASSETS			
Non-current assets			
Goodwill	4.2, 4.5	1,530.2	1,399.3
Intangible assets	4.2	530.5	548.9
Right-of-use assets	3.1	522.2	452.7
Property, plant and equipment	4.3	112.9	90.3
Investments in associated companies	6.2	0.0	0.0
Receivables	5.4	2.6	5.0
Other financial assets	5.4	0.8	0.4
Deferred tax assets	7.2	24.2	21.8
Total non-current assets		**2,723.5**	**2,518.6**
Current assets			
Inventories	3.2	8.2	6.9
Trade and other receivables	3.3	143.0	108.9
Current tax assets		3.3	2.8
Cash and cash equivalents	3.4	52.3	84.5
Total current assets		**206.8**	**203.0**
Total assets		**2,930.3**	**2,721.7**

EUR million	Note	2021	2020
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent company			
Share capital	5.2	0.0	0.0
Invested unrestricted equity fund	5.2	979.1	971.0
Hedging reserve	5.2	-8.9	-10.1
Currency translation difference	5.2	0.0	0.0
Retained earnings	5.2	-25.7	-50.9
Total equity attributable to owners of the parent company		**944.4**	**910.0**
Non-controlling interests		0.9	1.1
Total equity		**945.4**	**911.1**
Non-current liabilities			
Interest-bearing liabilities	5.4	1,048.6	992.5
Lease liabilities	5.4	511.0	449.5
Other liabitilies	5.4	15.7	18.4
Provisions	3.6	0.3	0.3
Deferred tax liabilities	7.2	111.7	113.9
Total non-current liabilities		**1,687.3**	**1,574.6**
Current liabilities			
Interest-bearing liabilities	5.4	0.4	0.3
Lease liabilities	5.4	74.7	64.2
Trade and other payables	3.5	218.9	166.7
Provisions	3.6	0.7	2.6
Current tax liabilities		3.0	2.2
Total current liabilities		**297.6**	**235.9**
Total liabilities		**1,984.9**	**1,810.5**
Total equity and liabilities		**2,930.3**	**2,721.7**

The notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to owners of the parent company							
EUR million	Note	Share capital	Invested unrestricted equity fund	Hedging reserve	Currency translation difference	Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Equity 1 January 2021		**0.0**	**971.0**	**-10.1**	**0.0**	**-50.9**	**910.0**	**1.1**	**911.1**
Comprehensive income									
Result for the year						25.1	25.1	-0.2	24.9
Other comprehensive income, net of tax									
Cash flow hedging	5.3, 7.1			1.1			1.1		1.1
Currency translation differences related to a foreign operation					-0.0		-0.0		-0.0
Total comprehensive income				**1.1**	**0.0**	**25.1**	**26.3**	**-0.2**	**26.1**
Transactions with owners									
Share issues	5.2		8.9				8.9		8.9
Redemptions of shares	5.2		-0.6				-0.6		-0.6
Transaction costs related directly to the issue of new shares, net of tax	5.2		-0.1				-0.1		-0.1
Total transactions with owners			**8.1**				**8.1**		**8.1**
Transactions with non-controlling interests									
Invested equity of non-controlling interests								0.0	0.0
Total transactions with non-controlling interests								**0.0**	**0.0**
Equity 31 December 2021		**0.0**	**979.1**	**-8.9**	**0.0**	**-25.7**	**944.4**	**0.9**	**945.4**

The notes are an integral part of the Consolidated Financial Statements.

EUR million	Note	Share capital	Invested unrestricted equity fund	Hedging reserve	Currency translation difference	Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
		Equity attributable to owners of the parent company							
Equity 1 January 2020		**0.0**	**970.4**	**-8.4**		**-54.8**	**907.3**	**4.0**	**911.3**
Comprehensive income									
Result for the year						0.2	0.2	0.0	0.2
Other comprehensive income, net of tax									
Cash flow hedging	5.3, 7.1			-1.4			-1.4		-1.4
Currency translation differences related to a foreign operation					0.0		0.0		0.0
Total comprehensive income				**-1.4**	**0.0**	**0.2**	**-1.2**	**0.0**	**-1.2**
Transactions with owners									
Share issues	5.2		0.9				0.9		0.9
Redemptions of shares	5.2		-0.4				-0.4		-0.4
Shares issued and own shares acquired as a results of the merger	5.2	0.0				0.2	0.2		0.2
Transaction costs related directly to the issue of new shares, net of tax	5.2		-0.0			-0.3	-0.3		-0.3
Total transactions with owners		**0.0**	**0.5**			**-0.1**	**0.4**		**0.4**
Transactions with non-controlling interests									
Invested equity of non-controlling interests								0.6	0.6
Changes in non-controlling interests				-0.3		3.8	3.5	-3.5	
Total transactions with non-controlling interests				**-0.3**		**3.8**	**3.5**	**-2.9**	**0.6**
Equity 31 December 2020		**0.0**	**971.0**	**-10.1**	**0.0**	**-50.9**	**910.0**	**1.1**	**911.1**

The notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	2021	2020
Cash flow from operating activities			
Result for the year		24.9	0.2
Adjustments			
Depreciation, amortisation and impairment losses	4.4	150.1	132.6
Finance income and expenses	5.5	77.2	77.0
Income taxes	7.1	11.7	8.8
Dividends from business operations [1]	2.4	4.3	9.3
Other items		-3.3	-0.6
Changes in net working capital			
Change in trade and other receivables		-18.8	-12.6
Change in inventories		-0.5	-1.1
Change in trade and other payables		21.1	13.1
Dividends paid for business operations [1]		-4.6	-11.1
Dividends, interest and other finance income received		0.3	0.2
Taxes paid		-19.2	-13.9
Total cash flow from operating activities [2]		**243.2**	**202.0**
Cash flow from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	4.1	-107.7	-23.0
Escrow-accounts	4.1	-1.0	0.3
Investments in property, plant and equipment and intangible assets	4.2, 4.3	-51.1	-30.1
Disposal of property, plant and equipment and intangible assets	4.2, 4.3	1.8	0.4
Loan receivables increase (-) / decrease (+)		2.5	0.0
Sale of other investments		0.8	0.2
Total cash flow from investing activities		**-154.7**	**-52.2**

EUR million	Note	2021	2020
Cash flow from financing activities			
Share issue	5.2	8.5	0.8
Redemption of shares	5.2	-0.6	-0.4
Invested equity of non-controlling interests		0.1	0.6
Redemption of non-controlling interests		-0.1	
Proceeds from loans	5.4	104.6	150.0
Repayment of loans	5.4	-89.2	-104.1
Interests paid		-46.2	-46.9
Other financial expenses paid [2]		-4.4	-3.5
Repayment of lease liabilities	5.4	-69.0	-60.4
Interests paid for lease liabilities		-24.1	-23.9
Total cash flow from financing activities		**-120.6**	**-87.8**
Total cash flows		-32.0	62.1
Cash and cash equivalents at 1 Jan.		84.5	22.1
Effect of exchange rate difference		-0.1	
Other change in cash and cash equivalents		-0.0	0.3
Cash and cash equivalents at 31 Dec.	3.4	**52.3**	**84.5**

1) Dividends on business operations are dividends paid to the shareholders of OmaPartners Oy.
2) Payments for expert and advisory fees related to Pihlajalinna's tender offer are reflected in comparative period cash flow from operating activities and payments related to financing arrangements for the acquisition are shown correspondingly in comparative period cash flow from financing activities.

The notes are an integral part of the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL ACCOUNTING PRINCIPLES

The notes to the consolidated financial statements are grouped into sections according to the topic. The general basis of preparation of the consolidated financial statements is described as part of this section. The accounting principles that are closely related to a specific note are presented as part of that note. Notes on each section contain relevant financial information, description of the accounting principles and critical accounting estimates and assumptions applied for the individual note.

Symbols to explain notes to the financial statements:

Accounting principles

Critical accounting estimates and assumptions

1.1 Company information

Mehiläinen is a well-known and highly valued private provider of social and healthcare services, offering comprehensive high-quality services in Finland and internationally. 112-year-old Mehiläinen is a rapidly developing and growing leader in the industry. Mehiläinen invests in the possibilities of digitalization and the effectiveness and quality of care in all of its business areas. Mehiläinen serves 2.0 million customers annually, and services are produced at over 670 locations by more than 29,000 employees and private practioners. Internationally, Mehiläinen provides healthcare services in Estonia,Sweden and Germany, as well as digital healthcare software solutions through its subsidiary BeeHealthy.

Mehiläinen's ownership

Funds managed by CVC Capital Partners	56%
LocalTapiola Group	20%
Varma Mutual Pension Insurance Company	8%
The State Pension Fund of Finland (VER)	5%
Ilmarinen Mutual Pension Insurance Company	4%
Apteekkien Eläkekassa	0.6%
Valion Eläkekassa	0.4%
Other investors and private persons, total	6%

The ultimate shareholders of Mehiläinen Group (later Mehiläinen or Group) are limited partnerships with CVC Capital Partners VII Limited acting as General Partner. Other shareholders include LocalTapiola Group, Varma Mutual Pension Insurance Company, The State Pension Fund of Finland (VER), Ilmarinen Mutual Pension Insurance Company, Apteekkien Eläkekassa and Valion Eläkekassa (both pension funds) and Group personnel.

The Group's parent company is Mehiläinen Konserni Oy, domiciled in Helsinki. The ultimate parent company of Mehiläinen Konserni Oy is Finnish Healthcare Services S.à r.l., established in Luxembourg. A description of the structure of Mehiläinen Group is provided in note 6.1. Copy of the consolidated financial statements of Mehiläinen is available at Pohjoinen Hesperiankatu 17 C, 00260 Helsinki, Finland and from internet address.

These financial statements were approved by the Board of Directors of Mehiläinen Konserni Oy at a meeting held on 8 February 2022. Under the Finnish Limited Liability Companies Act, shareholders may adopt or reject the financial statements at the Annual General Meeting to be held after the publication of the statements.

1.2 Basis of preparation

Mehiläinen's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements have been prepared in accordance with the IAS and IFRS standards as well as IFRIC and SIC interpretations effective on 31 December 2021. The notes to the consolidated financial statements also comply with the Finnish accounting standards and corporate legislation which are complementary to the IFRS regulations.

The functional and presentation currency of the Group's parent company and its subsidiaries is euro, except for Swedish subsidiaries acquired in December 2020 and during financial year 2021, and the consolidated financial statements are presented in million of euros.

The Group's business operations are primarily carried out in Finland and therefore typically denominated in euros. Any transactions in foreign currencies have been recognised in the functional currency using the exchange rate prevailing on the transaction date. Monetary foreign currency items are translated into the functional currency using the rates prevailing on the closing date of the reporting period. Exchange rate gains and losses arising from foreign currency transactions and the translation of monetary items are recognised in profit or loss. Non-monetary items are measured at the prevailing rates at the transaction date. Exchange rate gains and losses on business transactions are included in the respective items above operating profit.

The consolidated financial statements have been prepared on the historical cost basis, except for the items measured at fair value as required by the standards. The preparation of IFRS financial statements requires the Group's management to make estimates and assumptions as well as judgment in connection with, among other things, the application of accounting principles.

In the consolidated financial statements, the Group classifies assets and liabilities applying the current/non-current distinction. The Group classifies an asset as current when it expects to realise the asset within twelve months after the reporting period. Other assets are classified as non-current. The Group classifies a liability as current when it matures for repayment within twelve months after the reporting period or when the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Other liabilities are classified as non-current.

1.3 Changes in accounting principles

Mehiläinen has adopted following amendments to the standards from 1 January 2021 onwards:

- In April 2021, the IFRS Interpretations Committee (IFRIC) issued a final agenda decision on the accounting treatment of configuration and customization costs for acquired cloud services. In its decision, the IFRIC considered whether the customer would recognize an intangible asset in accordance with IAS 38 and, if the intangible asset is not recognised, how the customer would account for the costs of setting up the system. Agenda decisions do not have an entry into force, so they are expected to apply as soon as possible. Mehiläinen has cloud service arrangements in place. The accounting principles applied have been analyzed and specified for the implementation phase of the systems, and possible effects have been taken into account in the 2021 financial statements.

- Amendments to IFRS 16 Leases. As a direct consequence of the continued Covid-19 pandemic, the IASB extended the period of a relief to lessees from applying IFRS 16 guidance on lease modifications to rent concessions. Mehiläinen has elected not to use this practical expedient.

- Amendments to IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases. The 2nd phase amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest ratio (RFR). A practical expedient requires contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate. If any other changes made at the same time are assessed as substantial, the instrument is derecognised. If not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument to profit or loss. The reference rate reform has not had an impact on Mehiläinen.

1.4 Adoption of new and amended standards and interpretations

The International Accounting Standards Board has announced the following new or amended standards and interpretations, which the Group has not yet adopted. The Group will apply each standard and interpretation as of its effective date or, if the effective date is some other date than the first day of the accounting period, as of the beginning of the financial year following the effective date.

- Amendments to IFRS 3 Business Combinations (effective for accounting periods beginning on or after 1 January 2022). The amendments add an exception to the recognition principle in IFRS 3 to avoid gains or losses on the acquisition of any liabilities after the acquisition date. The exception requires the Group to apply the criteria in IAS 37 or IFRIC 21, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendment also clarifies IFRS 3 to the extent that contingent assets do not qualify for recognition.

- Amendments to IAS 16 Property, Plant and Equipment (effective for accounting periods beginning on or after 1 January 2022). The amendments prohibit deducting any proceeds received from the cost of Property, Plant and Equipment before the intended use.

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective for accounting periods beginning on or after 1 January 2022). The amendments clarify which type of costs are included in the cost of fulfilling a contract when assessing whether a contract is onerous. The cost of fulfilling a contract include both incremental costs and an allocation of other direct costs.

- Amendments to IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2022). The annual improvement clarifies the 10% fees in a test to determine whether new or modified financing qualifies for derecognition of financial liabilities. The fees include only those paid between the borrower and the lender.

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for accounting periods beginning on or after 1 January 2023). The amendment introduces a new definition of accounting estimates to distinguish them more clearly from changes in accounting policies and corrections of errors. An accounting estimate would be a change in input or valuation technique from a certain point in time.

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (effective for accounting periods beginning on or after 1 January 2023). Significant accounting principles will be replaced by material accounting principles. The amendment also includes guidance and examples for assessing materiality in the presentation of accounting principles.

- Amendments to IAS 12 Income taxes (effective for accounting periods beginning on or after 1 January 2023). The amendment narrows the scope of the initial recognition exception of deferred taxes so that it no longer applies to transactions which give rise to an equal temporary difference between taxable and deductible taxes. It would apply to assets and liabilities arising from individual transactions, such as right-of-use assets and lease liabilities or asset retirement obligations and corresponding asset components, if their deferred taxes are not equal. The effect on deferred taxes would be presented from the beginning of the earliest comparison year.

- Amendments to IAS 1 Presentation of Financial Statements (effective tentatively for accounting periods beginning on or after 1 January 2024). The amendments clarify that the Group has the right to defer settlement of a liability at the end of the reporting period if it meets the conditions specified on that date. The classification of a liability as current or non-current is unaffected by the likelihood that the Group will exercise its deferral right.

The above listed or other standards that become effective on or after 1 January 2022 are not expected to have an impact on Mehiläinen's consolidated financial statements.

1.5 Critical accounting estimates and assumptions

To prepare the financial statements in compliance with the IFRS standards requires management to make certain estimates and assumptions, as well as to exercise judgement in the application of the accounting principles. These affect the amounts of assets and liabilities in the statement of financial position, the presentation of commitments and contingent assets and liabilities in the financial statements, and the income earned and expenses incurred in the financial year.

Management's estimates and assumptions are based on past experience and a range of other assumptions that are considered reasonable under the current circumstances. Actual result may differ from these estimates and assumptions.

Further information on the judgements used by the management in applying the Group's accounting principles that have the most significant impact on the figures presented in the financial statements, is provided in the following sections:

	Note
Determination of lease-term and use of options	3.1
Determination of the fair value of the assets acquired and liabilities assumed in a business combination and the contingent consideration	4.1
Assumptions used in impairment testing	4.5
Taxable income and deferred tax assets	7.1, 7.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. FINANCIAL PERFORMANCE

2.1 Revenue

The Group's revenue streams consist of payments related to the sale of healthcare and social care services and combinations of services provided.

Healthcare services

Private services
- Physician services
- Diagnostics
- Hospitals
- Dental care
- Working Life Services
- Mental health services and psychotherapy
- Physiotherapy and well-being services
- Digital healthcare services

Public services
- Health centers with freedom of choice
- Outsourced services
- Public dental care
- Emergency care services and staffing
- Home care services
- Publicly funded therapy services

Social care services

- Residential care services for the elderly
- Mental health and substance abuse rehabilitation
- Residential care services for the disabled
- Child welfare services

Healthcare services consist of both private and public healthcare services. The performance obligations of private healthcare services are mainly related to the services provided in connection with customer visits. The performance obligations of public healthcare services relate to the delivery of obligations agreed in an outsourcing or purchase service agreement or to hiring of staff to a public body or services taken directly to end customer's home. In social care services, performance obligations relate to housing services, institutional and open services and individual additional services charged separately.

Corporate clients

- Occupational healthcare clients
- Insurance company clients
- Other corporate clients

Private clients

- Private persons

Public sector customers

- Municipalities
- Joint municipalities
- Hospital districts
- Public administration

The Group sells services to companies, insurance companies, associations and foundations, private individuals and public entities. Public sector customers include public sector organizations when subscribing social and healthcare outsourcing services, residential care services, occupational healthcare services and employment services.

Transaction prices are based on a general price list or customer-specific contracts. Revenue is recognised to the extent that the Group expects to be entitled to the services it provides. When determining the amount of sales revenue, the Group considers the terms of the contract with the customer and its usual business practices. The Group's contracts include a range of variable price components, such as bonuses, sanctions or target prices. The Group estimates the variable price components effect to the amount of recognised revenue, for example, based on historical data and demand for services, and then determines the most probable value.

Performance obligations are realised mainly at a certain point of time in connection with the use of the service or during the contract period. Payments from a long-term contracts are recognised over time if the contract includes the readiness to provide pre-determined services to, for example, the population living in a particular area. In this case, the customer simultaneously receives and consumes the benefit when Mehiläinen provides the service.

Regarding the private practitioners' services in Mehiläinen premises, the Group acts as a principal and recognises the practitioners' invoicing in its revenue and the cost of practitioners' services in materials and services.

Mehiläinen sells the platform solution it has developed to other international operators in the industry. The platform solution is delivered as a cloud service (Software as a Service, SaaS) and can be integrated into the customer's systems on a case-by-case basis. The software service includes the right to use the platform solution, localisation according to the customer's needs and the maintenance of the service. The commissioning project involves capitalized assets, and the sales revenues related to the opening operations are recognised evenly over the contract period. Transaction type revenues based on the use of the service and the actual number of users are recognised on a monthly basis based on the validity of the agreement.

In connection with outsourcing contracts, the subscriber can grant Mehiläinen the use of their goods or services in order to promote service production. In this case, Mehiläinen examines whether it gains control over the goods or services provided and, if so, the goods or services are treated as non-monetary consideration received from the contracting party.

As part of the outsourcing contracts, Mehiläinen may obtain, free of charge, the public entity's infrastructure or the part of it operating in the outsourcing service. Infrastructure may include, for example, buildings, machinery, equipment and facilities. IFRIC 12 Service Concession Arrangements applies to the recognition of outsourcing contracts if the outsourcing party decides on the scope and pricing of the services provided by Mehiläinen, and Mehiläinen returns the infrastructure free of charge at the end of the outsourcing contract. In this case, Mehiläinen is not considered to have control over the goods received free of charge from the public body.

Mehiläinen uses a practical expedient for presenting the transaction price allocated to remaining performance obligations on the reporting date. The Group's remaining performance obligations, which are still outstanding at the reporting date, are generally part of a contract with an initial expected duration of one year or less, or the revenue recognised corresponds to the value of Mehiläinen's performance to the customer by the time of review. The Group's customer contracts do not include significant financing components or incremental expenses arising from obtaining the contracts.

Contract assets are presented in connection with Note 3.3 and contract liabilities in connection with Note 3.5. Additional information on the Group's trade receivables is presented in Note 5.3.

TOTAL REVENUE DISTRIBUTION

67.4% Healthcare services - Finland

29.9% Social care services

2.7% Healthcare international

Revenue by businesses

EUR million	2021	2020
Healthcare services - Finland	943.2	772.7
Social care services	418.3	389.3
Healthcare international	37.4	0.5
Total	**1,398.9**	**1,162.5**

The Group's revenue consist of three line of business. Measured by revenue, healthcare services is the largest business, accounting for 70.1 percent of the total revenue. Healthcare international is reported for the first time as a separate business and its revenue consists of companies acquired in Estonia, Sweden, Germany and digital healthcare services for international customers.

Revenue by customers

EUR million	2021	2020
Corporate customers	357.6	306.3
Private customers	320.8	260.0
Public sector customers	720.6	596.2
Total	**1,398.9**	**1,162.5**

Mehiläinen's customer base consists of a large number of customers in several line of business and no individual customer represents a material share of the total revenue. Public sector customers are the largest customer group, which includes municipalities and cities, hospital districts and associations of municipalities. The revenue of the public sector customer group has been increased by, among other things, the start of service production of the Päijät-Häme Welfare Association (PHHYKY) central social services on 1 January 2021.

2.2 Other operating income

Other operating income includes income outside normal service production. For example:

- rental income from subleased unused premises,
- government grants for developing services and other government grants,
- indemnity received from insurance companies,
- capital gains from sale of tangible and intangible assets and businesses; and
- income from revaluation of additional purchase price considerations

EUR million	2021	2020
Rental income from sublease	2.0	0.9
Gains on sale of intangible and tangible assets and investments	2.2	0.8
Other income	6.0	3.0
Total	**10.2**	**4.7**

Government grants are recognised as accrued income in the statement of financial position when such grants are probable and the Group satisfies the eligibility criteria. The grants are recognised as income for the period in which the expenses covered by the grant are incurred.

Other income includes damage insurance compensations which were on higher level in 2021 compared to previous year. In addition, the municipalities and hospital districts that subscribe to the services have reimbursed the Group for part of the costs caused by COVID-19. Negotiations are ongoing for several parties.

2.3 Materials and services

Materials and services include costs directly related to service production. Purchases include purchases of materials, supplies and goods used in the service production. Due to the services produced without VAT, Mehiläinen cannot deduct the majority of the VAT related to purchases, but records it in full as an expense.

General and specialist doctors, dentists, physiotherapists, nutritionists, psychologists, psychotherapists and other healthcare professionals work as private practitioners at Mehiläinen's premises. Mehiläinen purchases subcontracting services from professionals for its own service offering.

EUR million	2021	2020
Raw materials and consumables		
Purchases during the period	77.4	72.3
Change in inventories	-0.5	-1.1
Private practitioners' services	210.2	182.0
Other external services	78.4	63.6
Total	**365.6**	**316.8**

Other external services include e.g. purchases of health and dental care services, purchases of food services, purchases of occupational well-being services, purchases of rental and washing of use textiles for residents and staff, labor hire costs and costs related to COVID-19 testing and laboratory collaboration.

2.4 Employee benefit expenses

Healthcare professionals work in the Mehiläinen Group as employees or private practitioners. The fees to practitioners are included in materials and services and presented in note 2.3.

The right of OmaPartners Oy shareholder practitioners to draw funds from the company as a dividend at a later date based on their work performance in the reporting period is treated as a short-term employee benefit expense in the statement of income because in accordance with IFRS it is considered a remuneration in exchange for rendered employee service. Liability to the shareholders is included in other current liabilities in the statement of financial position.

Short-term employee benefits are recognised in the period in which they arise. Incentive and performance bonuses are recognised as expenses when the obligation to make the payments arises and the amounts can be reliably estimated. The Group does not have any share-based incentive plans.

Upon termination of employment, an expense is recognised if the Group has a constructive obligation to make the payment before the termination of employment. If the purpose of the arrangement is voluntary termination, the costs are recognised in the statement of income when the acceptance of such an arrangement is certain and the number of employees can be reliably estimated.

The Group has defined contribution plans with external insurance companies in respect of which the Group does not have a legal or constructive obligation to make additional payments in case the payment recipient is unable to pay the pension benefits. The contributions payable under defined contribution plans are recognised as expenses in the statement of income for the period to which the payments relate.

Private practitioners are responsible for their own social security expenses and pension contributions.

11,281
Average number of personnel

12,492
Number of personnel at the end of the period

EUR million	2021	2020
Salaries and fees	534.0	441.7
Pension expenses, defined contribution plans	88.0	64.8
Other personnel expenses	23.5	15.3
Total	**645.5**	**521.8**

The salaries and fees paid by Mehiläinen to its personnel include fixed and variable basic salaries, bonuses, performance bonuses and fringe benefits. In comparison year due to the economic downturn caused by the COVID-19 pandemic, the employer's employment pension contributions were temporarily reduced by 2.6 percentage points between May and December 2020.

The amendment to the law will change the tax treatment of work-based dividends to be paid from 2021 onwards. Personnel expenses will also be taken into account from the contribution to employee benefits recognised at the Group level.

Number of personnel (full-time equivalents)	2021	2020
Average number of personnel	11,281	9,461
Number of personnel at the end of the period	12,492	9,897

The number of people working in Mehiläinen as private practitioners is not included in the number of personnel stated above.

See note 7.3 for information on the remuneration of the key management.

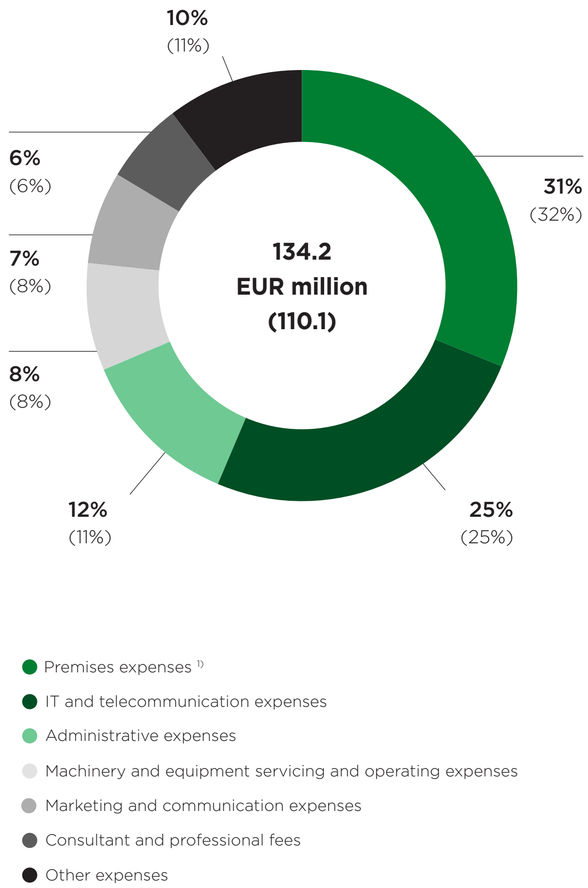
2.5 Other operating expenses

Other operating expenses include expenses other than the cost of goods sold, such as premises, IT and telecommunication, administrative, maintenance and operating for machinery and equipment, and marketing and communication. In addition, lease payments recognised in the statement of income on leases classified as short-term leases or leased assets classified as of low value are included in other operating expenses as well as non-index-based variable leases recognised as an expense. Other operating expenses also include losses arising from the disposal of tangible and intangible assets. Due to the services produced without VAT, Mehiläinen cannot deduct the majority of the VAT related to other operating expenses, but records it in full as an expense.

EUR million	2021	2020
Rents		
Short-term leases and low value assets	5.3	5.0
Variable rents	5.8	4.9
Premises	31.0	25.6
IT and telecommunication	33.4	27.5
Administrative	15.6	11.9
Maintenance and operating costs of machinery and equipment	10.8	8.6
Marketing and communication	9.9	8.3
Consultant and professional fees	8.1	6.6
Other expenses	14.3	11.7
Total	**134.2**	**110.1**
Auditor's fees (Ernst & Young Oy)		
Audit fees	0.7	0.5
Tax advisory	0.2	0.3
Other fees	1.1	0.0
Total	**2.0**	**0.9**

Other operating expenses

%



1) Includes IFRS 16 short-term leases and low-value assets and variable leases recorded as an expense

Other operating expenses increased across the board. The increase was mainly due to acquisition related costs, revaluations of additional purchase prices, training and staff recruitment. The comparison period includes expert and advisory fees arising from Pihlajalinna's public tender offer.

Net cash flow from operating activities

243.2
EUR million

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. OPERATING ASSETS AND LIABILITIES

3.1 Right-of-use assets

Mehiläinen acquires almost all of its premises by renting. The Group also leases machinery and equipment as well as cars for its business use. IFRS 16 standard includes exemptions concerning leases of less than 12 months and low-value assets. The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Mehiläinen recognises the lease payments associated with these leases as an expense over the lease term.

The right-of-use asset is based on the lessee's right to use the asset and the lease liability on the lessee's obligation to pay lease payment. The right-of-use asset is recognised at the present value of the future lease payments, using the interest rate on the additional loan as the discount rate, in which case the value of the right-of-use asset equals the amount of the lease liability at the time of the agreement. The share of the service is separated. Options to extend the lease and penalties for terminating the lease are included in the lease term only when their exercise is reasonably certain. Variable rents due to the index are included in the right-of-use assets and the lease liability. Restoration costs are included in the original value of right-of-use assets.

In fixed-term contracts, the lease-term is the end of the term, which corresponds to the non-cancellable period of the standard. The lease term of leases valid until further notice is estimated and possible extension options, which are assumed to be excercised, are added to the lease period. The notice period is also counted as part of the lease period. If the lease is based on a framework agreement with the customer, it is taken into account when determining the lease term. The start date of the lease is the day on which the property is made available to Mehiläinen. For example, for new development, this means disclosing the lease liability in the notes until operations on the premises begin.

The lease liability is remeasured and adjusted against the right-of-use asset if the cash flow in accordance with the original terms and conditions of lease changes. The lease liability is remeasured at the effective date of lease modification, and the consequent change is recognised as an adjustment to the right-of-use asset. If the reduction in lease liability exceeds the right-of-use asset, the difference is recognised in profit or loss.

Depreciation and impairment of right-of-use assets are presented in Note 4.4. Additional information on lease liabilities related to right-of-use assets is provided in Notes 5.3 and 5.4. Rents recognised as an expense are presented in Note 2.5 and rental income from subleases in Note 2.2.

Determination of lease-term and use of options

The management uses judgement in determining lenght of the lease-term in accordance with IFRS 16. Generally, temporary lease contracts are presumed to end by the end of the term specified in the agreement. In the agreements valid until further notice, the assumed termination date of the lease is the presumed end date. The use of renewal options is based on case-by-case judgement on the expected outcome.

	2021			2020		
EUR million	Buildings and land	Machinery and equipment	Total	Buildings and land	Machinery and equipment	Total
Cost at 1 January	**828.8**	**3.1**	**831.9**	**771.5**	**3.4**	**774.9**
Business combinations	49.8	0.3	50.1	3.2		3.2
Additions	53.1	1.3	54.4	61.5	0.5	62.0
Disposals	-22.8	-1.5	-24.2	-25.4	-0.8	-26.3
Increase/decrease due to revaluation	37.5	0.1	37.6	17.9	0.1	18.1
Exchange differences	0.0	0.0	0.0			
Cost at 31 December	**946.4**	**3.4**	**949.8**	**828.8**	**3.1**	**831.9**
Accumulated depreciation and impairment losses at 1 January	**-377.1**	**-2.0**	**-379.2**	**-335.1**	**-1.8**	**-336.9**
Depreciation for the financial year and impairment losses	-71.6	-1.0	-72.7	-67.3	-1.0	-68.3
Accumulated depreciation on disposals	22.8	1.5	24.2	25.2	0.8	26.0
Accumulated depreciation and impairment losses at 31 December	**-426.0**	**-1.6**	**-427.6**	**-377.1**	**-2.0**	**-379.2**
Carrying amount 31 December	**520.4**	**1.8**	**522.2**	**451.6**	**1.1**	**452.7**

Mehiläinen invests in rental properties, among other things, by building new business premises and expanding existing premises. New medical centers were opened in Espoo, Kajaani, Rovaniemi and Vaasa, and from the beginning of 2022 in Tikkurila, Vantaa. In addition, existing offices were expanded in Mikkeli, Lahti, Kuopio and Rauma.

3.2 Inventories

The Group's inventories include materials and supplies required for the rendering of services. Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less direct costs necessary to make the sale. The cost of inventories is based on the first-in, first-out principle. Any need for write-downs is assessed when the net realisable value is determined.

EUR million	2021	2020
Materials, supplies and consumables 1 Jan.	6.9	5.8
Business combinations	0.8	0.0
Change in inventories	0.5	1.1
Total	**8.2**	**6.9**

3.3 Trade and other receivables

Trade receivables are carried at original invoiced amount less any impairment losses. The impairment of trade receivables is estimated based on the expected credit losses over the term in accordance with IFRS 9. The Group has applied the standard's simplified approach for recognising impairment of trade receivables using the provision matrix based on historical loss rates. In addition, impairment is recognised, if there is other evidence of a debtor's insolvency, bankruptcy or liquidation. Any impairment loss of trade receivables is recognised as an expense in other operating expenses. If an item previously recognised as an expense is subsequently settled, it is recognised to deduct other operating expenses.

When Mehiläinen produces a performance obligation by delivering goods or services to the customer before the customer pays the consideration or the payment is due and the right to the the consideration is conditioned on something other than the passage of time, the agreement is presented in the financial statements as a contract asset. Contract assets are included in the assessment of expected credit loss in accordance with IFRS 9.

EUR million	2021	2020
Current		
Trade receivables	117.0	94.3
Prepaid expenses and accrued income		
Contract assets	12.4	5.2
Personnel related deferred expenses	0.0	0.0
Other prepaid expenses and accrued income	10.8	7.7
Loan receivables	0.0	0.9
Escrow accounts receivables	1.0	
Other receivables	1.9	0.7
Total	**143.0**	**108.9**

See note 5.3 for additional infomation on the credit risks related to trade receivables.

3.4 Cash and cash equivalents

EUR million	2021	2020
Cash and cash equivalents	52.3	84.5
Total	**52.3**	**84.5**

Cash and cash equivalents consist of cash, demand deposits and other current, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Items classified as cash and cash equivalents have a maximum maturity of three months from the date of acquisition. Acquisition related escrow accounts are presented under non-current or current receivables.

3.5 Trade and other payables

EUR million	2021	2020
Current		
Trade payables	32.8	29.7
Accrued expenses and deferred income		
Personnel related accrued expenses	107.4	86.7
Contract liabilities	3.5	1.6
Other accrued expenses and deferred income	8.3	5.8
Other liabilities		
Unpaid private practitioners' services	32.5	25.8
Contingent considerations (acquisition related)	10.1	2.1
Acquisition related purchase price liabilities	1.0	0.4
Escrow account liabilities	1.0	
Other liabilities	22.3	14.6
Total	**218.9**	**166.7**

Further information on contingent considerations and acquisition related purchase price liabilities are presented in Note 4.1.

3.6 Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, or a financial loss can be measured reliably. The amount recognised as a provision corresponds to management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. In situations where the time value of money is material, provisions are discounted according to estimated future cash flows.

A provision is recognised for onerous contracts when the expenses necessary to meet the obligations exceed the benefits to be derived from the contract. A restructuring provision is recognised when the Group has a detailed formal plan and its implementation has begun or the key points of the plan have been communicated to those affected by the plan. A restoration provision is recognised when the Group has a contractual obligation to return the land or premises to their original condition.

	2021		
EUR million	**Onerous contracts**	**Other provisions**	**Total**
1 January	**1.5**	**1.5**	**2.9**
Additions	0.1	0.2	0.3
Business combinations		0.7	0.7
Provisions used	-1.5	-1.4	-2.8
31 December	**0.1**	**1.0**	**1.0**

	2020		
EUR million	**Onerous contracts**	**Other provisions**	**Total**
1 January	**1.8**	**0.6**	**2.3**
Additions	1.1	1.2	2.4
Provisions used	-1.4	-0.4	-1.8
31 December	**1.5**	**1.5**	**2.9**

Onerous contracts are expected to be realised by the first quarter of 2022 and other provisions during 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. ACQUISITIONS AND CAPITAL EXPENDITURE

4.1 Business combinations

When the Group acquires assets either through acquisition or other arrangements, the management evaluates the true nature of the assets and related business to determine whether the transaction is considered as a business combination.

When an asset item or group of assets does not constitute a business, the acquisition is not treated as a business combination. In such a case, the Group recognises the acquisition as individual identifiable assets and the liabilities assumed. Cost is allocated to the individual assets and liabilities in proportion to their fair value at the time of the acquisition. No goodwill is generated as a result of such a transaction.

Acquisitions of assets and liabilities constituting a business are accounted for as business combinations. The Group recognises business combinations using the acquisition method. The accounting method is the same irrespective of whether the Group acquires the shares of the company or its business operations in full or in part. The identifiable assets acquired and liabilities assumed are measured at fair value as of the acquisition date. Acquisition-related costs are recognised in the statement of income under other operating expenses.

The classifications or determinations related to business combinations are made based on the terms of contract, economic conditions, the operating or accounting principles applied by the Group, and other pertinent circumstances prevailing at the time of acquisition.

If the initial accounting for a business combination can be determined only provisionally by the end of the first reporting period, the Group discloses these business combinations using provisional amounts. Adjustments to provisional amounts, and the recognition of newly identified asset and liabilities, is made within the measurement period where they reflect new information obtained about facts and circumstances that were in existence at the acquisition date. The measurement period does not exceed one year from the acquisition date.

Goodwill arising on the acquisition of foreign operations and the fair value adjustments of assets and liabilities made upon their acquisition are treated as assets and liabilities of these foreign operations and translated into euros at the rate of the acquisition date.

Determination of the fair value of contingent consideration and assets acquired and liabilities assumed

In significant business combinations, the Group uses an external advisor to determine the fair values of the assets acquired and liabilities assumed. Where possible, the fair values of acquired assets and liabilities are determined based on available market values. If market values are not available, the valuation is based on the asset's estimated ability to generate income and its future use in Mehiläinen's business. In particular, the measurement of intangible assets is based on the present values of future cash flows and requires management's estimates of future cash flows, discount rates and the use of assets.

The acquisition-date fair value of contingent consideration is recognised as part of the consideration transferred. When contingent consideration is classified as a financial liability, it is recognised at fair value at the end of the reporting period and the change in fair value is recognised to profit or loss.

Management estimates that the estimates and assumptions used are sufficiently accurate determining fair value. In addition, the Group regularly reviews possible indications of impairment of tangible and intangible assets.

In 2021, Mehiläinen has grown through acquisitions. The acquisitions have diversified the Group's range of services, strengthened the Group's market position, expanded the unit network in Finland and Sweden and opened a foothold in Estonia and Germany. Some of the acquisitions in 2021 include contingent considerations. The contingent considerations have been determined using the income approach. The goodwill arising from the acquisitions is based on the expected operational and administrative synergies.

Healthcare services - Finland

Acquiree	Acquisition date	Line of business	Home municipality
Psykologipalvelu Poiju Oy	1 January 2021	Psychological services	Vantaa
Länsituulen Hammaslääkäriasema Ky business	1 January 2021	Dental care services	Espoo
City of Rauma occupational healthcare business	1 January 2021	Occupational healthcare services	Rauma
Hammaslääkäri Esko Inkinen Ky business	18 January 2021	Dental care services	Kouvola
Bulevardin Klinikka Oy Group	1 March 2021	Specialist medical services	Helsinki
Hippo Terapiapalvelut Oy	1 May 2021	Speech and occupational therapy, psychological and psychotherapy services	Jyväskylä
Diagnos Terveyspalvelut Oy	1 May 2021	General and specialist medical services	Helsinki
Hammaspalvelu Jari Heiskanen business	3 May 2021	Dental care services	Kajaani
Apila Terveys Oy Group	3 June 2021	Occupational healthcare services	Lahti
Kommunikointikeskus Arki Oy	1 August 2021	Speech therapy services	Vantaa
Kipinä Terveys Osuuskunta occupational healthcare and medical center business	1 September 2021	Occupational healthcare and medical services	Lahti
Hannan Hammashoitola Ky dental care services	1 September 2021	Dental care services	Isokyrö
Aurora Hammaslääkärit Oy	1 October 2021	Dental care services	Vaasa
Ikihammas business	1 October 2021	Dental care services	Rauma
Kokkolan kuntoutusasema business	1 October 2021	Physiotherapy and rehabilitation services	Kokkola
Hammaslääkäripalvelut A. Lehtisalo business	1 December 2021	Dental care services	Kouvola
Debora Group Oy Group	7 December 2021	Homecare, personal assistance, physiotherapy, cleaning services and nurse rental services	Helsinki

Social care services

Acquiree	Acquisition date	Line of business	Home municipality
Aurinkokulma Oy	1 April 2021	Housing services and day activities for the disabled	Pori
Vetrea Terveys Oy Group	1 December 2021	Housing services for the elderly and disabled	Iisalmi

Healthcare international

Acquiree	Acquisition date	Line of business	Home municipality
DenCap OÜ Group	1 April 2021	Occupational healthcare services and dental care services	Tallinn, Estonia
personlig engagerad arbetsmiljöpartner i väst AB	2 July 2021	Occupational healthcare services	Gothenburg, Sweden
Söderdoktorn AB	4 October 2021	Occupational healthcare services	Stockholm, Sweden
Care Joints AB	4 October 2021	Occupational healthcare services	Stockholm, Sweden
Tveta Hälsocentral AB	4 October 2021	Occupational healthcare services	Stockholm, Sweden
MedIndoor AB	4 October 2021	Occupational healthcare services	Stockholm, Sweden
Doktor Kom Hem AB	20 October 2021	Occupational healthcare services	Stockholm, Sweden
Dalberg Klinik AG Group	12 November 2021	Specialist medical services	Fulda, Germany
Al Mare Clinic and KW Clinic businesses	1 December 2021	Dental care services	Tallinn, Estonia
Ugglan Vårdgruppen AB Group	1 December 2021	Occupational healthcare services	Gothenburg, Sweden

In 2021, the Group made three significant individual acquisitions and the related identifiable assets and liabilities and the consideration transferred are presented individually. Other acquisitions are presented combined. Of the December acquisitions, both Vetrea and Debora have been treated as preliminary acquisitions in accordance with IFRS 3.

		2021					2020
EUR million	Note	DenCap Group	Vetrea Group	Debora Group	Other	Total	Total
Assets							
Intangible assets	4.2	4.9	3.1	2.8	10.4	21.1	6.5
Right-of-use assets	3.1	6.1	30.0	0.8	13.2	50.1	3.2
Property, plant and equipment	4.3	5.1	1.4	0.5	1.9	9.0	1.4
Non-current receivables		0.0	0.3	0.1	0.1	0.5	0.0
Other financial assets			0.3	0.2	0.4	0.9	0.0
Deferred tax assets	7.2		0.8	0.8		1.6	0.2
Loan receivables	5.4	0.8			0.0	0.8	
Inventories	3.2	0.5			0.4	0.8	0.0
Trade and other receivables		2.4	3.6	4.5	6.6	17.1	2.2
Cash and cash equivalents		2.8	0.0	0.9	7.9	11.7	1.0
Total assets		**22.5**	**39.4**	**10.7**	**41.0**	**113.6**	**14.5**
Liabilities							
Interest-bearing liabilities	5.4	22.8	0.5	9.7	2.2	35.2	3.0
Lease liabilities	5.4	6.1	30.0	0.8	13.2	50.1	3.2
Other non-current liabilities	5.4			2.4	0.0	2.5	0.9
Provisions	3.6		0.6		0.0	0.7	
Deferred tax liabilities	7.2	1.3	0.6	0.5	2.1	4.5	1.2
Trade and other payables		5.4	5.2	4.3	9.9	24.8	3.5
Total liabilities		**35.5**	**36.9**	**17.8**	**27.5**	**117.7**	**11.9**
Total identifiable net assets		**-13.0**	**2.4**	**-7.1**	**13.5**	**-4.2**	**2.6**
Consideration transferred							
Cash consideration		34.4	18.8	5.5	59.1	117.8	21.6
Acquisition related purchase price liabilities / receivables			-0.2	1.7	0.5	2.1	0.1
Contingent considerations				1.0	5.4	6.4	4.1
Total consideration transferred		**34.4**	**18.5**	**8.3**	**65.0**	**126.3**	**25.9**
Purchase price paid to an escrow account					**0.8**	**0.8**	
Non-controlling interests					**0.1**	**0.1**	
Goodwill arising from the acquisitions		**47.4**	**16.1**	**15.3**	**52.4**	**131.2**	**23.3**

		2021					2020
EUR million	Note	DenCap Group	Vetrea Group	Debora Group	Other	Total	Total
Cash flow impact							
Cash consideration		34.4	18.8	5.5	58.7	117.4	20.9
Purchase price paid to an escrow account					0.8	0.8	
Cash and cash equivalents of the acquired entities		-2.8	-0.0	-0.9	-7.9	-11.7	-1.0
Additional purchase price paid from an escrow account							0.3
Purchase price, additional purchase price and net cash liabilities paid related to business combinations from previous years					1.9	1.9	2.8
Total cash flow impact		**31.6**	**18.8**	**4.6**	**53.4**	**108.4**	**23.0**

The total consideration paid for subsidiary and business acquisitions was EUR 108.4 (23.0) million. Contingent considerations recognised for the acquisitions amounted to EUR 6.4 (4.1) million in total. The contingent considerations are based on the development of EBITDA, business and customerships between 2021-2024. If all the contingent considerations that have not yet been paid on the reporting date were to be realized at the maximum amount stated in the purchase agreement, the amount of contingent consideration liabilities would be EUR 12.2 (9.3) million. As regards acquisitions with no limit for the maximum amount of contingent consideration, the related maximum contingent consideration is calculated at its balance sheet value. During 2021, the Group paid EUR 0.8 million in purchase price items to an escrow account in connection with acquisition. The asset transfer tax and advisor fees arising from subsidiary and business acquisitions, a total of EUR 3.3 (0.6) million, are recognised under other operating expenses in the statement of income.

Mehiläinen has continued its international growth and acquired DenCap Group. DenCap Group consists of two Estonian healthcare groups: Qvalitas (a leading provider of occupational health services) and Unimed (a leading provider of dental care services). The share transactions between Mehiläinen's subsidiary Mehiläinen Eesti OÜ and DenCap OÜ were signed on 5 March 2021 and approved by the competition authorities on 24 March 2021. The acquisition entered into force on 1 April 2021. Following the acquisition, DenCap OÜ has merged with Mehiläinen Eesti OÜ. The effect of DenCap Group acquisitions on the Group's revenue was EUR 26.9 million and on the profit EUR 1.7 million. If DenCap Group would have been consolidated to Mehiläinen Group from the beginning of 2021, Mehiläinen Group's revenue would have been EUR 9.0 million higher and result EUR 0.1 million lower.

Mehiläinen has purchased the share capital of Vetrea Terveys Oy in a transaction signed on 2 September 2021, and the approval of the competition authorities has been obtained on 4 November 2021. The acquisition has taken effect on 1 December 2021, and nine VetreaElo units, six elderly units and three developmental disability units have been transferred to Mehiläinen. These are in 14 different locations all over Finland. The acquisition supports the growth of Mehiläinen' social services network. The acquisition of Vetrea Group is presented as a preliminary acquisition. The effect of Vetrea Group on the Group's revenue was EUR 2.5 million and on the profit EUR -0.1 million. If Vetrea Terveys Group would have been consolidated to Mehiläinen Group from the beginning of 2021, Mehiläinen Group's revenue would have been EUR 36.8 million higher and result EUR 2.2 million lower.

In addition, Mehiläinen has acquired Debora Group, which provides services to be taken home. The transaction does not include children's family service functions, which will continue under old ownership at Debora Family Services Ltd. Debora is a nationwide service company operating in the social and health care sector, which mainly provides services in customers' own homes with 1,500 professionals from all over Finland. Debora Group's impact on the Group's net sales was 2.4 million euros and the result was -0.0 million euros. If Debora Group would have been consolidated to Mehiläinen Group from the beginning of 2021, Mehiläinen Group's revenue would have been EUR 23.2 million higher and result EUR 0.1 million higher.

The total effect of the acquisitions on the Group's revenue was EUR 59.1 (4.6) million and on the profit EUR 1.8 (0.1) million. The Group's revenue in 2021 would have been EUR 1,498.8 (1,178.3) million and result of the year EUR 23.5 (-0.1) million if the subsidiaries and businesses had been consolidated from the beginning of the 2021 reporting period.

Acquisition of Fysios

Finland's largest private physiotherapy Group, Fysios, will join Mehiläinen with a share transaction signed on 1 July 2021. The pioneer in physiotherapy services offers a wide range of physiotherapy-related services in more than 50 cities in more than 100 different locations. The Group employs about 800 therapy specialists. The aim of the transaction is to reform the industry by emphasizing the role of digital services. The competition authority approval for the transaction has been received on 20 January 2022 and the transaction has been closed on 1 February 2022.

Events after the reporting period are presented in note 7.4.

4.2 Intangible assets

Goodwill equals the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired company or business at the date of the acquisition. Goodwill is not amortised but it is tested annually for impairment. For impairment testing, goodwill is allocated to cash-generating units. Goodwill is recognised at cost less impairment losses, and more details are provided in Note 4.5. The goodwill generated from the acquisition of associated companies is included in the cost of the associate in the Group's statement of financial position.

Intangible assets having indefinite useful life are not amortised. They are tested for the impairment annually and always if there are implications of a possible impairment. These intangible assets include trademarks acquired in business combinations and they are recognised at the fair value of the acquisition date.

Intangible assets include trademarks and customer relationships acquired in connection with business combinations, as well as other intangible assets. Intangible assets acquired in a business combination are measured at fair value at the time of acquisition. Other intangible assets are capitalised at the original acquisition cost. Intangible asset is capitalised only if the acquisition cost of the asset can be determined reliably and if it is probable that the expected economic benefits associated with the asset will flow to the Group. After initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses.

Prepayments and work in progress are not depreciated but are tested annually for impairment.

Research costs are recognised as an expense. Development costs are capitalised when a development project is likely to generate economic benefits for the Group and the criteria established for commercial and technical feasibility are met. Development projects relate to development of OmaMehiläinen digital services and the development of the Group's subsidiary BeeHealthy's digital platform solution for the international market.

Service expenses related to the acquisition of IT systems are recognised in the statement of income. Implementation and customising costs are recognised as an asset and depreciated over the term of the service contract. The costs of information systems acquired as a service are recognized in profit or loss. The costs incurred for the implementation and customisation of information systems are recognised as an expense or amortized over the term of the service agreement, depending on the implementer of the implementation project. The integration portion of the systems controlled by the Group is capitalized in the balance sheet and depreciated over the term of the service agreement. During the financial year, the Group changed the accounting principle in this respect in accordance with the agenda decision of the IFRS Interpretations Committee.

Assets related to customer agreements are capitalized when the criteria are met and amortised during the expected term of the customer agreement.

Any gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and recognised in the statement of income under other operating income or expenses.

	2021					
EUR million	Goodwill	Trademarks	Customer relationships	Other intangible assets	Prepayments and work in progress	Total
Cost at 1 January	1,399.3	337.2	272.8	22.9	1.3	2,033.6
Business combinations	131.2	2.0	16.6	2.5		152.4
Additions				0.7	1.9	2.6
Disposals				-6.3		-6.3
Transfers between items	0.0		0.0	7.1	-1.3	5.9
Exchange differences	-0.3	0.0	-0.1	0.0	0.0	-0.4
Cost at 31 December	**1,530.2**	**339.2**	**289.4**	**26.9**	**1.9**	**2,187.7**
Accumulated amortisation and impairment losses at 1 January	0.0	-1.1	-77.1	-7.2		-85.4
Amortisation for the financial year and impairment losses	0.0	-1.2	-36.9	-9.9		-48.0
Accumulated amortisation on disposals and transfers between items				6.4		6.4
Exchange differences	0.0	0.0	0.0	0.0		0.0
Accumulated amortisation and impairment losses at 31 December	**0.0**	**-2.3**	**-114.0**	**-10.6**		**-126.9**
Carrying amount 31 December	**1,530.2**	**336.9**	**175.4**	**16.3**	**1.9**	**2,060.7**

	2020					
EUR million	Goodwill	Trademarks	Customer relationships	Other intangible assets	Prepayments and work in progress	Total
Cost at 1 January	1,375.9	336.1	267.9	15.2	0.9	1,996.0
Business combinations	23.3	1.2	5.0	0.3		29.8
Additions				7.2	1.3	8.5
Disposals			0.0	-0.2		-0.2
Transfers between items		0.0	0.0	0.3	-0.9	-0.5
Exchange differences	0.0	0.0	0.0	0.0		0.1
Cost at 31 December	**1,399.2**	**337.2**	**272.8**	**22.9**	**1.3**	**2,033.6**
Accumulated amortisation and impairment losses at 1 January	0.0	-0.7	-42.9	-3.3		-46.8
Amortisation for the financial year and impairment losses	0.0	-0.5	-34.2	-4.1		-38.8
Accumulated amortisation on disposals and transfers between items			0.0	0.2		0.2
Accumulated amortisation and impairment losses at 31 December	**0.0**	**-1.1**	**-77.1**	**-7.2**		**-85.4**
Carrying amount 31 December	**1,399.2**	**336.1**	**195.7**	**15.8**	**1.3**	**1,948.2**

4.3 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Costs include the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. With business combinations, the acquisition cost of a property, plant and equipment is its fair value at the time of acquisition.

Costs arising at later date are included in the carrying amount of an asset only when it is likely that the future financial benefit associated with the asset will benefit the Group and when the acquisition cost of the asset can be reliably determined. Ordinary costs of repair and maintenance are recognised as incurred. The residual value and useful life of assets is reviewed regularly and, if necessary, adjusted to reflect any changes in the expected economic benefit.

The improvement cost of leasehold premises is due to repairs and modifications necessary to make the premises suitable for the Group's business operations, and these costs are depreciated over the remaining term of the lease as specified in the lease agreement. If the lease is valid for an indefinite term, a specific assessment of useful life is made by the management.

Prepayments and construction in progress are not depreciated but are tested annually for impairment.

Property, plant and equipment is derecognised when disposed of or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included in other operating income or other operating expenses.

	2021				
EUR million	Buildings and land	Improvements to leasehold premises	Machinery and equipment	Prepayments and construction in progress	Total
Cost at 1 January	**20.3**	**40.2**	**69.5**	**6.2**	**136.3**
Business combinations	1.2	2.5	5.1	0.2	9.0
Additions	0.1	0.7	10.5	38.6	50.0
Disposals	-1.9	-9.4	-20.5		-31.8
Transfers between items	0.5	18.2	14.7	-39.3	-5.8
Exchange differences	0.0	0.0	0.0	0.0	0.0
Cost at 31 December	**20.2**	**52.3**	**79.4**	**5.7**	**157.6**
Accumulated depreciation and impairment losses at 1 January	-3.1	-13.3	-29.6		-45.9
Depreciation and impairment losses for the financial year	-1.1	-10.1	-18.1		-29.4
Accumulated depreciation on disposals and transfers between items	0.8	9.7	20.2		30.6
Exchange differences	0.0	0.0	0.0		0.0
Accumulated depreciation and impairment losses at 31 December	**-3.4**	**-13.7**	**-27.6**		**-44.7**
Carrying amount 31 December	**16.9**	**38.5**	**51.8**	**5.7**	**112.9**

	2020				
EUR million	Buildings and land	Improvements to leasehold premises	Machinery and equipment	Prepayments and construction in progress	Total
Cost at 1 January	**20.4**	**35.1**	**56.6**	**8.6**	**120.7**
Business combinations	0.9	0.4	0.1		1.4
Additions	0.0	0.8	8.8	10.3	20.0
Disposals	-1.0	-2.4	-2.3	-0.2	-5.9
Transfers between items	0.0	6.2	6.4	-12.5	0.2
Exchange differences		0.0	0.0	0.0	0.0
Cost at 31 December	**20.3**	**40.2**	**69.5**	**6.2**	**136.3**
Accumulated depreciation and impairment losses at 1 January	-1.3	-8.3	-15.8		-25.5
Depreciation and impairment losses for the financial year	-2.4	-7.3	-15.9		-25.6
Accumulated depreciation on disposals and transfers between items	0.6	2.4	2.1		5.1
Accumulated depreciation and impairment losses at 31 December	**-3.1**	**-13.3**	**-29.6**		**-46.0**
Carrying amount 31 December	**17.2**	**26.9**	**39.9**	**6.2**	**90.3**

4.4 Depreciation, amortisation and impairment losses

The amortisation periods for intangible assets with finite useful lives are mainly as follows:

- Trademarks 3-5 years,
- Customer relationships 2-15 years and
- Other intangible assets 2-10 years.

As a company and a name Mehiläinen has 112 years old history, thus, the Mehiläinen trademark has been assumed an indefinite remaining life-time. Impairment test is described in note 4.5.

The acquisition cost of property, plant and equipment is depreciated over their useful life using straight-line depreciation and the estimated useful lives of property, plant and equipment are mainly as follows:

- Buildings 10–30 years,
- Improvements to leasehold premises 3-15 years, and
- Machinary and equipment 3-10 years.

Right-of-use assets are depreciated on a straight-line basis over the lease term or their useful lives, whichever is shorter. Right-of use assets are depreciated:

- Buildings and land mainly 2-30 years; and
- Machinery and equipment 3-5 years.

The amortisation and depreciation period and method of assets are assessed at the end of the reporting period. If the expected useful life of an asset differs from previous estimates, the amortisation and depreciation period is adjusted accordingly. If there has been a significant change in the expected timing of the economic benefits embodied in the asset, the amortisation and depreciation method is changed to reflect the changed situation.

The Group assesses at each reporting date whether there is any indication that an asset may be impaired, and recognises an impairment loss if necessary. An impairment loss recognised in prior periods is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the most recent impairment loss was recognised.

EUR million	2021	2020
Intangible assets		
Amortisation	-48.4	-38.8
Property, plant and equipment		
Depreciation	-29.0	-24.3
Impairment losses	-0.0	-1.2
Right-of-use assets		
Depreciation	-72.4	-65.8
Impairment losses	-0.4	-3.0
Reversals of impairment losses	0.1	0.6
Total amortasation, depreciation and impairment	**-150.1**	**-132.6**

4.5 Impairment testing

Book value of assets are assessed to determine whether there are any indication of impairment at least at the end of each financial year. An impairment loss is recognised immidiately in the statement of income, if the carrying amount of an asset exceeds its recoverable amount and is never reversed. Recoverable amounts of goodwill, intangible assets having indefinite useful life and intangible assets not yet in use are determined annually, or more frequently if there are indications of impairment. Need for impairment testing is considered at the level of individual cash-generating units (CGU), which is the lowest unit level mainly independent of other units and the cash flows of which are separable and independent of cash flows of other corresponding units.

Impairment losses attributable to a CGU are recognised to reduce first the goodwill allocated to the CGU and, thereafter, the other assets of the unit pro rata based on their carrying amounts. Any earlier impairment is reversed if the estimates underlying the recoverable amount change. However, the value remaining after the reversal of impairment may not result in a carrying value that is higher than it would have been if no impairment had been recognised.

Assumptions used in impairment testing

In the impairment testing of the Group’s assets, the recoverable amounts of cash-generating units are determined on the basis of value in use. Cash flow projections are based on forecasts approved by the management which cover a period of five years. The preparation of calculations for the impairment testing requires estimates regarding the future which requires management judgement on the development of demand and supply, cost level, productivity and other uncertainties related to revenue and profitability. The discount rates reflect risk-free rates and other risk premiums which are derived from the market.

In impairment testing goodwill and trademarks with indefinite useful life are allocated to cash-generating units as shown in the table below, which are tracked by management and have their own budgets. As a result of internationalisation, goodwill has been allocated first time to healthcare international cash-generating unit consisting of Mehiläinen's companies located abroad and BeeHealthy's business operations.

	2021	
EUR million	**Goodwill**	**Trademarks with indefinite useful life**
Healthcare services - Finland	973.6	265.0
Social care services	489.2	68.9
Healthcare international	67.4	
Total	**1,530.2**	**333.9**

	2020	
EUR million	**Goodwill**	**Trademarks with indefinite useful life**
Healthcare services	929.8	265.0
Social care services	469.5	68.9
Total	**1,399.3**	**333.9**

Impairment of the goodwill

In the impairment testing of the Group's assets, the recoverable amounts of cash-generating units are determined on the basis of value in use. Impairment tests have been carried out from the situation at the end of October, as well as in the comparison year. Cash flow projections are based on forecasts approved by the management. Cash flows beyond the forecast period approved by the management have been extrapolated at a constant growth factor of 1.0 (1.0) per cent.

The key assumptions for impairment testing are the projected EBITDA%, the projected growth of revenue, the discount rate and the growth factor used in the post-forecast period extrapolation of cash flows. The projected EBITDA% and the growth of revenue are based on the latest forecasts approved by the management and its view of the market growth. Management views that these growth estimates reflect the long-term development of the business as forecast.

The discount rate is determined using the weighted average cost of capital which describes the total cost of equity and liabilities, taking into account the special risks associated with each asset. In five-year planning period used discount rates are presented in the enclosed table:

Discount rate before tax %	2021	2020
Healthcare services - Finland	6.66	6.21
Social care services	6.65	6.53
Healthcare International	6.85	

According to impairment testing, the recoverable amounts exceeded the carrying amount, and therefore no impairment recorded.

A sensitivity analysis was carried out for cash-generating units by changing each accounting assumption for the entire projection period as described below, other factors remaining constant. The table below shows the required change in a single assumption that would cause recoverable amount to decrease to be equal to its carrying amount.

Sensitivity analysis	Healthcare services - Finland	Social care services	Healthcare international
EBITDA-% decline	6.1 %-points	1.1 %-points	2.3 %-points
WACC increase	3.5 %-points	0.5 %-points	1.2 %-points
Growth factor decline	4.8 %-points	0.6 %-points	1.5 %-points

Equity ratio

32.3

%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCING AND CAPITAL STRUCTURE

5.1 Capital management

The equity shown in the consolidated balance sheet is managed as capital. The goal of capital management is to strive for a capital structure that enables the Group to ensure ordinary long-term and short-term operating conditions for its business. The most significant factors affecting the capital structure are the possible restructuring of the Group, acquisitions and investments, dividend policy and the profitability of the business. The development of the capital structure is monitored by the gearing ratio and by comparing interest-bearing net debt to EBITDA. No external capital requirements apply the Group.

5.2 Equity

The Group's equity consists of share capital, invested unrestricted equity fund, hedging reserve, currency translation difference, retained earnings and non-controlling interests.

The subscription price of the new shares is recognised in the invested unrestricted equity fund, unless, according to the share issue resolution, it is fully or partially subscribed to the share capital. Payments to the invested unrestricted equity fund can also be made without a share issue. Transaction costs directly attributable to the issue of new shares are recognised in equity, adjusted for tax effects.

The hedging reserve includes accumulated changes in the value of interest rate swaps in hedge accounting adjusted for deferred tax.

Currency translation differences arise from the translation of the equity of foreign operations ans the foreign operations' figures to be consolidated. The change in currency translation differences is presented in comprehensive income.

Dividends are recognised as a liability when the amount of dividend to be distributed has been approved by the Annual General Meeting.

	2021									
EUR million	No. of A-shares	No. of B-shares	No. of C-shares	No. of total shares	Share capital	Invested unrestricted equity fund	Hedging reserve	Currency translation difference	Retained earnings	Total
1 January	48,588,233	905,330,282	22,742,495	976,661,010	0.0	971.0	-10.1	0.0	-50.9	910.0
Share issues	1,004,535	7,679,568		8,684,103		8.9				8.9
Redemption of shares	-144,077		-419,642	-563,719		-0.6				-0.6
Transaction costs related directly to the issue of new shares, net of tax						-0.1				-0.1
Other changes							1.1	0.0	25.1	26.3
31 December	**49,448,691**	**913,009,850**	**22,322,853**	**984,781,394**	**0.0**	**979.1**	**-8.9**	**0.0**	**-25.7**	**944.4**

	2020									
EUR million	No. of A-shares	No. of B-shares	No. of C-shares	No. of total shares	Share capital	Invested unrestricted equity fund	Hedging reserve	Currency translation difference	Retained earnings	Total
1 January	47,629,534	923,819,030		971,448,564	0.0	970.4	-8.4		-54.8	907.3
Share issues	67,080	817,920		885,000		0.9				0.9
Redemption of shares	-186,553	-164,736		-351,289		-0.4				-0.4
Shares issued and own shares acquired as a results of the merger	1,078,172	-19,141,932	22,742,495	4,678,735	0.0				0.2	0.2
Transaction costs related directly to the issue of new shares, net of tax						-0.0			-0.3	-0.3
Other changes							-1.7	0.0	4.0	2.3
31 December	**48,588,233**	**905,330,282**	**22,742,495**	**976,661,010**	**0.0**	**971.0**	**-10.1**	**0.0**	**-50.9**	**910.0**

Mehiläinen Konserni Oy has 984,781,394 registered shares at the year end. The shares are divided to 49,448,691 A-shares, 913,009,850 B-shares and 22,322,853 C-shares. The shares are divided into classes that differ in accordance with the order of priority when distributing funds. In other respects, the company's shares provide equal rights in the company in accordance with the Articles of Association. The Group has no valid stock option programmes.

A total of EUR 8.9 million has been subscribed to the invested unrestricted equity fund during the financial year through paid-up directed share issues. Mehiläinen Konserni Oy has decided on paid directed share issues as follows:

- Pursuant to the share issue authorization issued on 21 December 2020, the company's Board of Directors has during the previous financial year decided on 30 December 2020 to issue a total of 353,328 new A-shares and 2,196,672 new B-shares for a total subscription price of EUR 2.6 million. The shares were subscribed for during the financial year.
- Pursuant to the share issue authorization issued on 21 December 2020, the company's Board of Directors has decided on 15 February 2021 to issue a total of 419,047 new A-shares and 1,511,453 new B-shares for a total subscription price of EUR 1.9 million.
- Pursuant to the share issue authorization issued on 21 December 2020, the company's Board of Directors has decided on 1 April 2021 to issue a total of 198,880 new A-shares and 2,001,120 new B-shares for a total subscription price of EUR 2.2 million.
- Pursuant to the share issue authorization issued on 17 September 2021, the company's Board of Directors has decided on 3 November 2021 to issue a total of 33,280 new A-shares and 1,970,323 new B-shares for a total subscription price of EUR 2.2 million.

The above-mentioned share issues are aimed at investors belonging to the company's personnel as part of the expansion of the company's ownership base.

During the financial year, Mehiläinen Konserni Oy acquired its own shares from private investors who have given up their holdings in the company. A total of 563,719 of the company's own shares have been repurchased, of which 144,077 are A-shares and 419,642 are C-shares. The consideration paid by the company for the shares has been the initial subscription price for 63,479 A-shares, i.e. EUR 1 per share, and for 179,388 C-shares EUR 1 plus a 10% return as defined in the company's Articles of

Association. The remuneration paid by the company for 80,598 A-shares and 240,254 C-shares has been EUR 1.12 per share. On 30 December 2020, the Board of Directors decided to cancel the own shares held by the company and 6,700,896 A-shares and 19,583,330 B-shares held by the company during the previous financial year.

Decisions related to share issues and the repurchase of own shares valid at the end of the financial year are described in the report of the Board of Directors and in the parent company's financial statements.

Related party is described more in Section 7.3.

5.3 Financial risk management

Risk management principles and process

Mehiläinen is exposed to various financial market risks, which are managed in accordance with the risk management measures and Treasury Policy approved by the Board of Directors. The main aim of Group’s finance function is to secure sufficient funding and to identify, measure and manage financial risks. The Group's financing is centralized to Mehiläinen Yhtymä Oy. The CFO of Mehiläinen is responsibility for the Group's financial risk management. The main financial risks include the interest rate risk, the liquidity and refinancing risk, and the credit risk.

Market risks

Interest rate risk

The Group is exposed to interest rate risk when changes in market interest rates and interest margins affect financial expenses, investment returns and the valuation of interest-bearing items. The most significant impact on the Group's interest rate risk is the loan arrangement. Mehiläinen syndicated loan agreements were signed in August 2018. The loan package was restructured in May 2021, when the old EUR 810 million first lien loan (interest margin 3.75%) and the EUR 200 million second lien loan (interest margin 7.25%) were repaid and replaced with a new loan of EUR 1 060 million, with an increase of EUR 50 million. The basic margin of the loan is 3.625 per cent and it may increase or decrease depending on how Mehiläinen achieves its sustainability goals.

The three sustainability goals included in the loan package are:

1. To continuously improve the quality of care services for the elderly. This is measured with the Quality Index, developed by Mehiläinen, which consists of five areas: individual care and support, safety, own cozy home, sense of community and participation, as well as tasty and healthy food

2. Very quick access to non-urgent care in public primary healthcare services provided by Mehiläinen. The indicator is the third available appointment (T3) within seven working days.

3. To reduce Mehiläinen’s carbon dioxide emissions in relation to revenue from the 2020 level every year for the entire Group.

If the sustainability targets are met, Mehiläinen is committed to spending the savings resulting from decreases in the interest margin on environmental and other sustainability investment.

Mehiläinen has EUR 1,060 million syndicated loans out of which 67.9 per cent are hedged. The interest rate derivatives are used to hedge against the interest related cash flow risk arising from changes in the reference rate of variable rate loans. The financing arrangement includes syndicated floating-rate loans, the interest rate risk of which was hedged until the end of September 2021 with interest rate CAP agreements (nominal value EUR 720 million) after which the risk is hedged by converting the floating rate into a fixed one through an interest rate swap (nominal value of EUR 720 million) until the end of September 2023. The interest rate CAP was not under hedge accounting. The main conditions (capital, reference rate, interest period and date of interest rate determination) of the loans and the interest rate derivative agreements are similar, and therefore the interest rate SWAP is under hedge accounting. The loan arrangement has an interest rate floor of 0%, which was also included in the interest rate CAP agreements and is included in the interest rate SWAP agreement. According to the interest rate CAP agreements, the interest rate CAP wa 0.4%. According to the interest rate SWAP that commenced in September 2021, Mehiläinen Group will pay a fixed interest approximately 0.9% p.a. and receive a floating rate which is tied to the three-month Euribor, plus the interest margin. The average interest rate of the Group’s interest-bearing liabilities was, taking into account interest rate hedging, approximately 4.2%.

The Group has assessed the impact of the increase and decrease in market interest rates on the Group’s interest expenses and profit before taxes, other factors remaining unchanged. The loan amount and the interest rate in effect at the end of the financial year, interest rate CAP and interest rate SWAP taken into account, an increase of one percentage point in the market interest rate would affect the Group's interest expenses and profit by EUR -4.6 million. Depending on the leverage ration level, the margin of the Group's syndicated loans varies between 3.125-3.625% and the impact of the ESG measures on the margin is between -0.1 - +0.1 percentage points from 2022 depending on how the sustainability targets are achieved.

The Group's loan agreements do not include covenants if 40% or less of the revolving credit facility is allocated to loans. If this limit is exceeded, a First Lien Net Leverage Ratio covenant becomes effective. Covenat test will be made on Mehiläinen Yhtymä Oy Group level. The Group reports on the covenants to the financiers on a quarterly basis. If the covenant terms are breached, the financiers may require accelerated repayment of loans.

Guarantees related to loans are described in note 5.6.

Liquidity and refinancing risk

In view of the Group's business operations and expansion objectives, it is important that the Group has, in addition to cash and cash equivalents, sufficient credit facilities to fund working capital requirements and acquisitions. The Group's liquidity is projected both in the medium and short term in order to anticipate financing needs. The Group's business is profitable and the Group's view is that there is no significant risk regarding the availability of financing.

At the reporting date, there were EUR 52.3 (84.5) million of cash and cash equivalents in the Group. Any cash and cash equivalents investments are made in interest-bearing, liquid and low risk instruments.

Mehiläinen's syndicated loan facilities total to EUR 1,060 (1,010) million. EUR 1,060 (760) million of the Group's loan facilities (first lien loans) mature in August 2025. EUR 200 million(second lien loan, whose original maturity was in August 2026, was replaced with first lien loan in May 2021. The syndicated loan agreement also includes revolving credit facilities of EUR 125 million maturing in February 2025, of which EUR 25 million was allocated to bank guarantee facilities and to an overdraft facility. EUR 2.8 (3.0) million of the revolving credit facility allocated for the guarantee facilities was in use at the end of the financial year. Additionally, the Group has rental guarantees amounting to EUR 0.7 (0.2) million that are not allocated from the guarantee facilities.

Maturity of financial liabilities

	2021						
EUR million	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Loans from financial institutions	39.0	38.9	39.2	1,083.4			1,200.4
Interest rate SWAP payments	6.4	4.8					11.2
Finance lease liabilities	100.2	94.1	83.2	76.2	69.8	315.3	738.7
Hire purchase liabilities	0.4	0.3	0.1	0.1	0.0		0.9
Contingent considerations (acquisition related)	10.1	4.2	0.4				14.7
Trade payables	32.8						32.8
Unpaid private practitioners' services	28.4						28.4
Acquisition related purchase price liabilities	1.0						1.0
Escrow account liabilities (non-interest bearing)	1.0						1.0
Contract liabilities	3.5						3.5
Other liabilities	0.2	0.1					0.3
Total	**222.9**	**142.3**	**122.8**	**1,159.7**	**69.9**	**315.3**	**2,032.9**

	2020						
EUR million	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Loans from financial institutions	45.5	45.7	45.5	45.6	843.3	208.8	1,234.5
Interest rate CAP payments	0.4						0.4
Interest rate SWAP payments	1.6	6.4	4.8				12.8
Finance lease liabilities	86.0	80.6	74.8	67.3	61.9	286.3	657.0
Hire purchase liabilities	0.3	0.4	0.2	0.0	0.0		0.9
Contingent considerations (acquisition related)	2.0	4.5	1.2				7.7
Trade payables	29.7						29.7
Unpaid private practitioners' services	23.4						23.4
Acquisition related purchase price liabilities	0.4						0.4
Contract liabilities	1.6						1.6
Other liabilities	1.1	0.1					1.2
Total	**191.9**	**137.8**	**126.4**	**113.0**	**905.3**	**495.1**	**1,969.6**

The maturity of financial liabilities are presented on an undiscounted basis and the figures include capital repayments and interest payments for interest-bearing liabilities.

Credit risk

The Group's credit risk concerns mainly trade receivables related to business operations. The Group also has small amounts of loan receivables involving credit and counterparty risks. Credit loss risk regarding trade receivables is low since municipalities, insurance companies and corporate customers buying services have a good credit rating which has been checked in advance in accordance with the Group's credit policy. The Group's sales do not concentrate on a small number of large accounts; instead, they are diversified across among numerous individual customers. Services to private customers are mainly charged on a cash basis. The payment term of trade receivables is principally 7 to 30 days and the Group's policy is not to request collateral for trade receivables or other receivables. The services of external collection agencies are used in the collection process. Credit losses have not increased significantly due to the COVID-19 pandemic based on the lower risk level of trade receivables and tighter credit control.

Currency risk

In addition to Finland, the Group operates also in Sweden, Estonia and Germany. The Swedish business operations are Swedish crown-denominated, Estonian and German business operations are euro-denominated. Despite the Group's continued expansion abroad, it stil does not have significant foreign exchange risk related to operations. All external loans taken by the Group are euro-denominated.

Trade receivables and contract assets

	2021		
EUR million	**Gross value**	**Expected credit losses**	**Net value**
Not past due	114.0	-0.1	113.9
1-30 days overdue	10.1	-0.0	10.1
31-60 days overdue	2.3	-0.0	2.3
61-180 days overdue	2.4	-0.2	2.2
Over 180 days overdue	5.0	-4.1	0.9
Total	**133.9**	**-4.5**	**129.4**

	2020		
EUR million	**Gross value**	**Expected credit losses**	**Net value**
Not past due	92.3	-0.1	92.2
1-30 days overdue	4.2	-0.0	4.2
31-60 days overdue	0.9	-0.0	0.9
61-180 days overdue	1.9	-0.2	1.7
Over 180 days overdue	3.5	-3.0	0.5
Total	**102.8**	**-3.3**	**99.6**

5.4 Financial assets and liabilities

Fair value measurement
For many of the accounting principles and notes to the financial statements, it is necessary to determine fair values both for financial instruments and for other assets and liabilities. The fair value hierarchy is based on the information source used for the measurement of fair value.

- Level 1 – Fair values of financial instruments are based on quoted prices in active markets for identical assets and liabilities.
- Level 2 – Financial instruments are not subject to trading in active and liquid markets. The fair values of financial instruments can be determined based on quoted market prices and deduced valuation.
- Level 3 – Measurement of financial instruments is not based on verifiable market information, and information on other circumstances affecting the value of the instruments is not available or verifiable.

Financial assets

The Group's financial assets are classified as assets measured at amortised cost as well as assets recognised at fair value through profit or loss and at fair value through other comprehensive income in accordance with IFRS 9.

The classification of financial assets depends on operating model of Mehiläinen related to the controlling of financial assets and on the cash flows based on the contract on financial assets. Financial assets are classified at initial acquiring. All purchases and sales of financial assets are recognised on the trade date, being the date when the Group commits to purchase or sell the financial instrument. Financial assets are derecognised when the Group has lost the contractual right to the cash flows or when the Group has transferred a substantial portion of the risks and income to outside of the Group.

Financial assets recognised at fair value through profit or loss
Financial assets recognised at fair value through profit or loss include investments on equity instruments of companies outside of the Group. These financial instruments are measured at fair value, and all changes in fair value are recognised in the statement of income for the period in which they arise. The Group's investments in unlisted companies are minor and if the fair value can't be reliably estimated will the cost be viewed as an estimate for the fair value. Transaction costs related to financial assets at fair value through profit or loss are recognised in the statement of income in the period in which they occur.

Financial assets measured at amortised cost
Financial assets recognised at cost less accumulated amortisation include customary trade receivables and loan receivables of which contract-based cash flows are payments of capital and interest. Trade receivables and loan receivables are measured at amortized cost less any impairment losses. The impairment of trade receivables is estimated based on the expected credit losses over the term. The impairment of loan receivables is estimated based on the expected credit losses for the next 12 months or the expected credit losses over the term, if the credit loss risk has increased. Any impairment loss of trade receivables is recognised in the other operating expenses and any impairment loss of other financial assets is recognised in finance expenses. The transaction costs of financial assets recognised by amortised cost are included in their initial book values. Receivables are classified as non-current or current receivables based on their maturity dates.

EUR million	Fair value hierarchy	2021	2020
Non-current financial assets			
Financial assets at fair value through profit or loss			
Unlisted shares	3	0.8	0.4
Total		**0.8**	**0.4**
Financial assets at amortised cost			
Rental security deposit accounts	2	0.9	0.7
Loan receivables	2	0.0	0.8
Contract assets	2		1.7
Other non-current receivables	2	1.6	1.9
Total		**2.6**	**5.0**
Total non-current financial assets		**3.3**	**5.5**
Current financial assets			
Financial assets at amortised cost			
Trade receivables	2	117.0	94.3
Deposit guarantees	2	0.6	
Loan receivables	2	0.0	0.9
Contract assets	2	3.4	
Short-term other receivables	2	1.3	1.2
Escrow account receivables (non-interest bearing)	3	1.0	
Cash and cash equivalents	2	52.3	84.5
Total current financial assets		**175.7**	**180.8**
Total non-current and current financial assets		**179.0**	**186.3**

The carrying amount of financial assets at amortised cost as well as cash and cash equivalents included in loan and other receivables are reasonable approximations of their fair values since the effect of discounting is not material considering the maturity of the receivables. See note 3.3 for additional information on current receivables.

Financial liabilities

Financial liabilities are classified either as financial liabilities at fair value through profit or loss or as financial liabilities measured at amortised cost. Borrowings, purchases and sales of financial liabilities are recognised on the date when the related contract has been made. Financial liability or part of it is derecognised when the obligation specified in the contract is either discharged or cancelled or expires. Non-current liabilities refer to other financial liabilities that mature later than 12 months and current liabilities to liabilities that mature in less than 12 months.

Financial liabilities at fair value through profit or loss

Financial liabilities are recognised at fair value through profit or loss. Changes in their fair values and possible transaction costs are recognised in the statement of income in the period in which they occur. Financial liabilities recognised at fair value through profit or loss include contingent considerations arisen from acquisitions and interest rate CAP agreements not designated as a hedge (interest rate CAP agreements ended in September 2021).

Financial liabilities measured at amortised cost

In Mehiläinen, financial liabilities measured at amortised cost include loans, lease liabilities, trade payables and other liabilities that meet the financial liability criteria. Loans are recognised initially at fair value net of transaction costs. Loans are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as finance expense over the loan period using the effective interest method.

Arrangement fees for loans are treated as transaction costs. Fees related to the establishment of revolving credit facilities are capitalised as an asset and amortised as finance expenses over the period of the facility to which they relate.

Derivatives used for hedging and hedge accounting

In 2021, Mehiläinen has used interest rate CAP instruments and interest rate SWAP for hedging against the interest risk related to a loan arrangement. At the end of the financial year, the interest rate SWAP agreement remains valid.

Mehiläinen applies hedge accounting and principles of general hedge accounting in accordance with IFRS 9 for the interest rate swap. By the principles, Mehiläinen needs to assure that the hedging relations are aligned with the Groups' risk management objectives and that the hedge objective and the derivative used for the hedging have an economic dependency between them. When assessing the efficiency of the hedge accounting Mehiläinen needs to assess the quality factors and future prospects effecting the hedging relationship, and based on the hedging, Mehiläinen will generate efficiency calculations.

The derivatives used for a hedging of a cash flow are recognised at fair value. The changes in fair values of derivatives are recognised in other comprehensive income for the part that is effective, and they are disclosed in hedging reserve in equity. Changes in fair value are transferred to profit or loss for the same periods as the hedged cash flows are affecting the result. Ineffective shares of derivatives are recognised immediately in profit or loss.

EUR million	Fair value hierarchy	2021	2020
Non-current financial liabilities			
Financial liabilities at fair value through other comprehensive income			
Cash flow hedges (interest rate SWAP agreement)	2	11.2	12.6
Total		**11.2**	**12.6**
Financial liabilities at fair value through profit or loss			
Contingent considerations (acquisition related)	3	4.5	5.7
Total		**4.5**	**5.7**
Financial liabilities at amortised cost			
Loans from financial institutions	3	1,048.0	991.9
Lease liabilities	2	511.0	449.5
Hire purchase liabilities	2	0.5	0.5
Non-current liabilities to others	3	0.1	0.1
Total		**1,559.6**	**1,442.0**
Total non-current financial liabilities		**1,575.3**	**1,460.4**

EUR million	Fair value hierarchy	2021	2020
Current financial liabilities			
Financial liabilities at fair value through profit or loss			
Contingent considerations (acquisition related)	3	10.1	2.1
Derivates not designated as hedges (interest rate CAP agreements)	2		0.4
Total		**10.1**	**2.6**
Financial liabilities at amortised cost			
Loans from financial institutions	3	0.0	
Lease liabilities	2	74.7	64.2
Hire purchase liabilities	2	0.4	0.3
Trade payables	2	32.8	29.7
Unpaid private practitioners' services	2	28.4	23.4
Acquisition related purchase price liabilities	3	1.0	0.4
Escrow account liabilities (non-interest bearing)	3	1.0	
Contract liabilities	2	3.5	1.6
Other liabilities	2	0.2	1.1
Total		**142.0**	**120.6**
Total current financial liabilities		**152.1**	**123.2**
Total financial liabilities		**1,727.4**	**1,583.6**

The Group's bank loans are included in Loans from financial institutions and they are variable rate loans which are mainly revalued every 3 months using the 3-month Euribor as a reference rate. Due to the shortness of the revaluation period, the nominal value of the loans is used as an estimate for their fair value. Nominal values of derivatives, see note 5.3.

The carrying value of other financial liabilities at amortised cost are a reasonable approximation of their fair values since the effect of discounting is not material considering the maturity of the liabilities. No interest is paid on the liabilities arising from contingent considerations; for additional information on contingent considerations, see note 4.1.

Additional information regarding guarantees related to loans, see note 5.6.

Changes in liabilities classified as financing activities in the statement of cash flows

	2021				
EUR million	Loans from financial institutions	Derivatives	Lease liabilities	Hire purchase liabilities	Total
1 January	**991.8**	**13.1**	**513.7**	**0.8**	**1,519.5**
Cash flow - financing activities	13.1		-69.0	-0.8	-53.6
Cash flow - investing activities				0.2	0.2
Business combinations	34.8		50.1	0.4	85.3
Change in fair value		-1.9	37.6		35.8
New contracts			54.4	0.5	54.9
Ended contracts			-1.2	-0.2	-1.4
Transaction costs	8.2				8.2
31 December	**1,048.0**	**11.2**	**585.7**	**0.9**	**1,645.8**

	2020				
EUR million	Loans from financial institutions	Derivatives	Lease liabilities	Hire purchase liabilities	Total
1 January	**939.3**	**11.8**	**491.6**	**1.1**	**1,443.8**
Cash flow - financing activities	46.2		-60.4	-0.4	-14.5
Cash flow - investing activities				0.1	0.1
Business combinations	3.9		3.2		7.1
Change in fair value		1.2	18.1		19.3
New contracts			64.6		64.6
Ended contracts			-3.4		-3.4
Transaction costs	2.4				2.4
31 December	**991.9**	**13.1**	**513.7**	**0.8**	**1,519.5**

5.5 Finance income and expenses

EUR million	2021	2020
Dividend income	0.0	0.0
Interest and other finance income on financial assets at amortised cost		
Interest income from others	0.3	0.3
Other finance income	0.0	0.0
Interest income and changes in fair value of financial assets at fair value through profit or loss		
Derivatives not designated as hedges - unrealised profit at fair value valuation	0.4	0.6
Gains from sale of financial assets at fair value through profit or loss or other comprehensive income		
Gains from sale	0.0	
Total finance income	**0.7**	**0.9**
Interest and other finance expenses on financial liabilities at amortised cost		
Interest expenses on loans from financial institutions	49.4	49.9
Interest expenses on lease liabilities	24.1	23.9
Foreign exchange differences	0.4	
Other interest and finance expenses	2.0	3.4
Interest expenses and changes in fair value of financial liabilities at fair value through profit or loss		
Derivatives not designated as hedges - realised expense	0.5	0.6
Interest expenses of financial liabilities at fair value through other comprehensive income		
Interest expenses, hedging	1.6	
Impairment and losses from sale of financial assets at fair value through profit or loss or other comprehensive income		
Impairment and losses from sale		0.0
Total finance expenses	**77.9**	**77.9**
Total finance income and expenses	**-77.2**	**-77.0**

The financing arrangement related to the acquisition of Pihlajalinna expired at the end of 2020 when the public tender offer was expired. The finance expenses related to equity and liabilities arising from the tender offer in the comparison period amounted to EUR 1.7 million.

5.6 Contingent liabilities and commitments

Following the exemption principle of IFRS 16 at the adoption of standard as at 1 January 2019, only the lease agreements of short-term leases and low-value assets are presented as a contingent liabilities and commitments. In addition, the Group's leased premises are subject to variable consideration, which is not included in the IFRS 16 calculation. Contingent liabilities and commitments also include the already signed lease agreements that start in the upcoming years. When the premises are handed over to Mehiläinen, the lease is included in IFRS 16 and it is shown in the right-of-use assets and the lease liability, and at the same time is removed from the off-balance sheet contingent liabilities.

A contingent liability is an obligation that may arise as a result of past events and of which existence is only confirmed if an uncertain event outside the control of the Group materialises. An existing obligation which probably does not require the satisfaction of a payment obligation or the amount of which cannot be reliably determined, is also considered a contingent liability. Contingent liabilities are disclosed in the notes to the financial statements.

Non-cancellable minimum lease payments

Group as a lessee

EUR million	2021	2020
Within one year	11.8	9.4
Between two and five years	39.3	42.1
More than five years	46.6	80.0
Total	**97.7**	**131.5**

Group as a lessor

EUR million	2021	2020
Within one year	3.3	0.9
Between two and five years	6.3	0.5
More than five years	7.2	
Total	**16.7**	**1.4**

The Group has subleased individual premises which are not used by its businesses. The number of subleased premises has increased due to acquisitions made during 2021. Lease expenses recognised as an expense are presented in the notes 2.5 and rental income for the subleases in the notes 2.2.

Other contingent liabilities and commitments

EUR million	2021	2020
Guarantees given on behalf of the Company		
Business mortgages	16,276.0	16,276.0
Pledged bank accounts	0.4	7.9
Rental deposit accounts	0.9	0.7
Other deposit guarantees	0.6	
Pledged bank accounts		1.8
Total	**16,277.9**	**16,286.3**

EUR 16,276.0 (16,276.0) million of the Group's business mortgages are collaterals in respect of Group's loan facilities. The table does not contain any pledged shares for subsidiaries as all of the pledged shares also include business mortgages. Additionally, part of Group's bank accounts are pledged as collaterals in respect of Group's loan facilities. Other deposit guarantees include a pledged account as collateral for the Group companies' bank guarantees. The loans related to this general collateral have been repaid in 2020 and the general collateral has been released in 2021.

Other contingent liabilities

The Group is involved in a number of legal proceedings related to its normal business. They are not expected to have a material impact on the Group's result or financial position.

Amount of subsidiaries

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. GROUP STRUCTURE

6.1 Subsidiaries

The consolidated financial statements include the parent company Mehiläinen Konserni Oy and all its subsidiaries. Subsidiaries are entities controlled by the Group. The Group is deemed to control an entity when the Group is exposed or entitled to variable returns from its involvement with the entity and able to affect such returns through the exercise of its powers over the entity. If the Group does not hold the majority of the shares in the entity, it assesses all the circumstances through which such control may be gained in the absence of the majority of the votes. Such circumstances include contract-based arrangements between other holders of voting rights and the investor, other rights arising from other contract-based arrangements as well as the voting rights and potential voting rights of the investor.

The Group re-evaluates its control over an entity if the facts or actual circumstances show that any changes have taken place in one or more of the circumstances contributing to such control. A subsidiary is included in the consolidated financial statements as of the date when the Group obtains control, whereas divested entities are included up to the date when such control ceases to apply. The existence of potential voting rights that are currently exercisable have been considered when assessing whether the Group controls another entity or not.

Intra-group ownerships have been eliminated using the acquisition method. Acquisition cost is determined as the fair value of the assets transferred, equity instruments issued and liabilities assumed at the date of the transaction. All identifiable assets, assumed liabilities and contingent liabilities of the acquiree are measured at the fair value on the date of acquisition. Any contingent consideration (additional purchase price) is measured at fair value on the date of acquisition. It is classified either as a liability or equity. Contingent consideration classified as a liability is measured at fair value at the end of each reporting period, and the resulting gains or losses are recognised in profit or loss. Contingent considerations classified as equity are not re-measured. Acquisition-related costs are expensed as incurred. Any non-controlling interests in the acquired entity are measured either at fair value or at the proportionate share of non-controlling interests in the acquired entity's net identifiable assets. The principle applied in measurement is specified separately for each acquisition. Any goodwill arisen through business combinations is measured at the amount by which the consideration, the share of non-controlling interests in the acquired entity and the purchaser's previously held interest in the entity exceed the fair value of the net assets acquired. Any negative goodwill is recognised in profit or loss.

Profit or loss for the period attributable to the owners of the parent company and the non-controlling interests are presented on the consolidated statement of income. The comprehensive income for the period attributable to the owners of the parent company and the non-controlling interests is presented on the consolidated statement of comprehensive income. Profit and total comprehensive income are allocated to the parent company shareholders and non-controlling interests, even if the share of non-controlling interests were to turn negative. The share of equity held by non-controlling interests is presented in the consolidated statement of financial position under equity, separately from the equity of the owners of the parent company. Changes in the parent company's interests in the subsidiary not resulting in a loss of control are treated within equity. In phased acquisitions, any previously held interest is measured at fair value and any profit or loss arising from this is recognised in profit or loss. When the Group loses control in a subsidiary, the remaining investment is measured at fair value on the date of loss of control in the subsidiary and the difference is recognised in profit or loss.

One of the Group's subsidiaries, OmaPartners Oy, includes non-controlling interest held by owners who are entitled to dividends based on the amount of work they perform. Such dividends related to non-controlling interests are treated in the consolidated financial statements as employee benefits and liabilities. Consequently, no part of the company's financial results or equity in the financial statements is attributable to such owners.

Intra-group transactions, receivables and payables, income and expenses, internal distribution of profits and unrealised gains and losses are eliminated in the consolidated financial statements.

The income statements of the Group companies operating outside the euro zone have been translated into euros at the average rate of the financial year, and their balance sheets at the closing rate. The foreign exchange difference resulting from the use of different rates, and the translation differences arising from the elimination of the acquisition cost of subsidiaries outside the euro zone, are recognised in equity, and the changes are presented in other comprehensive income. In connection with the disposal of a subsidiary, translation differences are recognised in the income statement as part of the gains or losses on the disposal.

Where appropriate, the financial statements of subsidiaries have been amended to comply with the accounting principles applied by the Group.

In 2021, the consolidated financial statements include the parent company Mehiläinen Konserni Oy and the following subsidiaries:

Subsidiaries	Domicile	Ownership based on shares (%)	Share of voting rights (%)
Aurinkokulma Oy 2)	Pori	100	100
Aurora Hammaslääkärit Oy 2)	Vaasa	100	100
BeeHealthy AB 1)	Stockholm, Sweden	100	100
BeeHealthy Deutschland GmbH 3)	Frankfurt am Main, Germany	100	100
BeeHealthy Oy	Helsinki	100	100
BeeHealthy Vital AB 3)	Stockholm, Sweden	100	100
Care Joints Sweden AB 2)	Stockholm, Sweden	100	100
Dalberg Klinik AG 2)	Fulda, Germany	100	100
Debora Group Oy 2)	Helsinki	100	100
Debora Oy 2)	Helsinki	100	100
Dental Design OÜ 2)	Tallinn, Estonia	100	100
Desiker-Aurinkomäki Oy	Helsinki	100	100
Doktor Kom Hem AB 2)	Stockholm, Sweden	100	100
Enonkosken Hoiva Oy	Enonkoski	100	100
Familar Oy	Helsinki	100	100
Haapajärven Kimppakoti Oy	Haapajärvi	100	100
Harjun terveys oy	Lahti	51.0	51.0
Healthcare Staffing Solutions Oy	Helsinki	100	100
Hoitokoti Poppeli Oy	Suonenjoki	100	100
Hoiva Mehiläinen Oy	Helsinki	100	100
Hoivakoti Auringonnousu Oy	Myrskylä	100	100
Hoivakoti Kultarusko Oy	Eura	100	100
Hoivakymppi Oy 2)	Savonlinna	100	100

Subsidiaries	Domicile	Ownership based on shares (%)	Share of voting rights (%)
Huoltsikka Oy	Mikkeli	100	100
Hälsobarometern AB	Stockholm, Sweden	100	100
ISH-Kiinteistöt Oy	Joensuu	100	100
Itä-Suomen Hoitokodit Oy	Joensuu	100	100
Itä-Uudenmaan Palvelukoti Oy	Loviisa	100	100
Jatkopolut Oy	Kuopio	100	100
JP-Työpaja Oy	Joutseno	100	100
Kalasataman Asumispalvelut Oy	Helsinki	100	100
Kastarin Pienryhmäkodit Oy	Hollola	100	100
Kiikan Palvelukoti Oy	Sastamala	100	100
Kiinteistö Oy Kotkan Hoivatalo 2)	Kotka	100	100
Kommunikointikeskus Arki Oy 2)	Vantaa	100	100
Kormel Oy	Kouvola	100	100
Kotipalvelu Mehiläinen Oy	Espoo	100	100
Kuivannon Kotosa Oy	Riihimäki	100	100
Lappeenrannan Palvelukoti Oy	Lappeenranta	100	100
Lastensuojelulaitos Eemeli Oy	Harjavalta	100	100
Lillugglan Heden AB 2)	Gothenburg, Sweden	100	100
Läkarhuset Sibyllegatan AB	Stockholm, Sweden	100	100
Mainiokodit Hoiva Oy 3)	Helsinki	100	100
Medindoor AB 2)	Stockholm, Sweden	100	100
Mehiläinen Oy	Helsinki	100	100
Mehiläinen Arwola Oy	Akaa	100	100

1) Name or company form changed in 2021
2) Acquired in 2021. See note 4.1 for additional information on acquisitions.
3) Established in 2021

Subsidiaries	Domicile	Ownership based on shares (%)	Share of voting rights (%)
Mehiläinen Ateriaali Oy	Helsinki	100	100
Mehiläinen Deutschland GmbH 3)	Frankfurt am Main, Germany	100	100
Mehiläinen Eesti OÜ	Tallinn, Estonia	100	100
Mehiläinen Hoivapalvelut Oy	Helsinki	100	100
Mehiläinien Kotihoito Oy 3)	Helsinki	100	100
Mehiläinen Lapinjärvi Oy	Lapinjärvi	82.5	82.5
Mehiläinen Länsi-Pohja Oy	Kemi	81.0	81.0
Mehiläinen Omakoti Ravuri Oy	Hollola	100	100
Mehiläinen Raija Oy	Hausjärvi	100	100
Mehiläinen Sosiaalipalvelut Oy 3)	Helsinki	100	100
Mehiläinen Terveyspalvelut Oy	Helsinki	100	100
Mehiläinen Yhtymä Oy	Helsinki	100	100
Mehiläinen Yhtiöt Oy	Helsinki	100	100
Mehiläinen Ykköskoti Hermanninranta Oy	Rautalampi	100	100
MVZ Dalberg Klinik Fulda GmbH 2)	Fulda, Germany	100	100
OIVA Riihi Oy	Kuopio	100	100
OmaPartners Oy	Helsinki	15.2	79.9
Ortodontiakeskus OÜ 2)	Tallinn, Estonia	100	100
Osaühing Lennundusmeditsiinikeskus 2)	Tallinn, Estonia	100	100
Oulun Palvelukoti Oy	Oulu	100	100
Palvelukoti Eloranta Oy	Pielavesi	100	100
Palvelukoti Huvikumpu Oy	Riihimäki	100	100
Palvelutalo Kotiranta Oy	Eno	100	100
Perhe- ja Palvelukodit Suomalainen Oy	Kuopio	100	100
Perhekoti Jääskeläinen Oy	Hämeenlinna	100	100

Subsidiaries	Domicile	Ownership based on shares (%)	Share of voting rights (%)
Pienryhmäkoti Havumäki Oy	Gothenburg, Sweden	100	100
personlig engagerad arbetsmiljöpartner i väst AB 2)	Mikkeli	100	100
Provesta Oy	Kempele	100	100
Psykologipalvelu Poiju Oy 2)	Vantaa	100	100
Puhti Lab Oy	Helsinki	100	100
Qvalitas Arstikeskus AS 2)	Tallinn, Estonia	100	100
Recare Oy	Merikarvia	100	100
Riekkomäen Palvelu Oy	Rauma	100	100
Saviston koti Oy	Kouvola	100	100
Simikaaren Perhekoti Oy	Ylivieska	100	100
SM Amiprix Oy	Raahe	100	100
Sosiaalipalvelut Jussila Oy	Haapajärvi	100	100
Sosiaalipalvelut Leenala Oy	Haapajärvi	100	100
Söderdoktorn AB 2)	Stockholm, Sweden	100	100
Torpankartano Oy	Oulu	100	100
Tuusulan Kerttuli Oy	Tuusula	100	100
Tveta Hälsocentral AB 2)	Stockholm, Sweden	100	100
Ugglan Vårdgruppen AB 2)	Gothenburg, Sweden	100	100
Ugglans Vårdcentral Fredriksdal AB 2)	Gothenburg, Sweden	100	100
Ugglans Vårdcentral Landvetter AB 2)	Gothenburg, Sweden	100	100
Unimed Kliinikud OÜ 2)	Tallinn, Estonia	100	100
Vetrea Terveys Oy 2)	Iisalmi	100	100
Viitasaaren Ruustinna Oy	Viitasaari	100	100
Ykkös- ja Onnikodit Oy 3)	Helsinki	100	100

1) Name or company form changed in 2021
2) Acquired in 2021. See note 4.1 for additional information on acquisitions.
3) Established in 2021

Subsidiaries merged and dissolved in 2021:

Subsidiary	Domicile	Merger / Dissolved
Apila Terveys Oy 2)	Lahti	Merger
Bulevardin Klinikka Oy 2)	Helsinki	Merger
Diagnos Terveyspalvelut Oy 2)	Helsinki	Merger
Haapajärven Lääkäritalo Oy	Haapajärvi	Dissolved
Hippo Terapiaklinikka Oy 2)	Jyväskylä	Merger
Hämeen Lääkärikulma Oy	Hämeenlinna	Dissolved
Jyväskylän Työterveys Oy 2)	Jyväskylä	Merger
Komppi Holding Oy	Helsinki	Merger
Magneetti 22 Oy 2)	Helsinki	Merger
Mehiläinen Ykköskoti Reetanpiha Oy	Rautalampi	Dissolved
Osaühing Kaarli Hambapolikliinik 2)	Tallinn, Estonia	Merger
DenCap OÜ 2)	Tallinn, Estonia	Merger
Psyykkisen hyvinvoinnin keskus Komppi Oy	Helsinki	Merger
Toivonlahti Oy	Joensuu	Dissolved
Unimed Grupp OÜ 2)	Tallinn, Estonia	Merger
Unimed Kesklinn OÜ 2)	Tallinn, Estonia	Merger

1) Name or company form changed in 2021
2) Acquired in 2021. See note 4.1 for additional information on acquisitions.
3) Established in 2021

The Group has joint ventures as subsidiaries in which non-controlling interests have a material ownership. Such companies at the balance sheet date were the following companies:

EUR million	Non-controlling interests %	Revenue	Result for year	Total assets
Harjun terveys oy	49.0	38.3	-0.1	6.6
Mehiläinen Lapinjärvi Oy	17.5	2.7	0.1	0.6
Mehiläinen Länsi-Pohja Oy	19.0	60.0	-0.7	12.6

See note 7.3 for information on the related party and related party transactions.

6.2 Associated companies and joint arrangements

Associated companies are all entities over which Mehiläinen exercises significant influence. Significant influence is deemed to exist when Mehiläinen Group holds an interest equivalent to 20–50% of the voting rights or has otherwise obtained significant influence but not control over the entity. The existence of potential voting rights is considered when assessing whether the Group exercises significant influence. Investments in associates are accounted for using the equity method and are initially recognised at cost. An investment in an associate also includes the goodwill determined at the time of the acquisition.

The Group's share of the profits earned or losses incurred by associates is presented separately in the statement of income above the operating profit. Similarly, the Group's share of the changes in other comprehensive income of associated companies is recognised in the statement of comprehensive income. If the Group's share of an associate's losses exceeds the carrying amount of the investment, the investment is recognised at zero value in the statement of financial position. Losses exceeding the carrying amount are not consolidated, unless the Group has incurred the obligations on behalf of the associate.

Unrealised gains from associated companies are eliminated in proportion to the interests held. Unrealised losses are also eliminated unless there are indications that the transaction involves an impairment of the transferred asset.

Where appropriate, the financial statements of associated companies have been amended to comply with the accounting principles applied by the Group.

Joint arrangements are arrangements in which two or more parties have joint control. Joint control exists only when decisions about the relevant activities require the unanimous approval of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method and are initially recognised at cost.

The shares entitling to residential condominiums controlled by the Group and the shares in mutual real estate companies in the related premises of which the Group conducts business are combined as joint operations and consolidated proportionally line by line according to the ownership.

The Group has one associated company. Laser-Porus Oy is an eye laser centre operating within Mehiläinen Oulu focusing on refractive surgery. The Group's ownership of shares and voting rights is 42.7%. The Group's share of total comprehensive income and the carrying amount of interest in associates in group balance sheet is not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. OTHER NOTES

7.1 Income taxes

The Group's income taxes include the Group companies' taxes based on taxable profit for the period, prior period tax adjustments and deferred taxes. The Group companies' taxes are calculated from the taxable profit of each company as determined by local tax legislation and based on the tax rates and tax laws enacted or in practise approved by the end of the reporting period. If the tax relates to items recognised in other comprehensive income or in equity, income tax is recognised in respect of those items.

Deferred tax is calculated from the temporary differences between the carrying amount of an asset or liability and their taxable values as well as any unused tax losses and net interest expenses. Deferred tax is calculated at the tax rates in effect on the date of the financial statements, and if the rates change, at the new rate enacted or approved, for all practical purposes, by such date.

Taxable income

Managerial judgement is called for when the amount of income tax based on the taxable income earned by the Group is determined. Although the claims made in the Group companies' tax returns are well-founded, it is possible that the tax authorities do not accept some of the claims presented. In situations with uncertainty over income tax treatments the Group applies IFRIC 23 interpretation.

Mehiläinen works in enhanced cooperation with the Finnish Tax Office for Major Corporations. The target is to have an up-to-date tax procedure, predictability and legal certainty of taxation, as well as more flexible and faster treatment of tax matters.

Taxes in the statement of income

EUR million	2021	2020
Current taxes	-19.4	-14.6
Deferred taxes	7.7	5.8
Total	**-11.7**	**-8.8**

Taxes in the statement of comprehensive income

	2021		
EUR million	Before tax	Tax	Net of tax
Cash flow hedging	1.4	-0.3	1.1
Total	**1.4**	**-0.3**	**1.1**

	2020		
EUR million	Before tax	Tax	Net of tax
Cash flow hedging	-1.8	0.4	-1.4
Total	**-1.8**	**0.4**	**-1.4**

Reconciliation of the tax expense and taxes calculated at the tax rate of the parent company

EUR million	2021	2020
Profit before tax	**36.6**	**9.0**
Taxes at the tax rate of the parent company 20%	-7.4	-1.8
Effect of non-taxable income	0.8	-0.0
Effect of non-deductible expenses	-3.5	-4.4
Unrecognised taxes on losses during the period	-0.5	
Effect of tax loss and net interest expenses utilisation		0.0
Change in previously unrecognised deferred tax assets	0.0	
Other tax-deductible costs	-0.5	-0.1
Taxes from previous periods	-0.0	-0.0
Effect of different tax rates on foreign subsidiaries	-0.0	
Income taxes on retained earnings	-0.3	
Other adjustments	-0.3	-2.5
Income taxes in the statement of income	**-11.7**	**-8.8**
Effective tax rate, %	31.9%	97.6%

The effective tax rate is increased by non-deductible net interest expenses, most of which can be utilised during later years to the extent permitted by law.

7.2 Deferred tax assets and liabilities

Deferred tax liabilities are recognised for all taxable temporary differences, unless the deferred tax liability arises from initial recognition of goodwill or from the initial recognition of certain assets and liabilities in a transaction which is not a business combination and affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. However, a deferred income tax asset is not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income.

The Group reassesses unrecognised deferred tax assets at the end of each reporting period. It recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised. Conversely, an allowance is made from a deferred tax asset if the related tax benefit is no longer deemed probable.

Tax receivables and liabilities related to the taxes for the period are netted when the Group has a legally enforceable right to offset the tax items and the Group intends either effect the tax payment on a net basis or realise the tax receivable and pay the tax liability simultaneously.

Deferred tax assets

The management uses its judgement in determining the deferred tax assets to be recognised in respect of tax losses and net interest expenses. The amounts of recognised deferred tax assets are based on the management's estimates and assumptions regarding the amount of future taxable income to be generated in respect of which losses and net interest expenses can be used. The calculations are based on the Group's five-year forecasts and on how profitability will develop in subsidiaries and how, for example, group contributions can be utilized. Actual results may differ materially from estimates made at the time of preparation of the financial statements.

	2021					
EUR million	**1 January 2021**	**Business combinations**	**Recognised in the statement of income**	**Recognised in the statement of comprehensive income**	**Recognised in equity**	**31 December 2021**
Deferred tax assets						
Leases	12.0		0.6		0.0	12.5
Tax losses	0.8	1.2	-0.1			1.9
Tax-deductible net interest expense	5.0		0.1			5.1
Fair value of hedging	2.5			-0.3		2.2
Other items	1.6	0.4	0.4		0.0	2.4
Total	**21.8**	**1.6**	**1.0**	**-0.3**	**0.0**	**24.2**
Deferred tax liabilities						
Fair value allocations	106.6	4.0	-7.8		0.0	102.9
Accrual differences of financial expenses	3.9		-1.2			2.7
Other items	3.3	0.5	2.3			6.1
Total	**113.9**	**4.5**	**-6.6**		**0.0**	**111.7**
Net amount	**-92.0**	**-2.9**	**7.7**	**-0.3**	**0.0**	**-87.5**

The Group has EUR 7.0 (4.0) million in tax-confirmed losses, for which a deferred tax asset has been recognised. In 2021, the Group also had EUR 4.7 million of confirmed losses carried forward in business combinations, for which no deferred tax asset has been recognised. Confirmed losses fall due in 2022-2030. The amount of deferred tax assets not recognised for net interest expenses not deducted for tax purposes totaled EUR 8.3 (6.0) million. It is estimated that the recognised portion of the above-mentioned deferred tax assets will be utilised during the forecast period confirmed by management.

	2020						
EUR million	1 January 2020	Business combinations	Recognised in the statement of income	Recognised in the statement of comprehensive income	Recognised in equity	Other changes	31 December 2020
Deferred tax assets							
Leases	10.3		1.6				12.0
Tax losses	1.1	0.2	-0.5				0.8
Tax-deductible net interest expense	3.4		1.6				5.0
Fair value of hedging	2.2			0.4			2.5
Other items	2.6		-3.4		0.1	2.3	1.6
Total	**19.5**	**0.2**	**-0.7**	**0.4**	**0.1**	**2.3**	**21.8**
Deferred tax liabilities							
Fair value allocations	112.6	1.2	-7.1		0.0		106.6
Accrual differences of financial expenses	4.8		-0.9				3.9
Other items	-0.6	0.0	1.6		0.0	2.3	3.3
Total	**116.8**	**1.2**	**-6.5**		**0.0**	**2.3**	**113.9**
Net amount	**-97.3**	**-1.0**	**5.8**	**0.4**	**0.1**		**-92.0**

7.3 Related parties and key management remuneration

Belonging to a related parties requires the ability to exercise control or significant influence over the Group's financial and business decisions.

The parties that own directly or indirectly more than 20 per cent of Mehiläinen Konserni Oy are considered as related parties. On 31 December 2021 these companies were CVC Capital Partners funds that it controls. The owners of Mehiläinen Konserni Oy also include LocalTapiola Group, which is not defined as a related party, but with which Mehiläinen conducts regular business on general market terms.

Related parties include the parent company Finnish Healthcare Services S.à r.l., including subsidiaries and associated companies. Considering the ownership structures, also Asclepios Holdings S.à r.l. is considered related party of the Group. The Group companies are listed in note 6.1.

The Group's related parties also include key management employees (the members of the Group company's Board of Directors, CEOs and members of Executive Committee), including their immediate family members and the entities over which they have control or joint control. Also the members of the Board of Directors of parent company, Finnish Healthcare Services S.à r.l,. and their immediate family members are considered as Group's related parties.

Related party transactions include transactions which are not eliminated during the preparation of the Group's consolidated financial statements. Transactions with related parties have been realised on normal market terms and conditions and at market prices. Mehiläinen has not had any significant events with related parties other than management remuneration.

Additionally, Mehiläinen has loans from funds managed by CVC Credit Partners, which are not regarded as related parties. The terms of the loans are market-based and similar to loans from other creditors. Financing of Mehiläinen is described in note 5.

Top Management's (key personel) empolyee benefits

The top management consists of the Board of Directors of the Group, Group CEO and extended Executive Committee. The compensation they receive for their work is based on the following items:

	2021			
EUR million	Board of Directors	Group CEO	Executive Committee	Total
Salaries and other short-term employee benefits	0.3	1.0	4.2	5.5
Post-employment benefits		0.1	0.1	0.2
Total	**0.3**	**1.1**	**4.3**	**5.6**

	2020			
EUR million	Board of Directors	Group CEO	Executive Committee	Total
Salaries and other short-term employee benefits	0.2	0.8	4.4	5.4
Post-employment benefits		0.1	0.1	0.2
Total	**0.2**	**0.9**	**4.4**	**5.6**

Salaries and other short-term employee benefits consists of salaries and benefits and performance bonuses. Post-employment benefits include only supplementary pensions.

Key management personnel salaries and other short-term employee benefits include Group's CEO salaries amounting to EUR 0.5 (0.4) million. In addition, the Group CEO performance bonus paid totalled EUR 0.5 (0.4) million. The CEO is a Board Member but was not paid a separate Board remuneration.

The Group CEO's period of notice is six months and the severance pay, on termination by the company, equals 12 months' salary. The retirement age corresponds to the Finnish employee pension plan.

7.4 Events after the balance sheet date

Finland's largest private physiotherapy Group, Fysios, will join Mehiläinen with a share transaction signed on 1 July 2021. The pioneer in physiotherapy services offers a wide range of physiotherapy-related services in more than 50 cities in more than 100 different locations. The Group employs about 800 therapy specialists. The aim of the transaction is to reform the industry by emphasizing the role of digital services. The competition authority approval for the transaction has been received on 20 January 2022 and the transaction has been closed on 1 February 2022.

On 31 January 2022, Mehiläinen drew down additional EUR 150 million loan to finance acquisitions and expansion projects. The terms of the loan are identical to the terms of the loan package agreed by the Group in May 2021. At the same time, the revolving credit facility was increased by EUR 25 million to EUR 150 million.

By the completion of the financial statements, Mehiläinen Konserni Oy's shares have been subscribed for a total of EUR 1.6 million. Total 78,110 new A-shares and 977,500 new B-shares have been issued in the subscriptions.

In addition, Mehiläinen has closed smaller acquisitions after the reporting period.

PARENT COMPANY INCOME STATEMENT

EUR 1,000	Note	From 1 Jan. to 31 Dec. 2021	From 1 Jan. to 31 Dec. 2020
Revenue		**38.7**	**28.0**
Other operating income		10.9	0.0
Personnel expenses	2.1		
Wages and salaries		-415.3	-310.1
Social security expenses			
Pension costs		-31.6	-11.8
Other social security expenses		-3.6	-1.0
Total personnel expenses		**-450.5**	**-322.9**
Other operating expenses	2.2	-375.4	-526.4
Operating profit/ loss		**-776.3**	**-821.3**
Finance income and expenses	2.3		
Interest and other finance income			
From group companies		37.5	56.9
Interest and other finance expenses			
To others		-84.3	-62.7
Total finance income and expenses		**-46.8**	**-5.8**
Profit/ Loss before appropriations and taxes		**-823.0**	**-827.1**
Group contributions		900.0	860.0
Profit/ Loss before taxes		**77.0**	**32.9**
Income taxes		-15.4	-17.7
Profit/ loss for the year		**61.6**	**15.2**

PARENT COMPANY BALANCE SHEET

EUR 1,000	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Investments	3.1		
Investments in subsidiaries		989,238.4	975,238.4
Total non-current assets		**989,238.4**	**975,238.4**
Current assets			
Short-term receivables			
Receivables from Group companies			
Trade receivables		42.0	34.8
Other receivables		900.0	860.0
Total receivables from Group companies		**942.0**	**894.8**
Other receivables		13.6	62.9
Deferred assets		19.1	25.8
Total short-term receivables		**974.6**	**983.4**
Cash and cash equivalents		968.9	6,986.8
Total current assets		**1,943.5**	**7,970.2**
Total assets		**991,181.8**	**983,208.6**

EUR 1,000	Note	31 December 2021	31 December 2020
EQUITY AND LIABILITIES			
Equity	3.2		
Share capital		22.5	22.5
Invested unrestricted equity reserve		980,207.6	971,972.4
Retained earnings		10,699.3	10,684.2
Profit/ loss for the year		61.6	15.2
Total equity		**990,991.0**	**982,694.2**
Liabilities			
Current liabilities			
Trade payables		83.9	259.1
Liabilities to Group companies			
Trade payables		6.7	153.4
Total liabilities to Group companies		**6.7**	**153.4**
Other liabilities		19.8	12.6
Accrued expenses		80.4	89.2
Total current liabilities		**190.8**	**514.4**
Total liabilities		**190.8**	**514.4**
Total equity and liabilities		**991,181.8**	**983,208.6**

PARENT COMPANY STATEMENT OF CASH FLOWS

EUR 1,000	Note	From 1 Jan. to 31 Dec. 2021	From 1 Jan. to 31 Dec. 2020
Cash flow from operating activities			
Profit/ loss for the year		61.6	15.2
Adjustments			
Taxes		3.5	18.0
Appropriations		-900.0	-860.0
Finance income and expenses		46.8	5.8
Other adjusments		-0.6	-52.2
Changes in working capital			
Change in trade and other receivables		47.5	-116.0
Change in trade and other payables		-285.7	291.6
Interest received		37.5	162.4
Interests paid		-0.3	-0.4
Taxes paid		-36.6	-8.2
Cash flow from operating activities		**-1,026.4**	**-543.9**
Cash flow from investing activities			
Investments in reserve for invested unrestricted equity in subsidiaries		-14,000.0	0.0
Cash flow from investing activities		**-14,000.0**	**0.0**
Cash flow from financing activities			
Share issues		8,895.1	885.0
Redemption of shares		-649.5	-354.8
Share issues expenses		-97.2	-11.2
Repayments of loan receivables from Group companies		0.0	5,201.0
Group contributions		860.0	1,400.0
Cash flow from financing activities		**9,008.4**	**7,120.0**

EUR 1,000	Note	From 1 Jan. to 31 Dec. 2021	From 1 Jan. to 31 Dec. 2020
Change in cash and cash equivalents		-6,017.9	6,576.1
Cash and cash equivalents at 1 Jan.		6,986.8	23.0
Cash transferred in business combinations		0.0	387.7
Cash and cash equivalents at 31 Dec.		**968.9**	**6,986.8**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. Accounting principles

The financial statements of the parent company have been prepared in accordance with the Finnish accounting standards (FAS).

Revenue

Revenue consists of financial management and administrative services provided by the parent company to the subsidiaries.

Investments

Investments in subsidiaries are measured on acquisition cost less possible impairment losses.

Financial expenses

The expenses related to the company's share issues have been accounted for in the statement of income.

2.1 Personnel expenses

	2021	2020
Average number of personnel	2	2

Remuneration for the members of the Board of Directors is announced in Group's Note 7.3.

2.2 Other operating expenses

EUR 1,000	2021	2020
Consultant and professional fees	236.2	455.1
Administration costs	112.0	57.6
Other expenses	27.2	13.8
Total	**375.4**	**526.4**

Auditor's fees

EUR 1,000	2021	2020
Ernst & Young Oy		
Audit fees	43.4	42.2
Tax advisory	7.0	106.8
Other fees	10.1	17.6
Total	**60.5**	**166.5**

2.3 Financial income and expenses

EUR 1,000	2021	2020
Interest income from Group companies	37.5	56.9
Interest expenses to others	-0.3	-0.4
Share issues expenses	-84.0	-62.3
Total	**-46.8**	**-5.8**

3.1 Investments

Investments in subsidiaries

EUR 1,000	2021	2020
Acquisition costs at 1 January	975,238.4	964,958.6
Additions	14,000.0	10 279,8
Acquisition costs at 31 December	989,238.4	975,238.4
Book value at 31 December	**989,238.4**	**975,238.4**

Subsidiaries (direct ownership)	Domicile	Ownership %
Mehiläinen Yhtymä Oy	Helsinki	100
Mehiläinen Yhtiöt Oy	Helsinki	3

3.2 Equity

Mehiläinen Konserni Oy has 984,781,394 registered shares at the year end. The shares are divided to 49,448,691 A-shares, 913,009,850 B-shares and 22,322,853 C-shares. The shares are divided into classes that differ in accordance with the order of priority when distributing funds. In other respects, the company's shares provide equal rights in the company in accordance with the Articles of Association. The Group has no valid stock option programmes.

A total of EUR 8.9 million has been subscribed to the invested unrestricted equity fund during the financial year through paid-up directed share issues. Mehiläinen Konserni Oy has decided on paid directed share issues as follows:

• Pursuant to the share issue authorization issued on 21 December 2020, the company's Board of Directors has during the previous financial year decided on 30 December 2020 to issue a total of 353,328 new A-shares and 2,196,672 new B-shares for a total subscription price of EUR 2.6 million. The shares were subscribed for during the financial year.

• Pursuant to the share issue authorization issued on 21 December 2020, the company's Board of Directors has decided on 15 February 2021 to issue a total of 419,047 new A-shares and 1,511,453 new B-shares for a total subscription price of EUR 1.9 million.

• Pursuant to the share issue authorization issued on 21 December 2020, the company's Board of Directors has decided on 1 April 2021 to issue a total of 198,880 new A-shares and 2,001,120 new B-shares for a total subscription price of EUR 2.2 million.

• Pursuant to the share issue authorization issued on 17 September 2021, the company's Board of Directors has decided on 3 November 2021 to issue a total of 33,280 new A-shares and 1,970,323 new B-shares for a total subscription price of EUR 2.2 million.

The above-mentioned share issues are aimed at investors belonging to the company's personnel as part of the expansion of the company's ownership base.

During the financial year, Mehiläinen Konserni Oy acquired its own shares from private investors who have given up their holdings in the company. A total of 563,719 of the company's own shares have been repurchased, of which 144,077 are A-shares and 419,642 are C-shares. The consideration paid by the company for the shares has been the initial subscription price for 63,479 A-shares, i.e. EUR 1 per share, and for 179,388 C-shares EUR 1 plus a 10% return as defined in the company's Articles of Association. The remuneration paid by the company for 80,598 A-shares and 240,254 C-shares has been EUR 1.12 per share. On 30 December 2020, the Board of Directors decided to cancel the own shares held by the company and 6,700,896 A-shares and 19,583,330 B-shares held by the company during the previous financial year.

Decisions related to share issues and repurchase of own shares valid at the end of the financial year:

• On 17 September 2021, the company's shareholders have authorised the Board of Directors to decide on a share issue. A maximum of 15,510,812 shares, including a maximum of 242,295 A-shares and a maximum of 15,268,517 B-shares, may be issued under the authorisation. Under the authorisation 209,015 A-shares and 13,298,194 B-shares were not issued at the end of the financial year.

• On 21 December 2020, the company's shareholders have authorised the Board of Directors to decide on the repurchase of own shares. Pursuant to the authorisation, a maximum of 4,500,000 shares may be repurchased, of which a maximum of 1,500,000 A-shares, a maximum of 1,500,000 B-shares and a maximum of 1,500,000 C-shares. At the end of the financial year, 1,224,634 A-shares, 1,500,000 B-shares and 1,080,358 C-shares were not repurchased at the end of the financial year.

	2021							
EUR 1,000	No. of A-series shares	No. of B-series shares	No. of C-series shares	No. of total shares	Share Capital	Invested unrestricted equity reserve	Retained earnings	Total
Book value, 1 January	48,588,233	905,330,282	22,742,495	976,661,010	22.5	971,972.4	10,699.3	982,694.2
Share issues	1,004,535	7,679,568		8,684,103		8,895.1		8,895.1
Redemption of shares	-144,077		-419,642	-563,719		-659.9		-659.9
Profit for the year							61.6	61.6
Book value, 31 December	49,448,691	913,009,850	22,322,853	984,781,394	22.5	980,207.6	10,760.9	990,991.0

	2020							
EUR 1,000	No. of A-series shares	No. of B-series shares	No. of C-series shares	No. of total shares	Share Capital	Invested unrestricted equity reserve	Retained earnings	Total
Book value, 1 January	47,629,534	923,819,030		971,448,564	2.5	971,444.3	32.8	971,479.5
Share issues	67,080	817,920		885,000		885.0		885.0
Redemption of shares	-186,553	-164,736		-351,289		-356.9		-356.9
Shares issued and own shares acquired as a result of the merger	1,078,172	-19,141,932	22,742,495	4,678,735	20.0		10,595.6	10,615.6
Other changes							55.8	55.8
Profit for the year							15.2	15.2
Book value, 31 December	48,588,233	905,330,282	22,742,495	976,661,010	22.5	971,972.4	10,699.3	982,694.2

Statement of distributable equity

EUR 1,000	2021	2020
Retained earnings 1 January	10,699.3	32.8
Invested unrestricted equity reserve	980,207.6	971,972.4
Shares issued as merger consideration	0.0	10,595.6
Other changes	0.0	55.8
Profit/ Loss for the year	61.6	15.2
Total	**990,968.5**	**982,671.7**

4. Contingent liabilities and commitments

EUR 1,000	31 December 2021	31 December 2020
Pledged subsidiary shares	33,474.4	33,474.4

5. Significant events after the end of the financial year

By the completion of the financial statements, Mehiläinen Konserni Oy's shares have been subscribed for a total of EUR 1.6 million. Total 78,110 new A-shares and 977,500 new B-shares have been issued in the subscriptions.

SIGNATURES FOR THE REPORT OF BOARD OF DIRECTORS AND THE FINANCIAL STATEMENTS

Helsinki, 8 February 2022

Andreas Tallberg
Chair of the Board of Directors

Harri Aho
Member of the Board of Directors

Lave Beck-Friis
Member of the Board of Directors

Tomas Ekman
Member of the Board of Directors

Eveliina Huurre
Member of the Board of Directors

Minna Kohmo
Member of the Board of Directors

Janne-Olli Järvenpää
Member of the Board of Directors, CEO

THE AUDITOR'S NOTE

A report on the audit performed has been issued today.

Helsinki, 8 February 2022

Ernst & Young Oy, Authorized Public Accountant Firm

Mikko Rytilahti, Authorized Public Accountant

AUDITOR'S REPORT (Translation of the Finnish original)

To the Annual General Meeting of Mehiläinen Konserni Oy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mehiläinen Konserni Oy (business identity code 2915284-1) for the year ended 31 December, 2021. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- The consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- The financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section of our report.*

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 8.2.2022

Ernst & Young Oy, Authorized Public Accountant Firm

Mikko Rytilahti, Authorized Public Accountant

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