REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

2023

MEHILÄINEN
EST. 1909

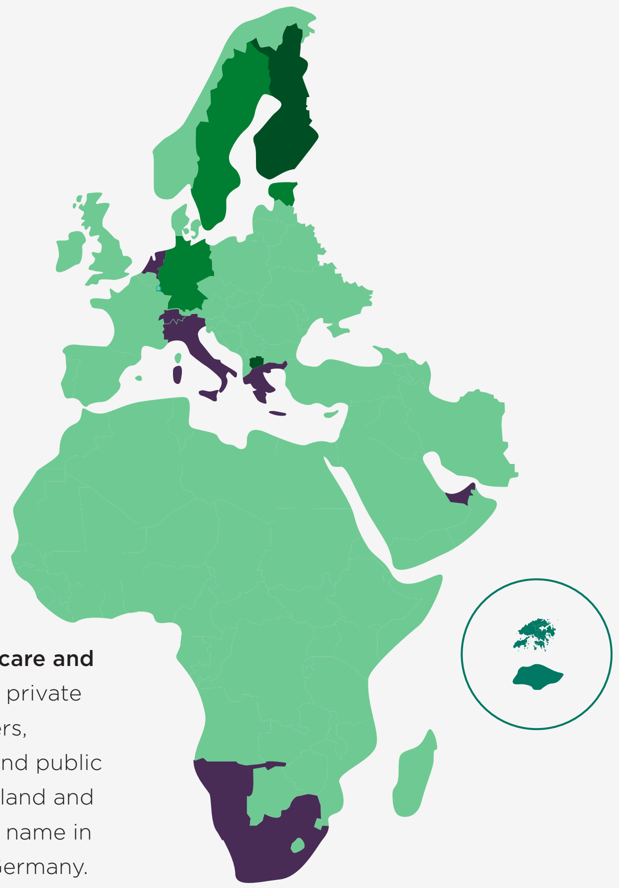
MEHILÄINEN IN BRIEF

Better health and well-being

Mehiläinen is a well-known and highly respected private provider of social care and healthcare services, operating in Finland, Estonia, Sweden, and Germany.

Number of employees and private practitioners	Number of units	Total number of customers at Mehiläinen	Visits to physicians
37,000	**840**	**2.1 million**	**4.9 million**

OmaMehiläinen users	Number of beds in social care services	Revenue (EUR million)	Revenue growth
1.8 million	**7,900**	**1,850.2**	**13.3%**



Comprehensive social care and healthcare services for private and corporate customers, insurance companies, and public service providers in Finland and under the Meliva brand name in Estonia, Sweden, and Germany. Subsidiary BeeHealthy provides software services for healthcare in Europe, the Middle East and Africa. Healthcare Staffing Solutions (HSS), a subsidiary specialised in international recruitment, operates in Asia.

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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 in Finland, Estonia, Sweden and Germany as well as digital healthcare software solutions through its subsidiary BeeHealthy.

114-year-old Mehiläinen is a rapidly developing and growing pioneer in the industry. The group invests in the possibilities of digitalisation as well as in the effectiveness and quality of care across all its business areas. Mehiläinen serves annually 2.1 million customers, and its 840 locations are staffed by a total of over 37,000 employees and private practitioners.

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

Operating environment

The year 2023 was in many ways a return to normal for Mehiläinen's business operations following the end of pandemic, even though the new wellbeing services counties started organising public social and healthcare services, and the unexpectedly high cost inflation that began in 2022 and continued to be strong. Russia's invasion in Ukraine continued, while new crises shook the world, including in the Middle East. The direct effects of these wars were minimal on Mehiläinen's operating environment and business during the year.

At the beginning of 2023, the responsibility for organising services was transferred from municipalities to 21 wellbeing services counties and the City of Helsinki. This represented a significant change for private service providers operating as partners in the public sector. For Mehiläinen, the change meant the end of long-term cooperation with over 200 municipalities and joint municipal authorities and the formation of new partnerships with the wellbeing services counties. Mehiläinen's cooperation with the new wellbeing services counties started succesfully, and public social and healthcare services continued seamlessly through the transition phase. Mehiläinen launched a comprehensive SuomiSote service package for the wellbeing services counties to respond to changes in the operating environment and to support smooth cooperation with the wellbeing services counties. SuomiSote service package covers all social and healthcare services that meet the needs of the wellbeing services counties, as well as digital solutions.

The government program of the new government elected in Finland in the spring of 2023 contains many entries and objectives concerning healthcare in Finland. These entries and objectives aim to strengthen the cooperation between private and public healthcare to improve the effectiveness and cost-efficiency of the service system. In September 2023, the government decided to increase Kela reimbursements in accordance with the government program. Kela reimbursements will be increased by a total of EUR 500 million for the years 2024–2027, of which the state's funding share is EUR 335 million. The increase in reimbursements is targeted to reduce the queues in public primary healthcare. In 2024, a new model for Kela reimbursements will be prepared to facilitate access to treatment in primary healthcare. The reimbursement rates for psychiatric consultations and psychiatric procedures will be increased, as well as the compensation for basic oral examinations conducted by dentists.

In 2020, the Elderly Services Act set a staffing ratio of 0.7 employees per client for enhanced service housing and long-term institutional care for the elderly, with a transition period for full implementation until April 1, 2023. This provided municipalities, joint municipal authorities, and service providers with the opportunity to prepare for the increase in staffing needs. Due to the increasing shortage of nursing staff, the government changed the staffing ratio coming into effect on April 1, 2023, to 0.65, and Mehiläinen's enhanced service housing units transitioned to the new ratio.

The implementation of the 0.7 staffing ratio according to the Elderly Services Act was postponed in the fall of 2023 and will come into effect on January 1, 2028. The number of people over 80 years old is expected to increase by over one hundred thousand by the year 2030. Even more workforce will be needed in the care sector in the future. Mehiläinen responds to this challenge, among other things, with efficient international recruitment and by investing in personnel satisfaction and well-being.

Healthcare services - Finland

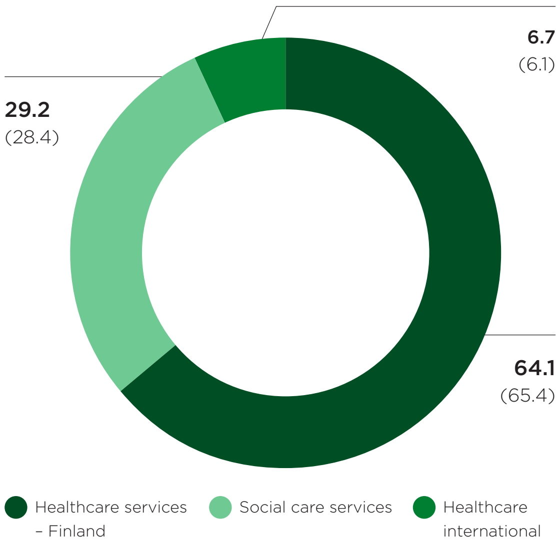
The demand for Mehiläinen's private healthcare services was strong in 2023. This demand was reflected in a significant increase in appointment bookings and customer service inquiries. The largest channel for personal customers, OmaMehiläinen, reached 1.8 million users. Appointments at medical clinics increased by about 8 percent over the year. Mehiläinen became the largest private healthcare service provider in Finland by market share during the year.

Mehiläinen succeeded in recruiting doctors and other professionals and expanding its offerings in a situation where the demand for healthcare services was strong, and the labor market was challenging. Mehiläinen's dental care services, physiotherapy services, mental health services, and diagnostic services also developed excellently. Mehiläinen's medical clinics' customer satisfaction and loyalty, measured by the NPS index (Net Promoter Score), was 90, which is the highest level ever achieved by Mehiläinen.

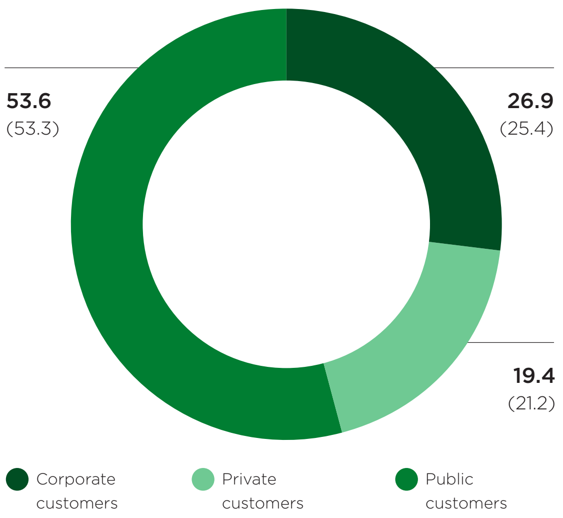
During the year, the number of personal customers in occupational healthcare exceeded the 600,000 worker threshold for the first time. Appointments at physical clinics returned to pre-pandemic levels, while the use of remote consultations and Mehiläinen's Digital Clinic remained high.

Significant investments in facilities and the latest technology continued throughout the year. A new innovation, the electronic patient information system Mehidoc, was launched for professional use. Mehidoc's smooth user interface increases doctors' productivity and speeds up daily work, freeing up time for patient interaction. AI-powered solutions

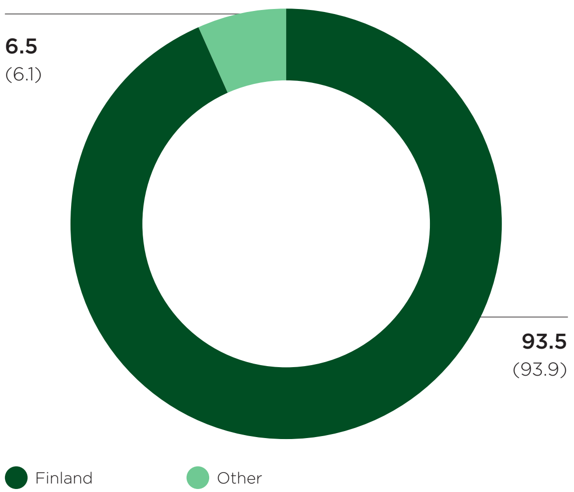
Revenue by businesses
%



Revenue by customers
%



Revenue by geographical areas
%



were also implemented in customer service and online appointment bookings.

Mehiläinen's public healthcare services grew profitably during 2023. Service availability remained excellent at Mehiläinen's health centers. Mehiläinen has the capability to offer quick access to care with high quality and patient satisfaction while ensuring cost-effectiveness for the organizers of public primary healthcare services. The Päijät-Häme wellbeing services county decided to utilize the ten-year contract options with our joint venture Harjun terveys.

At Mehiläinen-operated Länsi-Pohja Central Hospital, waiting times for specialist care were the shortest in Finland, and at the end of 2023, the regional council of the Lapland wellbeing services county voted to extend Mehiläinen's multi-year service contract in accordance with the changes required by the new social and healthcare legislation.

In 2023, Mehiläinen invested in specialized healthcare services by acquiring leading companies in their fields that offer psychiatric care and anesthesia and operating room services to the public sector. Additionally, the production of ophthalmology services for wellbeing services counties began. Mehiläinen's public specialized healthcare services are expected to grow significantly as wellbeing services counties seek solutions to long waiting times within tight financial frameworks.

The development of advanced digital services also continued rapidly in public healthcare services. A new digital service platform and application were introduced at Harjun terveys. Mehiläinen also launched a digital preventive care model for value-based healthcare population-level agreements.

Social care services

A permanent, committed, and skilled staff is the most important factor for the quality of Mehiläinen's social care services. Mehiläinen has made a long-term investment in the development of both supervisory and staff competencies, which is reflected in good results in the development of regularly monitored indicators. In terms of social care services, the employer's net promoter index was at a good level, and over 70 percent of supervisors received a rating of over 4.0/5.0 in our staff survey. Staff turnover decreased across all service lines. Mehiläinen has been monitoring the quality of care with a quality index since 2018. The quality index measures purely the experiential quality of care. In 2023, the quality index reached the best level in history across all service lines of social care services.

In enhanced housing services for the elderly, the caregiver ratio increased due to legislative changes. Mehiläinen was highly successful in recruiting nursing staff, and all units managed to raise the staffing ratio to 0.65 caregivers per resident starting from April 1, 2023. Mainiokodit, which provides housing services for the elderly, expanded its operations through acquisitions in Oulu and Rovaniemi.

In 2023, cost inflation continued to be strong. The costs of social care services were particularly increased by the private social care services sector collective agreement signed in June, which raises personnel costs cumulatively by about 15% during the contract period. In addition to personnel costs, other significant cost items in housing services are food and costs related to properties and their maintenance, where inflation continued to be strong.

Healthcare international

Mehiläinen offers healthcare services in Estonia, Sweden, and Germany under the Meliva brand name. Mehiläinen's operations also expanded in international markets during the year 2023. Cooperation was intensified with Mehiläinen's international units to promote quality and patient safety as well as to share best practices. The subsidiary BeeHealthy, specialised in healthcare software services, secured several significant new customer relationships and implemented platform development and deployments in Europe, the Middle East, and Southern Africa, among other regions. Mehiläinen's BeeHealthy technology-powered Digital Clinic is operational not only in Finland but also in Estonia, Sweden, Germany, the Netherlands, and South Africa.

Mehiläinen is the largest private healthcare provider in Estonia, employing nearly 800 professionals across its 22 units. In Estonia, construction began on a new full-service medical clinic and hospital in the center of Tallinn, and the first surgery for a Finnish patient in accordance with the EU's patient directive was also carried out. Mehiläinen has been successful in attracting more and more professionals in Estonia and is, for example, the most popular employer among dental students. Mehiläinen grew steadily in Estonia during the year by double digits. The number of doctor visits was about 321,000, and customer satisfaction measured by NPS was 87. The service range expanded especially in specialist medical services. The extensive service offering is aimed at both occupational health and private health clinic customers in the future. In digital services, Estonia surpassed the milestone of 60,000 registered mobile application users, which represents almost five percent of the entire Estonian population.

In Sweden, Mehiläinen primarily offers publicly funded services based on freedom of choice in 26 health centers, which have already enrolled about 140,000 customers, as well as in three specialized healthcare units. In public healthcare in Sweden, there is a wide freedom of choice, but voluntary health insurances are also growing rapidly. Growth in Sweden has been fast. Mehiläinen has made several acquisitions and established new units in the greater Stockholm, Uppsala, and Gothenburg areas. Digital services play a central role in providing smooth service to customers. Mehiläinen employs over 700 professionals in Sweden.

Germany is Europe's largest and highly fragmented healthcare market area. Outpatient healthcare services are decentralised to individual or small practices with 2–3 doctors. The market is now moving towards larger, more efficient units that allow for more flexible operations. Healthcare is mainly financed through public health insurance. In addition, privately insured patients are an important customer group. Mehiläinen's outpatient healthcare services focus on the Frankfurt area and include specialist care services for both publicly and privately insured customers. The focus areas are orthopedics, radiology, and ear, nose, and throat diseases. Mehiläinen has in Germany 10 medical clinics and employs about 280 persons. In addition, it serves customers with a small, high-quality hospital specialising in orthopedic surgeries. Mehiläinen is the first operator in the German market to integrate all its medical clinics into a common IT environment, which enables fast processes and better data security for patients. Meliva application and Digital Clinic have been launched for customer use.

Revenue and result

In 2023 Mehiläinen's revenue increased by 13.3 per cent to EUR 1,850.2 (1,632.8) million. The revenue consisted of domestic healthcare and social care services and international healthcare services. The increase was strong in all business areas, both in Finland and internationally. Majority of the growth (10.2 percent) was organic. Mehiläinen did not make any significant acquisitions relative to its revenue during the financial year. The revenue of private healthcare services increased across all customer segments, primarily organically. The revenue of social care services and public healthcare services also increased due to organic growth and business acquisitions.

The underlying operating profit before depreciation and amortisation of intangible assets arising from business combinations, impairments and items affecting comparability (underlying EBITA) amounted to EUR 215.7 (137.6) million. The total amount of items affecting comparability was EUR 8.7 (6.1) million. Depreciation and impairments increased to EUR -186.0 (-177.1) million. Operating profit (EBIT) increased to EUR 160.2 (85.1) million and was 8.7 (5.2) percent of revenue. Several factors explain the improvement in profitability. Profitability developed positively due to strong demand, successful expansion of supply, and the resulting scale advantages that enabled improved cost efficiency. Mehiläinen was also able to partially compensate for the cost increases caused by high inflation and changes in legislation through the pricing of services.

Financial income and expenses totaled EUR -107.0 (-84.4) million. From this, interest expenses on loans were EUR -86.2 (-50.2) million and interest expenses on leases EUR -27.7 (-26.2) million. Financial expenses also include fees related to loans, hedging and currency exchange differences. The result for the financial year was EUR 40.1 (-9,4) million representing 2.2 (-0.6) percentage of revenue.

Financial position

The total amount of Mehiläinen balance sheet at the end of the financial year was EUR 3,189.4 (3,120.2) million. Of this, equity amounted to EUR 975.3 (963.5) million, with an equity ratio of 30.7 (30.9) percent. During the financial year, shares were redeemed for EUR -21.8 million. Overall, equity strengthened because of the positive result.

Interest-bearing net liabilities at the end of the financial year were EUR 1,652.5 (1,711.5) million. Of this, interest-bearing financial institution loans were EUR 1,205.5 (1,201.9) million and the rest were lease liabilities. The net gearing ratio was 169.4 (177.6) percent. Liquidity remained good despite of increased investments during the financial period.

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

Cash flow

Cash flow from operating activities improved as a result of profitable growth and was EUR 384.1 (264.2) million. The change in working capital affecting cash flow amounted to EUR 51.6 (22.8) million. The release of working capital was partly influenced by the accounts receivable financing arrangement. Taxes paid during the financial year amounted to EUR -15.6 (-17.9) million.

Cash flow from investing activities decreased to EUR -81.8 (-214.5) million. Of this, acquisitions of subsidiaries and businesses accounted for EUR -47.2 (-171.4) million and investments in tangible and intangible assets for EUR -40.9 (-46.6) million.

Cash flow from financing activities was EUR -217.6 (-38.7) million, of which interest paid accounted for EUR -71.1 (-50.9) million. Cash flow from financing activities related to lease liabilities was EUR -119.9 (-110.0) million.

Cash and cash equivalents at the end of the financial year were EUR 147.3 (62.7) million.

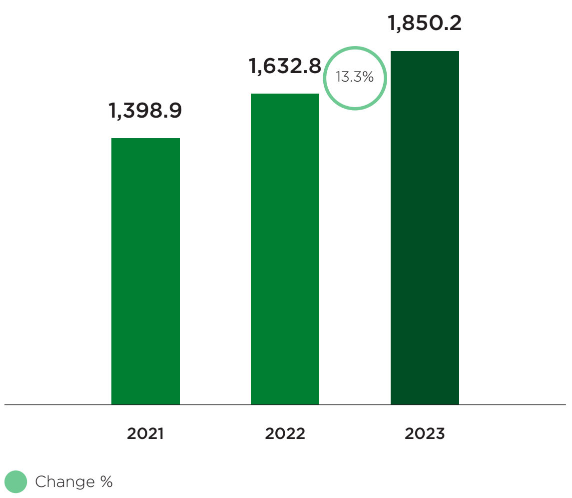
Investments

Despite the prevailing interest rate environment and increased financing costs, investments were continued in new facilities, medical equipment, digital development, and acquisitions that expand our service network and offerings. Total investments in 2023 including acquisitions and investments in tangible and intangible assets were EUR -88.1 (-218.1) million. For the year 2023, the most significant acquisitions were the acquisitions of Päivärinteen Timantti Oy and Psykiatrikonsultaatiot Hilla Oy in Finland, as well as the acquisitions of Barnspecialisterna i Solna AB, Barnspecialisterna i Solletuna AB, Märsta Läkarhus AB, and Märsta Närvård AB in Sweden.

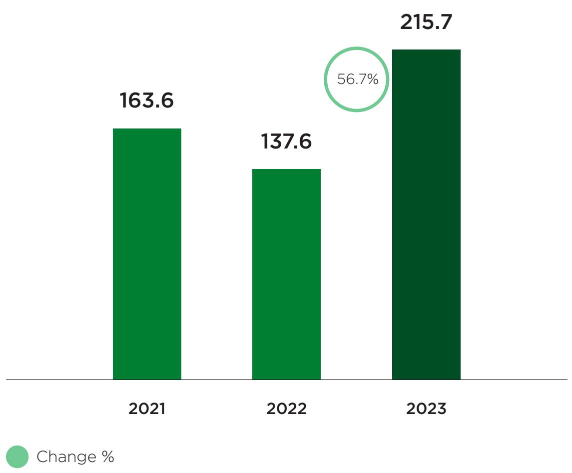
The most significant investments in tangible assets were the establishment of the Töölö dental clinic and the expansion of existing medical clinics, including in Helsinki's Forum, Kokkola, Helsinki's Ympyrätalo, and Salo. In Estonia, construction of medical clinic and hospital began in center of Tallinn. In addition, significant investments were also made in new MRI machines in Porvoo and Lahti.

Investments in intangible rights continued during the year 2023. The digital healthcare platform solution developed by BeeHealthy for international markets was further developed and

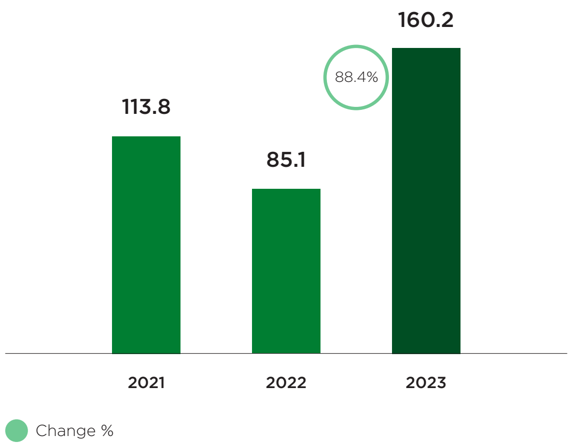
Revenue
EUR million



Underlying EBITA
EUR million



EBIT
EUR million



the electronic patient record system, Mehidoc, was launched for professional use.

Personnel

At the end of the financial year, Mehiläinen had approximately 37,000 (33,000) employees including close to 6,600 (5,700) private practitioners working at Mehiläinen. When converted to full-time positions, Mehiläinen had approximately 14,800 (13,800) employees and approximately 1,100 (1,100) private practitioners. Expenses arising from employee benefits form the largest single expense group and amounted to EUR -875.0 (-784.8) million. Out of this, salaries and fees accounted for EUR -717.5 (-643.9) million.

Based on information by the Talouselämä magazine, Mehiläinen is the largest private employer group in Finland in 2022 and the company with the largest increase in personnel in Finland in 2022. In 2023, the number of employees grew further by about 800 full-time employees in Finland. Mehiläinen's goal is to be the most desired employer in the social care and healthcare sector. To achieve this goal, Mehiläinen has invested in areas such as supervisory training, employee experience, and the development of responsibility. During the year, about 400 supervisors were trained and coached in various leadership modules. The newest module established was a training program for chief physicians. During the year, the fifth Finnish MEE (Mehiläinen Executive Education) coaching program was carried out, along with the second international program, which had participants from all the countries where the group operates. To further enhance the performance of its own staff, various training paths, supervisor training, orientations, and work ability management were developed. In 2023, Mehiläinen was awarded the Recruitment Campaign of the Year recognition for its successful practical nurse campaign, and health and pharmaceutical college students rated Mehiläinen as the ideal employer in their field in a study by Universum.

Mehiläinen's employee engagement, well-being, and job satisfaction are surveyed in an annual staff survey. The survey conducted in the fall of 2023 collected a record response from nearly 9,000 individuals. In addition to Finland, the survey was conducted in Germany, Estonia, and for the supervisor index, also in Sweden. The results of the staff survey reached a record high. The survey results show that positive development has occurred across all indices for five consecutive years. Mehiläinen conducted also its third equality and non-discrimination survey during the year, with results continuing to improve from last year's good outcomes.

The year 2023 was successful in many ways from a personnel perspective. Thanks to systematic development work, the increased on-demand work after the coronavirus pandemic decreased, commitment to the employer strengthened, and the turnover of supervisors turned to a decline. Both staff turnover and sick leaves decreased. Particularly positive was the strengthening of the staff's willingness to commit, which in turn supports a good customer and employee experience.

37,000 Total number of employees and private practitioners

7,400 Physicians, of whom approximately 4,100 are private practitioners

4.4/5 Result of the equality questionnaire (over 2,000 answers)

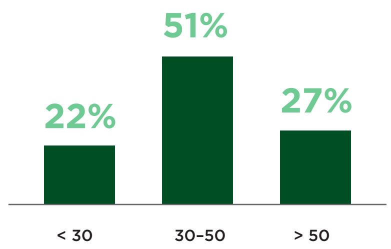
Personnel Groups

20% Physicians and dentists

73% Care and nursing staff

7% Supervisors and administration

Age distribution



Board of Directors, Annual General Meeting and Auditors

Mehiläinen's board of directors is responsible for operations in accordance with the Limited Liability Companies Act, company's articles of association as well as the charters of the Board's Committees and other complementary rules of procedure. Duties include proper organization of administration and operations, defining and guiding strategy, internal control and risk management, deciding on the appointment and dismissal of the CEO, and approving major contracts accordance with the code of approval.

Pursuant to the Article of Association of Mehiläinen, the company's board of directors composed of a minimum of five and a maximum of eight members, whose term of office continues indefinitely. The composition of the board takes into account requirements for independence, competence and experience in matters related to the company's industry and business, as well as reliability. The target is that the board shall include representatives of more than one gender. Among the board members, Janne-Olli Järvenpää works for the company (CEO). In other respects, the board has assessed that the members are independent of the company's operations.

Mehiläinen's Annual General Meeting was held in Helsinki on 13 March 2023. The Annual General Meeting approved the financial statements and discharged the members of the Board of Directors from liability for the financial year 2022. 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.

Board Members	Gender	Year of Birth	Nationality	Independency from the company	Fees paid (1,000)	Audit Comittee	Remuneration Comittee	Contract Comittee
Andreas Tallberg (Board Chair)	Male	1963	Finland	Independent	120		X	
Eveliina Huurre	Female	1973	Finland	Independent	55	X		X
Hanna Hartikainen	Female	1971	Finland	Independent	35	X		
Harri Aho (until 1.7.2023)	Male	1969	Finland	Independent	17.5	X		
Janne-Olli Järvenpää	Male	1971	Finland	No	0			
Lave Beck-Friis	Male	1987	Sweden	Independent	0	X		X
Susa Nikula (1.7.2023 onwards)	Female	1970	Finland	Independent	17.5			
Tomas Ekman	Male	1967	Sweden	Independent	0		X	X

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 Konserni Oy has 984,889,070 registered shares at the year end. The shares are divided to 48,145,503 A-shares, 917,483,726 B-shares and 19,259,841 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. The share capital is 22,500 euros.

A total of EUR 2.2 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 share issues against payment as follows:

- Pursuant to the share issue authorization issued on 17 February 2022, the company's Board of Directors has during the previous financial year decided on 28 April 2023 to issue a total of 7,104 new A-shares and 883,200 new B-shares for a total subscription price of EUR 0.9 million. The shares were subscribed for during the financial year.
- Pursuant to the share issue authorization issued on 17 February 2022, the company's Board of Directors has decided on 27 June 2023 to issue

a total of 53,094 new A-shares and 1,019,010 new B-shares for a total subscription price of EUR 1.3 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 12,885,234 of the company's own shares have been repurchased, of which 1,539,956 are A-shares, 8,282,266 are B-shares and 3,063,012 C-shares. The purchase price for 21,228 A-shares was their original subscription price and for 1,518,728 A-shares the current estimated fair value. With regard to B-shares, the purchase price has been their original subscription price (1 euro) for 116,890 B-shares and 1 euro for 8,165,376 B-shares added as determined in the company's articles of association, with a 10 percent return. The purchase price for C-shares has been 1 euro added as determined in the company's articles of association, with a 10 percent return. The consideration paid by the company for the shares has been 5.12 euros on average for the A-share, 1.1 euros on average for the B-share and 1.57 euros on average for the C-share. The consideration paid has varied depending on the purchase. The relative share of the company's acquired and canceled own shares of all the company's shares at the end of the financial year has been approximately 1.3 percent, and the board of directors has decided with the decisions made on 9 January 2023, 8 February 2023, 31 March 2023, 14 June 2023, 27 June 2023 and 31 August 2023 to immediately cancel the own shares acquired by the company after they come into the company's possession.

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

- On 17 February 2022, the company's shareholders have authorised the Board of Directors to decide on the share issue. A maximum of 53,230,234 shares, including a maximum of 877,540 A-shares and a maximum of 52,352,694 B-shares, can be issued under the authorisation. Pursuant to the authorisation, at the end of the financial year, 686,615 A-series shares and 40,021,044 B-series shares remain unissued.
- On 2 February 2023, the company's shareholders have authorised the Board of Directors to decide on the repurchase of their own shares. Pursuant to the authorisation, a maximum of 13,200,000 shares may be repurchased, of which a maximum of 1,700,000 A-shares, a maximum of 10,000,000 B-shares and a maximum of 1,500,000 C-shares. Pursuant to the authorisation, at the end of the financial year, 1,566,134 A-series shares, 1,852,230 B-series and 1,388,299 C-shares remain unissued.

Shareholders

Funds managed by CVC Capital Partners	56%
LähiTapiola 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 2024

Mehiläinen estimates the revenue to improve during the year 2024. The wages and other costs in the social and healthcare service sector continue to rise rapidly in 2024, putting pressure to profitability. However, through the continuous improvement of operations, Mehiläinen aims to increase not only its revenue but also EBITA (operating profit before depreciation and amortisation of intangible assets arising from business combinations and impairments) in 2024.

Proposal by the Board of Directors for profit distribution

The board of directors proposes to the Annual General Meeting that no dividend be distributed from the result of the financial year and that the result be transferred to the retained earnings account. The parent company's distributable assets on 31 December 2023 were EUR 983,3 (1,003.2) million.

Events after the reporting period

There were no material events after the financial year.

NON-FINANCIAL INFORMATION

Corporate Responsibility

The core of Mehiläinen's corporate responsibility is the company's strategy, values, and mission to create health and wellbeing in society. Corporate responsibility is guided by the company's responsibility program as well as Group policies, which focus on environmental, social, and governance responsibility. In 2023, the board approved two new policies to guide corporate responsibility: the Environmental Policy and the Human Rights Policy.

Mehiläinen will publish a separate responsibility report. It will further describe the development and fulfillment of the responsibility work by Mehiläinen for the year 2023.

Mehiläinen's sustainability program is based on material issues defined by stakeholders in accordance with the GRI framework, as well as the group's strategy and identified opportunities for influence in Mehiläinen's operating environment.

Mehiläinen aims with its sustainability program to promote the implementation of responsibility in its business, guide the group to develop in issues that are important to it, and respond to the expectations and requirements of legislation and stakeholders.

Sustainability program is built around four themes. These themes reflect the issues that Mehiläinen particularly wants to advance in its activities:

Pioneer in high quality treatment and care

Our customers and their families can rely on us to provide individual, smooth, safe and effective treatment and care. Our management is knowledge-based, we seek to perform better every day, and we are a pioneer in digital healthcare.

Innovator and agile developer, and bearer of social responsibility

Our growth is stable, we create jobs and export Finnish expertise to the international market. We are a strong partner for both companies and the public sector.

Attractive and meaningful workplace

We invest in the comprehensive well-being of our employees and provide them with opportunities to develop and shine in their work. We offer a wide range of career paths, and our corporate culture encourages success.

Sustainable development

We operate sustainably, openly and efficiently throughout the value chain.

Alongside its sustainability program, Mehiläinen is committed to advancing the UN Sustainable Development Goals relevant to the company's operations. Mehiläinen is also dedicated to the UN Global Compact initiative, adhering to and promoting its principles.

Mehiläinen has agreed with its financiers on a 1.21-billion-euro loan package. The interest rates of the loan are tied to 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 health 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 reached the targets in 2022 and 2021. These goals have been achieved both in 2023 and in previous years.

During the year, Mehiläinen was evaluated by an external independent company Ecovadis. Ecovadis is one of the largest global providers of sustainability assessments. Mehiläinen achieved a gold rating in the assessment, which only five percent of the evaluated companies reach.

Mehiläinen's ratings improved overall, including in the environmental category.

Environment

In 2023, a new environmental policy was approved for the company, which will guide its operations moving forward. In all activities, identifying and preventing possible adverse effects on the environment is being strived towards, and thus promoting 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 the amount of waste, as well as to reduce energy consumption and the negative impact on the environment due to traveling.

In 2023, Mehiläinen committed to the Science Based Targets initiative, aiming for emission reductions aligned with the 1.5-degree Celsius warming scenario outlined in the Paris Climate Agreement.

Environmental impact of the business is considered, responsible procurement 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 awareness of environmental issues. Suppliers and other partners are expected to minimize the environmental impact of their products and services. Mehiläinen promotes the digitalisation of the industry by developing digital services and products that contribute to reducing travel and thus the environmental impact. Mehiläinen utilises 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.

Human rights

In 2023, the board approved a new Human Rights Policy, which includes the commitment of the company's leadership to human rights:

Mehiläinen is committed to respecting all internationally recognised human rights. We respect the implementation of human rights in our own operations and we also expect this from all our partners and subcontractors. We avoid causing or contributing to negative human rights impacts by developing our operations and acting with due care.

We comply with national laws and regulations. In addition, Mehiläinen respects international law, such as the following declarations and conventions: The UN Universal Declaration of Human Rights, UN International Covenant on Civil and Political Rights, UN International Covenant on Economic, Social and Cultural Rights and ILO Declaration on Fundamental Principles and Rights at Work. In addition, our operations are guided by the OECD Guidelines for Multinational Enterprises as well as the UN Guiding Principles on Business and Human Rights. Mehiläinen is committed to the UN Global Compact initiative.

In all our operations, we strive to ensure the fundamental rights of our employees, customers and stakeholders, regardless of their age, gender, sexual orientation, ethnic and cultural origin and religious or political affiliation. We are committed to respecting the human rights of our customers and business partners, and we also require them to comply with the human rights commitments when operating with Mehiläinen. We are committed to ensuring a safe, fair and non-discriminatory working environment for all of our employees.

We respect our customers' right to self-determination in the sphere of social welfare and healthcare activities, and we strive to strengthen its implementation with active measures.

Customer satisfaction

At Mehiläinen, customer satisfaction is measured using the internationally recognized Net Promoter Score (NPS) metric. The NPS index can range from -100 to +100, and it is considered good when the index is above 50. In healthcare services, customer satisfaction is measured in medical clinics, hospitals, Felicitas Mehiläinen infertility clinics, and health centers, among others. For the entire year, the combined NPS was 90 for private healthcare services and 75 for public healthcare services.

Customer satisfaction of decision-maker clients in Mehiläinen's Occupational Health Services is measured annually with a comprehensive online survey, through continuous steering group and cooperation meeting surveys, and with satisfaction and development surveys conducted in the Mehiläinen Decision-Maker Panel online panel.

Surveys are also conducted in private and public healthcare services to assess patients' feelings of coping with their illness after a consultation visit. The results clearly reflect improved coping. For the small fraction of respondents who felt they were coping worse, an opportunity for personal contact for further clarification was offered.

Customers are involved in the development of Mehiläinen's operations and services through the Customer Council online panel. In 2023, the Customer Council included 6,800 Mehiläinen customers. The panel surveys received a total of over 13,000 responses. Council members were asked for their views and suggestions for improvement on topics such as Mehiläinen's website and appointment booking, as well as dental health, laboratory, emergency, and physiotherapy services. In 2023, feedback from council members was also utilised in the development of healthcare quality customer communication and the development of Children's Mehiläinen.

In social care housing units, the customer experience is measured with a quality index developed by Mehiläinen, which is implemented through qualitative reports and surveys. The quality index has risen at Mainiokodit from the previous year, already exceeding 85. At Onnikodit, the quality index has varied between 80–85, and at Ykköskodit, it has ranged between 86–88.

Customer and patient safety

Mehiläinen's services are based on evidence-based medicine as well as good care and operational practices. Patient and customer safety refers to the principles and operational practices of all professional staff working at Mehiläinen, Mehiläinen's units, and the group, which ensure the safety of patients' and customers' health and medical care as well as care services. In 2023, Mehiläinen introduced a new tool called Laatuportti for reporting and documenting events that endanger patient and customer safety. There is also a separate section for reporting information security incidents.

Laatuportti is intended for the development of the organization's operations. Through a systematic and user-friendly reporting procedure, users can learn from incidents and near-misses, and the organization's management can receive information about the adequacy of training or guidelines and the effects of actions taken. Laatuportti also serves as a feedback channel for patients and their relatives. Mehiläinen also has a separate alert channel through which patients can express any dissatisfaction with their treatment. In addition, in Finland, the Patient Insurance Centre monitors patient safety, handling all patient injury claims related to healthcare and maintaining statistics on patient injury reports. In Mehiläinen, patient injuries are particularly monitored in healthcare services.

In 2023, a comprehensive annual self-monitoring survey was conducted in Finland, Sweden, and Estonia. The self-monitoring surveys focus especially on patient safety.

Quality and Effectiveness

Mehiläinen is committed to quality and the effectiveness of care based on the principle of continuous improvement. Every employee at Mehiläinen participates in quality work, which is led by the group's quality team under the direction of the Chief Medical Officer. Mehiläinen's customers are actively involved in quality development through feedback systems and the customer council. Quality at Mehiläinen is monitored and managed with the Quality Indicators quality monitoring system, which reports on issues related to patient safety, access to care, process functionality, and customer experience. The Quality Indicators system includes about 30 metrics from different business areas.

Mehiläinen's public Quality Indicators include metrics to assess the responsible use of antibiotics for upper respiratory infections, cough medicines for small children, and primarily central nervous system-affecting drugs. The effectiveness of care is monitored for the treatment balance of diabetes and cardiovascular diseases. In 2023, the data analytics team produced monthly highlights on health phenomena for both management support and societal influence in the media.

Mehiläinen also offers a wide range of digital lifestyle coaching to support the prevention of diseases. Research and development activities at Mehiläinen focused on the development of digitalization of healthcare services with the goal of providing high-quality healthcare services. Digital services create new channels for using Mehiläinen's services, improve customer experience, and make service processes more efficient. One of the key digital services developed is the OmaMehiläinen app, which allows for quick and easy access to one's own health information, appointment booking from one's phone, electronic prescription renewal, and round-the-clock messaging with healthcare professionals. Mehiläinen's investments in research and development were 14.2 (14.7) million euros in 2023. Some of which were recorded directly as expenses and some were capitalized into non-current assets.

In public healthcare services, the COCI (continuity of care) metric is used to assess the continuity of care with the same healthcare professional. Additionally, in 2023, special emphasis was placed on developing orientation paths for new professionals and career paths for professionals.

In 2023, social care services continued to develop and implement quality tools. The operational management systems Mainionet, Ykkösnet, and Onninet became an integral part of the units' daily routines. In the incident reporting system's handling process, serious incident reports are brought to the management's attention in real-time, allowing for quick intervention. The handling of incidents in the units can also be monitored.

During 2023, steering groups from Mehiläinen and Finnish universities providing medical education met regularly to deepen research and educational cooperation. Under the Mehiläinen Knowledge and Skills website, doctors' specialization training, training calendar, and other information about extensive training services and scientific research opportunities have been compiled. Mehiläinen's Doctor Days were conducted as hybrid training. In the spring of 2023, the virtual Nurse Day was held for the third time, which all nurses from Finland, from social care services as well as healthcare units, were also able to attend.

Code of conduct

Mehiläinen expects all employees, private practitioners, and partners to follow the Group's Code of Conduct and other policies. The 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. The most 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.

The Code of Conduct also covers principles on prevention of bribery and corruption. In accordance with Mehiläinen's Code of Conduct, corruption, bribery, and competition-distorting activities are prohibited. 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 the Code of Conduct is also monitored through internal and external audits. An anonymous whistleblowing 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 goals set by the group itself, social care and healthcare services are a highly regulated industry with permits, registrations, and regulatory oversight. 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 risk management policy.

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 wellbeing services counties, 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, analysing counterparties, and taking out insurance. Financial risks are reported in more detail in the notes to the financial statements.

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

Data privacy and data protection

Mehiläinen's operational business is almost exclusively the processing of various sensitive personal data in various business processes. In the operations, large amounts of sensitive personal data are processed daily, such as patient data and customer data of social care services. Due to the nature of the business, the processing of personal data causes risks, which the data protection and quality work carried out in the company constantly aims to identify and control. Goal is to protect the business by safeguarding the confidentiality of Mehiläinen's and its customers' and partners' data and ensuring that the processing of personal data complies with the law.

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 of 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 Officer and Data Security Steering group, which monitors the overall data protection situation, addresses significant risks and deviations, and decides on group level practices. The Group's Data Protection Officer co-operates with the data protection officers abroad.

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 fiscal year, healthcare has continued to be the focus area of the national data protection authority's supervisory activities, which has shown itself as increasing cooperation between the authorities. Other areas of development and focus related to data protection have been the centralization of functions related to the exercise of the data subject's rights, international business and the consideration of the effects of the constantly changing special national healthcare legislation in contracts and operating models. The current financial year has also seen the development of privacy-related reporting, including international subsidiary group reporting.

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 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 2023, Mehiläinen deployed a new log analysis solution to detect anomalies in patient data access. TheBugBounty program in Mehiläinen's digital services and BeeHealthy has currently 85 approved security specialists testing our solutions. The goal of the program is to look for vulnerabilities and weaknesses in systems. Targeted testing done by experts complements other security testing and external auditing.

Mehiläinen's information security was audited by external experts at the initiative of customers, partners and internal control. A road map was created for the further development of information security for the next three years based on the current state of information security and development goals.

As part of preparation for NIS2-directive Mehiläinen started ISO 27001 program that aims to certify Mehiläinen's digital services and BeeHealthy by the end of 2024.

GROUP KEY FIGURES

Financial performance		2023	2022	2021
Revenue	EUR million	1,850.2	1,632.8	1,398.9
Underlying EBITDA [1]	EUR million	354.9	266.0	271.0
– of revenue	%	19.2	16.3	19.4
EBITDA	EUR million	346.2	262.2	263.9
– of revenue	%	18.7	16.1	18.9
Underlying EBITA [1]	EUR million	215.7	137.6	163.6
– of revenue	%	11.7	8.4	11.7
EBITA	EUR million	207.0	133.8	153.3
– of revenue	%	11.2	8.2	11.0
Underlying operating profit [1]	EUR million	168.9	91.1	124.1
– of revenue	%	9.1	5.6	8.9
Operating profit	EUR million	160.2	85.1	113.8
– of revenue	%	8.7	5.2	8.1

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

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, underlying EBITA and underlying operating profit 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.

Profitability		2023	2022	2021
Return on Capital Employed (ROCE)	%	6.5	3.3	4.6
Return on Equity (ROE)	%	4.1	-1.0	2.7

Financing and financial position		2023	2022	2021
Net working capital	EUR million	-138.8	-77.6	-67.7
Equity ratio	%	30.7	30.9	32.3
Gearing	%	169.4	177.6	167.4
Interest-bearing net debt	EUR million	1,652.5	1,711.5	1,582.3

Other key figures		2023	2022	2021
Net cash from operating activities	EUR million	384.1	264.2	243.2
Investments, excluding acquisitions	EUR million	40.9	46.6	51.1
Average number of personnel, full-time equivalent		14,207	13,404	11,281
Average number of private practitioners, full-time equivalent		1,079	1,050	734
Number of personnel at the end of the period, full-time equivalent		14,830	13,827	12,492

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 operating profit	=	Operating profit + items affecting operating profit comparability
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

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

Net working capital	=	Inventories + trade receivables and other current receivables - trade payables and other current payables
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 (FTE)	=	Calculated as average of monthly number of personnel (full-time equivalent)
Average number of private practitioners, (FTE)	=	Calculated as average of monthly number of private practitioners (full-time equivalent)
Number of personnel at the end of the period (FTE)	=	Number of personnel at the end of the period (full-time equivalent)

Items affecting comparability

The Group discloses items in its Financial Statements that affect comparability of EBITDA, EBITA and operating profit between different reporting periods. From the Group's perspective, items affecting comparability must be exceptional and outside the course of ordinary course of business. 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	2023	2022
Acquisition related income	0.2	3.9
Acquisition related expenses	-2.6	-6.3
Integration and restructuring related and other expenses	-6.3	-3.6
Total	**-8.7**	**-6.1**

Reconciliation of key figures to Consolidated Financial Statements (IFRS)

EUR million	2023	2022
Operating profit	**160.2**	**85.1**
Depreciation, amortisation and impairment losses	186.0	177.1
EBITDA	**346.2**	**262.2**
Items affecting comparability		
Other operating income	-0.2	-3.3
Materials and services	0.0	0.0
Employee benefit expenses	1.0	0.0
Other operating expenses	7.9	7.1
Underlying EBITDA	**354.9**	**266.0**
Depreciation, amortisation and impairment losses	-186.0	-177.1
Impairment losses	1.4	2.9
Depreciation and amortisation arisen from business combinations	45.4	45.8
Underlying EBITA	**215.7**	**137.6**
Impairment losses	-1.4	-2.9
Depreciation and amortisation arisen from business combinations	-45.4	-45.8
Items affecting comparability		2.2
Underlying operating profit	**168.9**	**91.1**

EUR million	2023	2022
Inventories	8.2	7.9
Trade receivables and other current receivables	141.6	175.4
Trade payables and other current payables	-288.7	-260.9
Net working capital	**-138.8**	**-77.6**

EUR million	2023	2022
Result before taxes	53.3	0.7
Finance expenses	126.2	87.1
Total equity 1 Jan.	963.5	945.4
Total equity 31 Dec.	975.3	963.5
Interest-bearing debt including lease liabilities 1 Jan.	1,777.9	1,634.6
Interest-bearing debt including lease liabilities 31 Dec.	1,802.4	1,777.9
Return on Capital Employed (ROCE), %	**6.5**	**3.3**

EUR million	2023	2022
Result for the year	40.1	-9.4
Total equity 1 Jan.	963.5	945.4
Total equity 31 Dec.	975.3	963.5
Return on equity (ROE), %	**4.1**	**-1.0**

EUR million	2023	2022
Total equity	975.3	963.5
Total assets	3,189.4	3,120.2
Advances received including contract liabilities	-12.2	-3.5
Equity ratio, %	**30.7**	**30.9**

EUR million	2023	2022
Interest-bearing debt including lease liabilities	1,802.4	1,777.9
Interest-bearing receivables	-2.6	-3.7
Cash and cash equivalents	-147.3	-62.7
Interest-bearing net debt	**1,652.5**	**1,711.5**
Total equity	975.3	963.5
Gearing, %	**169.4**	**177.6**

CONSOLIDATED STATEMENT OF INCOME

EUR million	Note	2023	2022
Revenue	2.1	**1,850.2**	**1,632.8**
Other operating income	2.2	12.0	14.7
Materials and services	2.3	-465.7	-434.8
Employee benefit expenses	2.4	-875.0	-784.8
Depreciation, amortisation and impairment losses	4.4	-186.0	-177.1
Other operating expenses	2.5	-175.4	-165.7
Share of results in associated companies	6.2	0.0	0.0
Operating profit		**160.2**	**85.1**
Finance income and expenses	5.5	-107.0	-84.4
Result before tax		**53.3**	**0.7**
Income taxes	7.1, 7.2	-13.2	-10.1
Result for the year		**40.1**	**-9.4**
Result for the year attributable to			
Owners of the parent company		39.8	-8.6
Non-controlling interests		0.3	-0.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	2023	2022
Result for the year		**40.1**	**-9.4**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedging	5.3	-11.3	22.5
Taxes on items that may subsequently be transferred to profit or loss	7.1	2.3	-4.5
Currency translation differences related to foreign operations		0.3	-2.2
Other comprehensive income, net of tax		**-8.7**	**15.7**
Total comprehensive income		**31.4**	**6.3**
Total comprehensive income attributable to			
Owners of the parent company		31.1	7.1
Non-controlling interests		0.3	-0.8

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Goodwill	4.2, 4.5	1,740.1	1,702.2
Intangible assets	4.2	480.1	514.1
Right-of-use assets	3.1	524.2	506.3
Property, plant and equipment	4.3	117.6	120.4
Investments in associated companies	6.2	0.0	0.1
Receivables	5.4	5.2	6.2
Other financial assets	5.4	0.5	0.6
Deferred tax assets	7.2	22.7	20.7
Total non-current assets		**2,890.4**	**2,870.4**
Current assets			
Inventories	3.2	8.2	7.9
Trade and other receivables	3.3	141.6	175.4
Current tax assets		2.0	3.7
Cash and cash equivalents	3.4	147.3	62.7
Total current assets		**299.1**	**249.8**
Total assets		**3,189.4**	**3,120.2**

EUR million	Note	31 December 2023	31 December 2022
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	971.6	991.2
Hedging reserve	5.2		9.0
Currency translation difference	5.2	-1.9	-2.2
Retained earnings	5.2	5.4	-34.4
Total equity attributable to owners of the parent company		**975.1**	**963.7**
Non-controlling interests		0.2	-0.2
Total equity		**975.3**	**963.5**
Non-current liabilities			
Interest-bearing liabilities	5.4	1,205.1	1,201.5
Lease liabilities	5.4	507.0	489.5
Other liabilities	5.4	8.6	2.5
Provisions	3.6	0.4	0.7
Deferred tax liabilities	7.2	105.1	112.6
Total non-current liabilities		**1,826.3**	**1,806.8**
Current liabilities			
Interest-bearing liabilities	5.4	0.4	0.4
Lease liabilities	5.4	89.8	86.5
Trade and other payables	3.5	288.7	260.9
Provisions	3.6	1.5	0.7
Current tax liabilities		7.4	1.4
Total current liabilities		**387.8**	**349.9**
Total liabilities		**2,214.1**	**2,156.7**
Total equity and liabilities		**3,189.4**	**3,120.2**

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 2023		**0.0**	**991.2**	**9.0**	**-2.2**	**-34.4**	**963.7**	**-0.2**	**963.5**
Comprehensive income									
Result for the year						39.8	39.8	0.3	40.1
Other comprehensive income, net of tax									
Cash flow hedging	5.3, 7.1			-9.0			-9.0		-9.0
Translation differences related to foreign operations					0.3		0.3		0.3
Total comprehensive income				**-9.0**	**0.3**	**39.8**	**31.1**	**0.3**	**31.4**
Transactions with owners									
Share issues	5.2		2.2				2.2		2.2
Redemptions of shares	5.2		-21.8				-21.8		-21.8
Transaction costs related directly to the issue of new shares, net of tax	5.2		0.0				0.0		0.0
Total transactions with owners			**-19.6**				**-19.6**		**-19.6**
Transactions with non-controlling interests									
Invested equity of non-controlling interests								0.1	0.1
Total transactions with non-controlling interests								**0.1**	**0.1**
Equity 31 December 2023		**0.0**	**971.6**		**-1.9**	**5.4**	**975.1**	**0.2**	**975.3**

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

EUR million	Note	Equity attributable to owners of the parent company							
		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 2022		**0.0**	**979.1**	**-8.9**	**0.0**	**-25.7**	**944.4**	**0.9**	**945.4**
Comprehensive income									
Result for the year						-8.6	-8.6	-0.8	-9.4
Other comprehensive income, net of tax									
Cash flow hedging	5.3, 7.1			18.0			18.0		18.0
Translation differences related to foreign operations					-2.2		-2.2		-2.2
Total comprehensive income				**18.0**	**-2.2**	**-8.6**	**7.1**	**-0.8**	**6.3**
Transactions with owners									
Share issues	5.2		12.9				12.9		12.9
Redemptions of shares	5.2		-0.8				-0.8		-0.8
Transaction costs related directly to the issue of new shares, net of tax	5.2		0.0				0.0		0.0
Total transactions with owners			**12.1**				**12.1**		**12.1**
Transactions with non-controlling interests									
Changes in non-controlling interests								-0.3	-0.3
Total transactions with non-controlling interests								**-0.3**	**-0.3**
Equity 31 December 2022		**0.0**	**991.2**	**9.0**	**-2.2**	**-34.4**	**963.7**	**-0.2**	**963.5**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	2023	2022
Cash flow from operating activities			
Result for the year		40.1	-9.4
Adjustments			
Depreciation, amortisation and impairment losses	4.4	186.0	177.1
Finance income and expenses	5.5	107.0	84.4
Income taxes	7.1	13.2	10.1
Dividends from business operations [1]	2.4	4.1	4.7
Other items		0.6	-4.3
Changes in net working capital			
Change in trade and other receivables		23.5	2.5
Change in inventories		-0.3	0.7
Change in trade and other payables		28.4	19.5
Dividends paid for business operations 1)		-5.3	-3.7
Dividends, interest and other finance income received		2.4	0.4
Taxes paid		-15.6	-17.9
Total cash flow from operating activities		**384.1**	**264.2**
Cash flow from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	4.1	-47.2	-163.4
Escrow-accounts	4.1		-8.0
Sale of subsidiaries, net of cash disposed of	4.1	0.2	
Investments in property, plant and equipment and intangible assets	4.2, 4.3	-40.9	-46.6
Disposal of property, plant and equipment and intangible assets	4.2, 4.3	6.1	2.1
Loan receivables increase (-) / decrease (+)		0.1	1.0
Sale of other investments		0.1	0.4
Total cash flow from investing activities		**-81.8**	**-214.5**

EUR million	Note	2023	2022
Cash flow from financing activities			
Share issue	5.2	2.2	12.9
Redemption of shares	5.2	-21.8	-0.8
Invested equity of non-controlling interests		0.1	0.1
Redemption of non-controlling interests		0.0	0.0
Proceeds from loans	5.4	0.0	150.2
Repayment of loans	5.4	-4.2	-37.0
Interests paid		-71.1	-50.9
Other financial expenses paid		-3.0	-3.2
Repayment of lease liabilities	5.4	-92.8	-83.8
Interests paid for lease liabilities		-27.1	-26.2
Total cash flow from financing activities		**-217.6**	**-38.7**
Total cash flows		**84.6**	**10.9**
Cash and cash equivalents at 1 Jan.		62.7	52.3
Effect of exchange rate difference		-0.1	-0.5
Other change in cash and cash equivalents			0.0
Cash and cash equivalents at 31 Dec.	3.4	**147.3**	**62.7**

1) Dividends on business operations are dividends paid to the shareholders of OmaPartners Oy.

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 have been grouped into sections based on their nature. The basis of preparation is described as part of this note (Accounting policies for the consolidated financial statements), while the accounting policies directly related to a specific note are presented as part of the note in question. The notes contain the relevant financial information as well as a description of the accounting policies and key estimates and judgements applied for the topics of 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 healthcare and social care services, offering comprehensive high-quality services in Finland, Estonia, Sweden and Germany as well as digital healthcare software solutions through its subsidiary BeeHealthy.

114-year-old Mehiläinen is a rapidly developing and growing pioneer in the industry. The group invests in the possibilities of digitalisation as well as in the effectiveness and quality of care across all its business areas. Mehiläinen serves annually 2.1 million customers, and its 840 locations are staffed by a total of over 37,000 employees and private practitioners.

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 www.mehilainen.fi/en.

These financial statements were approved by the Board of Directors of Mehiläinen Konserni Oy at a meeting held on 2 February 2024. 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 2023. 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 consolidated financial statements are presented in euros, which is both the functional currency of the environment in which the Group's parent operates and the presentation currency. On initial recognition, the amounts with respect to the result and financial position of the Group companies located outside the euro zone are recorded in the functional currency of each of their operating environments. The consolidated financial statements are presented in million of euros. All figures presented have been rounded, and consequently the sum of individual figures may deviate from the presented aggregate figure. Key figures have been calculated using exact figures.

The Group's business operations are primarily carried out in Finland and therefore typically denominated in euros. Receivables and liabilities denominated in foreign currency are translated into euros using the closing rate. 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 2023 onwards:

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. 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. 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. 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 is presented from the beginning of the earliest comparison year.

On May 2023 IAS 12 standard was amended for OECD BEPS Pillar II global minimum income taxes. The amendment included mandatory temporary exception to the accounting for deferred taxes arising from jurisdictional implementation of Pillar II rules.

1.4 Adoption of new and amended standards and interpretations

Standards issued that are effective from periods on or after 1st of January 2024 mainly include amendments and improvements to current standards that are not expected to have a material impact on the Group'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 reported amounts of assets and liabilities, contingent liabilities, and income and expense.

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

Revenue

1,850.2

EUR million

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 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.

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 and purchased services for primary and specialised healthcare
- Center for Remote Healthcare
- Public dental care
- Personnel services
- Home care support services
- Therapy and rehabilitation 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

The Group sells services to corporate, private and public sector customer.

Corporate customers

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

Private clients

- Private persons

Public sector customers

- Wellbeing services counties
- Municipalities and joint municipalities
- Public administration

Public sector customers include public sector organisations 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 and wellbeing services counties. 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.

TOTAL REVENUE DISTRIBUTION

64.1%
Healthcare services - Finland

29.2%
Social care services

6.7%
Healthcare international

Revenue by businesses

EUR million	2023	2022
Healthcare services - Finland	1,185.9	1,068.5
Social care services	540.6	464.0
Healthcare international	123.7	100.2
Total	**1,850.2**	**1,632.8**

Revenue by customers

EUR million	2023	2022 [1]
Corporate customers	498.6	415.3
Private customers	359.6	346.9
Public sector customers	992.1	870.5
Total	**1,850.2**	**1,632.8**

1) Revenue by customers in 2022 has been reclassified.

The Group's revenue consist of three line of business. Measured by revenue, Healthcare services - Finland is the largest business, accounting for 64.1 percent of the total revenue. Healthcare international's revenue consists of companies acquired in Estonia, Sweden, Germany and Beehealthy business.

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.

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.

2.2 Other operating income

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

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

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

EUR million	2023	2022
Rental income from sublease	4.6	3.3
Gains on sale of intangible and tangible assets and investments	0.9	1.7
Other income	6.6	9.6
Total	**12.0**	**14.7**

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.

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 and labor hire costs.

EUR million	2023	2022
Raw materials and consumables		
Purchases during the period	86.4	82.7
Change in inventories	-0.3	0.7
Private practitioners' services	286.5	243.9
Other external services	93.0	107.5
Total	**465.7**	**434.8**

2.4 Employee benefit expenses

Healthcare professionals work in the 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.

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.

14,207
Average number of personnel

14,830
Number of personnel at the end of the period

EUR million	2023	2022
Salaries and fees	717.5	643.9
Pension expenses, defined contribution plans	116.2	106.9
Other personnel expenses	41.3	34.1
Total	**875.0**	**784.8**

Number of personnel (full-time equivalents)	2023	2022
Average number of personnel	14,207	13,404
Number of personnel at the end of the period	14,830	13,827

Number of personnel by geographical areas (full-time equivalents) at the end of period	2023	2022
Finland	13,606	12,734
Sweden	520	405
Estonia	498	474
Germany	206	214
Total	**14,830**	**13,827**

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.

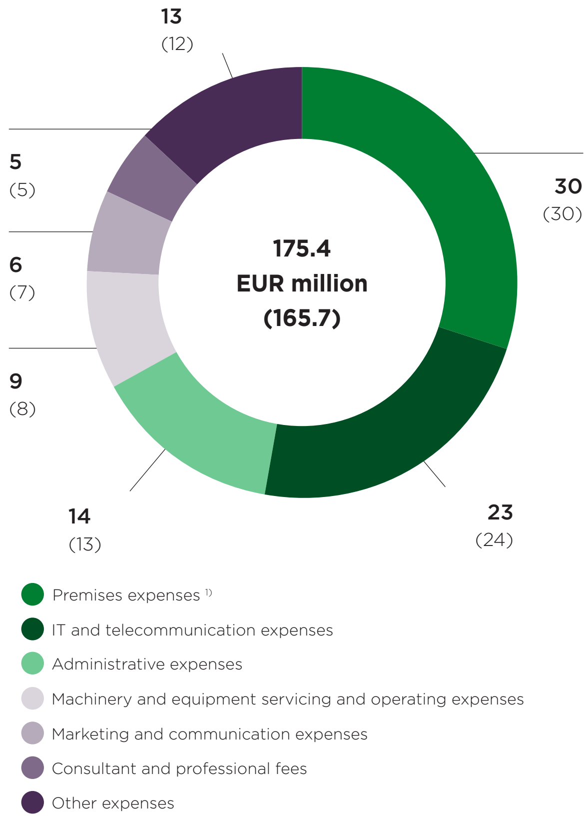
EUR million	2023	2022
Rents		
Short-term leases and low value assets	6.1	5.8
Variable rents	9.4	7.6
Premises	37.8	36.1
IT and telecommunication	40.9	39.5
Administrative	24.2	22.3
Maintenance and operating costs of machinery and equipment	15.9	14.0
Marketing and communication	10.8	11.9
Consultant and professional fees	8.1	8.9
Other expenses	22.3	19.5
Total	**175.4**	**165.7**

Auditor's fees

EUR million	2023	2022
Ernst & Young Oy		
Audit fees	1.0	0.8
Tax advisory	0.1	0.4
Other fees	1.4	0.6
Total	**2.5**	**1.8**

Other operating expenses

%



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

Net cash flow from operating activities

384.1

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 Group separates the non-lease components, such as service components, and expenses them as they incur. 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.

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.

	2023			2022		
EUR million	Buildings and land	Machinery and equipment	Total	Buildings and land	Machinery and equipment	Total
Cost at 1 January	**986.2**	**4.2**	**990.4**	**946.4**	**3.4**	**949.8**
Business combinations	15.2	0.0	15.2	26.3	0.1	26.4
Additions	38.5	1.1	39.6	30.6	1.4	32.1
Disposals	-39.9	-1.1	-41.0	-29.9	-1.0	-30.9
Increase/decrease due to revaluation	60.2	0.0	60.3	16.6	0.1	16.7
Reclassifications				-3.4	0.1	-3.3
Effect of movements in exchange rates	0.0	0.0	0.0	-0.3	0.0	-0.3
Cost at 31 December	**1,060.3**	**4.1**	**1,064.5**	**986.2**	**4.2**	**990.4**
Accumulated depreciation and impairment losses at 1 January	**-482.1**	**-2.0**	**-484.1**	**-426.0**	**-1.6**	**-427.6**
Depreciation for the financial year and impairment losses	-94.5	-1.4	-95.9	-86.2	-1.3	-87.5
Accumulated depreciation on disposals	38.6	1.1	39.7	29.9	1.0	30.9
Reclassifications				0.0	-0.1	0.0
Effect of movements in exchange rates	0.0	0.0	0.0	0.1	0.0	0.1
Accumulated depreciation and impairment losses at 31 December	**-538.1**	**-2.2**	**-540.3**	**-482.2**	**-2.0**	**-484.1**
Carrying amount 31 December	**522.3**	**1.9**	**524.2**	**504.1**	**2.2**	**506.3**

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.

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	2023	2022
Materials, supplies and consumables 1 Jan.	7.9	8.2
Business combinations	0.0	0.4
Change in inventories	0.3	-0.7
Total	**8.2**	**7.9**

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.

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

EUR million	2023	2022
Current		
Trade receivables	109.1	133.8
Prepaid expenses and accrued income		
Contract assets	18.4	9.7
Personnel related deferred expenses	0.1	0.0
Other prepaid expenses and accrued income	11.7	9.6
Loan receivables	0.0	0.6
Escrow account receivables		9.0
Derivative financial instruments (IRS)		11.3
Other receivables	2.4	1.3
Total	**141.6**	**175.4**

3.4 Cash and cash equivalents

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.

EUR million	2023	2022
Cash and cash equivalents	147.3	62.7
Total	**147.3**	**62.7**

3.5 Trade and other payables

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

EUR million	2023	2022
Current		
Trade payables	48.1	42.8
Accrued expenses and deferred income		
Personnel related accrued expenses	146.5	126.9
Contract liabilities	12.2	3.9
Other accrued expenses and deferred income	10.6	8.2
Other liabilities		
Unpaid private practitioners' services	42.0	38.0
Contingent considerations (acquisition related)	2.6	7.1
Acquisition related purchase price liabilities	2.1	0.5
Escrow account liabilities		9.0
Other liabilities	24.6	24.5
Total	**288.7**	**260.9**

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.

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.

	2023		
EUR million	Onerous contracts	Other provisions	Total
1 January	**0.3**	**1.1**	**1.3**
Additions		0.7	0.7
Business combinations		0.3	0.3
Provisions used	-0.3	-0.1	-0.3
31 December	**0.0**	**1.9**	**1.9**

	2022		
EUR million	Onerous contracts	Other provisions	Total
1 January	**0.1**	**1.0**	**1.0**
Additions		0.3	0.3
Business combinations	0.4	1.0	1.4
Provisions used	-0.2	-1.2	-1.4
31 December	**0.3**	**1.1**	**1.3**

Acquisitions and capital expenditure

88.1

EUR million

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. ACQUISITIONS AND CAPITAL EXPENDITURE

4.1 Acquisitions and disposals

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.

Disposals

During 2023 Mehiläinen sold its full ownership in Ability Care AB, Meliva Digitalvård AB and LinkEtta AB against cash consideration. Additionally, Mehiläinen sold two small business units in 2023. The sales did not have significant impact on the result, assets and liabilities of the Group.

Acquisitions

In 2023, 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 grown the foothold in Germany. Some of the acquisitions in 2023 include contingent considerations. The contingent considerations have been determined using the income approach.

Healthcare services - Finland

Acquiree	Acquisition date	Line of business	Home municipality
Hammaslääkäri Sari Björkroth Oy business	2 May 2023	Dental care services	Kokkola
ATP Dental Oy business	2 May 2023	Dental care services	Kokkola
Marja-Leena Valta Oy business	1 June 2023	Dental care services	Vaasa
Aura Klinikka Oy IVF-business	14 June 2023	Specialist medical practice activities	Turku
Vallilan Hammaslääkärikeskus Oy business	15 June 2023	Dental care services	Helsinki
Esperi Terveyspalvelut Oy	4 July 2023	Specialist medical practice activities	Helsinki
Esperi Lääkäripalvelut Oy	4 July 2023	Other health care services	Helsinki
Kalevalan Työterveys Oy business	1 September 2023	Specialist medical practice activities	Kuhmo
Psykiatrikonsultaatiot Hilla Oy	4 September 2023	Other health care services	Helsinki

Social care services

Acquiree	Acquisition date	Line of business	Home municipality
Rovaseudun Hoivapalvelut Oy	2 October 2023	Sheltered housing activities for the elderly	Rovaniemi
Päivärinteen Timantti Oy	1 November 2023	Sheltered housing activities for the elderly	Muhos

Healthcare international

Acquiree	Acquisition date	Line of business	Home municipality
Dr. Vey private outpatient practice	24 January 2023	Private Healthcare	Fulda, Germany
Barnspecialisterna Solna BUMM AB	28 April 2023	Private Healthcare	Solna, Sweden
Barnspecialisterna Sollentuna BUMM AB	28 April 2023	Private Healthcare	Sollentuna, Sweden
Märsta Läkarhus AB	2 October 2023	Public primary healthcare	Sigtuna, Sweden
Märsta Närvård AB	2 October 2023	Public primary healthcare	Sigtuna, Sweden
Kvartersakuten Mörby Centrum AB	2 October 2023	Public primary healthcare	Danderyd, Sweden
Dr. Kegel orthopedic business	2 October 2023	Private Healthcare	Fulda, Germany
Dr. Moog/Kühn-Jung/Zell anaesthesia business	22 December 2023	Private Healthcare	Kaiserslautern, Germany

In 2023, the Group did not make any significant individual acquisitions and the acquisitions are presented combined. Acquisitions made in 2023 have been presented preliminary.

EUR million	Note	2023	2022
Assets			
Intangible assets	4.2	11.6	28.8
Right-of-use assets	3.1	15.1	26.4
Property, plant and equipment	4.3	5.6	5.9
Non-current receivables		0.2	0.4
Other financial assets		0.1	0.1
Deferred tax assets	7.2	0.2	1.1
Loan receivables	5.4	0.1	1.0
Inventories	3.2	0.0	0.4
Trade and other receivables		2.3	17.0
Cash and cash equivalents		6.1	9.7
Total assets		**41.2**	**90.9**
Liabilities			
Interest-bearing liabilities	5.4	3.6	30.7
Lease liabilities	5.4	15.1	26.4
Other non-current liabilities	5.4		0.1
Provisions	3.6	0.3	1.4
Deferred tax liabilities	7.2	2.3	6.2
Trade and other payables		5.2	24.5
Total liabilities		**26.5**	**89.3**
Total identifiable net assets		**14.6**	**1.6**
Consideration transferred			
Cash consideration		43.3	162.9
Acquisition related purchase price liabilities / receivables		4.5	0.6
Contingent considerations		4.0	4.5
Total consideration transferred		**51.9**	**168.0**
Purchase price paid to an escrow account			**8.0**
Non-controlling interests			**0.0**
Goodwill arising from the acquisitions		**37.2**	**174.4**

EUR million	Note	2023	2022
Cash flow impact			
Cash consideration		-46.3	-165.0
Purchase price paid to an escrow account			-8.0
Cash and cash equivalents of the acquired entities		6.1	9.7
Purchase price, additional purchase price and net cash liabilities paid related to business combinations from previous years		-7.0	-8.1
Total cash flow impact		**-47.2**	**-171.4**

The total consideration paid for subsidiary and business acquisitions was EUR 47.2 (171.4) million. Contingent considerations recognised for the acquisitions amounted to EUR 4.0 (4.5) million in total. The contingent considerations are based on the net sales, salary margin, EBITDA and business development between 2023–2026. 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 17.6 (22.9) 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. The asset transfer tax and advisor fees arising from subsidiary and business acquisitions, a total of EUR 2.7 (2.9) million, are recognised under other operating expenses in the statement of income.

The total effect of the acquisitions on the Group's revenue was EUR 11.9 (90.5) million and on the result EUR 0.9 (-0.6) million. The Group's revenue in 2023 would have been EUR 1,880.0 (1,672.3) million and result of the year EUR 42.6 (-11.3) million had the subsidiaries and businesses been consolidated from the beginning of the 2023 reporting period.

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 IAS38 criteria is 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. Research and development costs booked as an expense during financial period were EUR 9.2 (9.2) million.

Service expenses related to the acquitision 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.

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.

EUR million	2023					
	Goodwill	Trademarks	Customer relationships	Other intangible assets and prepayments	Development costs	Total
Cost at 1 January	**1,702.2**	**343.4**	**310.5**	**22.3**	**14.9**	**2,393.4**
Business combinations	37.2		10.2	1.4		48.9
Additions				5.0	0.1	5.1
Disposals				-1.7	-0.1	-1.8
Reclassifications			0.0	-3.2	4.6	1.3
Effect of movements in exchange rates	0.6	0.0	0.2	0.0	0.0	0.8
Cost at 31 December	**1,740.1**	**343.4**	**320.9**	**23.8**	**19.5**	**2,447.6**
Accumulated amortisation and impairment losses at 1 January	**0.0**	**-4.7**	**-156.2**	**-12.3**	**-4.0**	**-177.1**
Amortisation for the financial year and impairment losses	0.0	-2.2	-42.6	-3.9	-3.4	-52.1
Accumulated amortisation on disposals and transfers between items	0.0			1.8	0.1	1.9
Effect of movements in exchange rates		0.0	-0.1	0.0	0.0	-0.1
Accumulated amortisation and impairment losses at 31 December	**0.0**	**-6.9**	**-198.9**	**-14.4**	**-7.3**	**-227.5**
Carrying amount 31 December	**1,740.1**	**336.5**	**122.0**	**9.4**	**12.2**	**2,220.2**

EUR million	2022					
	Goodwill	Trademarks	Customer relationships	Other intangible assets and prepayments	Development costs	Total
Cost at 1 January	**1,530.2**	**339.2**	**289.4**	**25.8**	**3.0**	**2,187.7**
Business combinations	174.4	4.2	21.6	2.9	0.1	203.2
Additions				7.3	0.1	7.4
Disposals	0.0			-1.9	-0.2	-2.2
Reclassifications	0.0	0.0	0.0	-11.8	12.0	0.2
Effect of movements in exchange rates	-2.5	0.0	-0.5	0.0	0.0	-3.0
Cost at 31 December	**1,702.2**	**343.4**	**310.5**	**22.3**	**14.9**	**2,393.4**
Accumulated amortisation and impairment losses at 1 January	**0.0**	**-2.3**	**-114.0**	**-10.3**	**-0.3**	**-126.9**
Amortisation for the financial year and impairment losses	0.0	-2.4	-42.3	-5.4	-2.3	-52.4
Accumulated amortisation on disposals and transfers between items				3.5	-1.4	2.1
Effect of movements in exchange rates		0.0	0.1	0.0	0.0	0.1
Accumulated amortisation and impairment losses at 31 December	**0.0**	**-4.7**	**-156.2**	**-12.3**	**-4.0**	**-177.1**
Carrying amount 31 December	**1,702.2**	**338.7**	**154.3**	**10.0**	**11.0**	**2,216.3**

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.

	2023				
EUR million	Buildings and land	Improvements to leasehold premises	Machinery and equipment	Prepayments and construction in progress	Total
Cost at 1 January	**19.7**	**65.6**	**94.5**	**8.4**	**188.3**
Business combinations	5.0	0.2	0.3		5.5
Additions	0.1	1.4	12.2	22.9	36.6
Disposals	-5.2	-3.6	-6.5	-0.2	-15.5
Reclassifications	0.0	7.1	7.9	-16.0	-1.1
Effect of movements in exchange rates	0.0	0.0	0.0	0.0	0.0
Cost at 31 December	**19.6**	**70.7**	**108.4**	**15.1**	**213.8**
Accumulated depreciation and impairment losses at 1 January	**-6.5**	**-25.3**	**-36.1**		**-67.9**
Depreciation and impairment losses for the financial year	-1.6	-13.4	-22.7		-37.7
Accumulated depreciation on disposals and transfers between items	0.1	3.3	6.0		9.3
Effect of movements in exchange rates	0.0	0.0	0.0		0.0
Accumulated depreciation and impairment losses at 31 December	**-8.1**	**-35.4**	**-52.8**		**-96.3**
Carrying amount 31 December	**11.5**	**35.4**	**55.6**	**15.1**	**117.6**

	2022				
EUR million	Buildings and land	Improvements to leasehold premises	Machinery and equipment	Prepayments and construction in progress	Total
Cost at 1 January	**20.2**	**52.3**	**79.4**	**5.7**	**157.6**
Business combinations	0.7	1.4	3.6	0.1	5.9
Additions	0.0	0.6	12.7	27.6	40.9
Disposals	-1.2	-0.9	-13.2	-0.2	-15.5
Reclassifications	0.0	12.3	12.0	-24.8	-0.5
Effect of movements in exchange rates	0.0	0.0	0.0	0.0	-0.1
Cost at 31 December	**19.7**	**65.6**	**94.5**	**8.4**	**188.3**
Accumulated depreciation and impairment losses at 1 January	**-3.4**	**-13.7**	**-27.6**		**-44.7**
Depreciation and impairment losses for the financial year	-3.6	-12.2	-21.4		-37.2
Accumulated depreciation on disposals and transfers between items	0.4	0.9	12.7		14.0
Effect of movements in exchange rates	0.0	0.0	0.0		0.0
Accumulated depreciation and impairment losses at 31 December	**-6.5**	**-25.1**	**-36.2**		**-67.8**
Carrying amount 31 December	**13.2**	**40.5**	**58.3**	**8.4**	**120.4**

4.4 Depreciation, amortisation and impairment losses

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

- Trademarks 3–10 years,
- Customer relationships 3–15 years,
- Development costs 5 years and
- Other intangible assets 3–10 years.

As a company and a name Mehiläinen has long history, thus, the Mehiläinen trademark has been assumed an indefinite remaining lifetime. The trademark is tested annually for impairment. 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	2023	2022
Intangible assets		
Amortisation	-52.2	-52.3
Impairment losses		-0.1
Property, plant and equipment		
Depreciation	-37.3	-35.0
Impairment losses	-0.6	-2.2
Right-of-use assets		
Depreciation	-95.0	-86.9
Impairment losses	-0.8	-0.7
Total amortasation, depreciation and impairment	**-186.0**	**-177.1**

4.5 Impairment testing

Book value of assets is tested annually or more frequently if there are indications of impairment. In impairment test, the carrying value of the group of cash-generating units has been compared to the recoverable amount of the cashgenerating units. The recoverable amount is calculated based on the discounted cash flow model (value-in-use). 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in the income statement. An impairment loss recognised for an asset in prior years is reversed, if the revaluation shows an increase in the recoverable amount. However, the reversal of an impairment loss of an asset should not exceed the carrying amount of the asset without impairment loss recognition. For goodwill, a recognised impairment loss is not reversed under any circumstances.

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.

	2023	
EUR million	**Goodwill**	**Trademarks with indefinite useful life**
Healthcare services - Finland	1,076.6	265.0
Social care services	500.9	68.9
Healthcare international	162.5	
Total	**1,740.1**	**333.9**

	2022	
EUR million	**Goodwill**	**Trademarks with indefinite useful life**
Healthcare services	1,069.9	265.0
Social care services	489.2	68.9
Healthcare international	143.1	
Total	**1,702.2**	**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 September. 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 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 used in the calculation is determined using the weighted average cost of capital taking into account risks associated with each asset. In five-year planning period used discount rates are presented in the enclosed table:

Discount rate before tax, %	2023	2022
Healthcare services - Finland	8.58	7.33
Social care services	8.53	7.33
Healthcare international	8.76	7.51

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-% change	-9.0 %-points	-3.5 %-points	-4.2 %-points
WACC change	+7.3 %-points	+2.2 %-points	+3.3 %-points
Growth factor change	-12.9 %-points	-3.9 %-points	-5.5 %-points

Equity ratio

30.7

%

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.

	2023									
Shares / 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	**49,625,261**	**923,863,782**	**22,322,853**	**995,811,896**	**0.0**	**991.2**	**9.0**	**-2.2**	**-34.4**	**963.7**
Share issues	60,198	1,902,210		1,962,408		2.2				2.2
Redemption of shares	-1,539,956	-8,282,266	-3,063,012	-12,885,234		-21.8				-21.8
Transaction costs related directly to the issue of new shares, net of tax						0.0				0.0
Other changes							-9.0	0.3	39.8	31.1
31 December	**48,145,503**	**917,483,726**	**19,259,841**	**984,889,070**	**0.0**	**971.6**		**-1.9**	**5.4**	**975.1**

	2022									
Shares / 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	**49,448,691**	**913,009,850**	**22,322,853**	**984,781,394**	**0.0**	**979.1**	**-8.9**	**0.0**	**-25.7**	**944.4**
Share issues	208,837	11,406,940		11,615,777		12.9				12.9
Redemption of shares	-32,267	-553,008		-585,275		-0.8				-0.8
Transaction costs related directly to the issue of new shares, net of tax						0.0				0.0
Other changes							18.0	-2.2	-8.6	7.1
31 December	**49,625,261**	**923,863,782**	**22,322,853**	**995,811,896**	**0.0**	**991.2**	**9.0**	**-2.2**	**-34.4**	**963.7**

Mehiläinen Konserni Oy has 984,889,070 registered shares at the year end. The shares are divided to 48,145,503 A-shares, 917,483,726 B-shares and 19,259,841 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. The share capital is 22,500 EUR.

A total of EUR 2.2 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 17 February 2022, the company's Board of Directors has during the financial year decided on 28 April 2023 to issue a total of 7,104 new A-shares and 883,200 new B-shares for a total subscription price of EUR 0.9 million.
- Pursuant to the share issue authorization issued on 17 February 2022, the company's Board of Directors has decided on 27 June 2023 to issue a total of 53,094 new A-shares and 1,019,010 new B-shares for a total subscription price of EUR 1.3 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 12,885,234 of the company's own shares have been repurchased, of which 1,539,956 are A-shares, 8,282,266 are B-shares and and 3,063,012 are C-shares. The purchase price for 21,228 A-shares was their original subscription price and for 1,518,728 A-shares the current estimated fair value. With regard to B-shares, the purchase price has been their original subscription price (1 euro) for 116,890 B-shares and 1 euro for 8,165,376 B-shares added as determined in the company's articles of association with a 10 percent return. C-shares the purchase price has been 1 euro added as determined in the company's articles of association with a 10 percent return. The consideration paid by the company for the shares has been 5.12 euros on average for the A-share, 1.10 euros on average for the B-share and C-share 1.57 euros on average. The consideration paid has varied depending on the purchase. The relative share of the company's acquired and canceled own shares of all the company's shares at the end of the financial year has been approximately 1.3 percent, and the board of directors has decided with the decisions made on 9 January 2023, 8 February 2023, 31 March 2023 14 June 2023, 27 June 2023 and 31 August 2023 to immediately cancel the own shares acquired by the company after they come into the company's possession.

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 and the loan package was restructured in May 2021. Mehiläinen's syndicated loan amount is EUR 1,210 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. In 2022, Mehiläinen reached its sustainability goals and the basic margin was set to 3.525 per cent.

Mehiläinen also achieved its sustainability goals for 2023.

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 1,210 million syndicated loans out of which 59.5 per cent are hedged with interest rate derivatives. Interest rate hedging reduced the interest cash flow risk caused by changes in the reference interest rate of variable rate loans. The financing arrangement includes syndicated floating-rate loans, the interest rate risk of which was 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. From end of September 2023 until end of June 2025, the interest rate will be hedged with an interest rate CAP agreement (nominal value EUR 720 million). The interest rate CAP is 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 SWAP agreement were similar, and therefore the interest rate SWAP was under hedge accounting. The loan arrangement has an interest rate floor of 0%, which was also included in the interest rate SWAP agreement. According to the interest rate SWAP that commenced in September 2021, Mehiläinen Group paid a fixed interest approximately 0.9% p.a. and received a floating rate which was tied to the three-month Euribor. According to the interest rate CAP agreement, the interest rate CAP is 3.5%. The average interest rate of the Group's interest-bearing liabilities was, taking into account interest rate hedging, approximately 5.9%.

The Group has assessed the impact of the increase and decrease in market interest rates on the Group's interest expenses and result 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 taken into account, an increase of one percentage point in the market interest rate would increase the Group's interest expenses by EUR 3.8 million per year. 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 and +0.1 percentage points depending on how the sustainability targets are achieved.

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 operating cash flow is positive and the Group's view is that there is no significant risk regarding the availability of financing.

At the reporting date, there were EUR 147.3 (62.7) 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 1,210 (1,210) million which fully mature in August 2025. The syndicated loan agreement also includes revolving credit facilities of EUR 150 (150) million maturing in February 2025, of which EUR 25 million was allocated to bank guarantee facilities and to an overdraft facility. EUR 2.2 (2.6) 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 0.5 (0.4) million that are not allocated from the guarantee facilities.

Maturity of financial liabilities

	2023						
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	91.9	1,265.3					1,357.2
Interest rate CAP payments	1.5	0.6					2.1
Finance lease liabilities	120.8	110.0	94.3	81.8	69.7	288.9	765.6
Hire purchase liabilities	0.3	0.6	0.2				1.1
Contingent considerations (acquisition related)	2.6	2.7	1.8	0.1			7.1
Trade payables	48.1						48.1
Unpaid private practitioners' services	37.6						37.6
Acquisition related purchase price liabilities	2.1						2.1
Contract liabilities	12.2						12.2
Other liabilities	1.9	0.1					2.1
Total	**319.1**	**1,379.3**	**96.4**	**81.9**	**69.7**	**288.9**	**2,235.2**

	2022						
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	70.1	70.6	1,252.5				1,393.3
Interest rate CAP payments	1.0	4.1	2.1				7.2
Interest rate SWAP payments	-7.2						-7.2
Finance lease liabilities	111.4	95.0	86.4	78.5	67.3	286.9	725.6
Hire purchase liabilities	0.4	0.4	0.4	0.0	0.0		1.3
Contingent considerations (acquisition related)	7.1	1.5	0.4				8.9
Trade payables	42.8						42.8
Unpaid private practitioners' services	34.5						34.5
Acquisition related purchase price liabilities	0.5						0.5
Escrow account liabilities (non-interest bearing)	9.0						9.0
Contract liabilities	3.9						3.9
Other liabilities	0.3	0.1					0.4
Total	**273.7**	**171.8**	**1,341.8**	**78.6**	**67.4**	**286.9**	**2,220.1**

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

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.

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 regarded low as wellbeing services counties 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 customers; instead, receivables 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. In addition, at the end of financial year approximately EUR 50 million receivables have been sold to mitigate credit risk.

Trade receivables and contract assets

	2023		
EUR million	Gross value	Expected credit losses	Net value
Not past due	106.3	-0.3	106.1
1–30 days overdue	14.6	-0.1	14.5
31–60 days overdue	2.8	0.0	2.8
61–180 days overdue	2.5	-0.2	2.3
Over 180 days overdue	7.1	-6.3	0.9
Total	**133.3**	**-6.8**	**126.5**

	2022		
EUR million	Gross value	Expected credit losses	Net value
Not past due	121.7	-0.1	121.6
1–30 days overdue	13.7	-0.1	13.6
31–60 days overdue	4.3	0.0	4.3
61–180 days overdue	3.6	-0.7	2.9
Over 180 days overdue	5.6	-4.5	1.1
Total	**148.9**	**-5.4**	**143.5**

Currency risk

In addition to Finland, the group operates in Sweden, Estonia and Germany, as well as on a small scale in Hong Kong and Singapore. Estonian and German businesess are denominated in euros. Although the Group has continued its expansion abroad during 2023, it can still be stated that it does not have a significant exchange rate risk related to its operations. The Group's external loans are denominated in euros.

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.

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.

		2023			
EUR million	Fair value hierarchy	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amount
Non-current financial assets					
Unlisted shares	3	0.5			0.5
Rental security deposit accounts	2		1.2		1.2
Loan receivables	2		0.0		0.0
Contract assets	2		1.0		1.0
Receivable for net investment in the lease	2		2.6		2.6
Other non-current receivables	2		0.3		0.3
Current financial assets					
Trade receivables	2		109.1		109.1
Deposit guarantees	2		0.0		0.0
Loan receivables	2		0.0		0.0
Short-term other receivables	2		4.2		4.2
Cash and cash equivalents	2		147.3		147.3
Total non-current and current financial assets		**0.5**	**265.7**		**266.2**

		2022			
EUR million	Fair value hierarchy	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amount
Non-current financial assets					
Unlisted shares	3	0.6			0.6
Rental security deposit accounts	2		1.2		1.2
Loan receivables	2		0.0		0.0
Contract assets	2		0.5		0.5
Receivable for net investment in the lease	2		3.0		3.0
Other non-current receivables	2		1.5		1.5
Current financial assets					
Cash flow hedges (interest rate SWAP agreement)	2			11.3	11.3
Trade receivables	2		133.8		133.8
Loan receivables	2		0.6		0.6
Acquisition related purchase price receivables	3		0.2		0.2
Short-term other receivables	2		2.0		2.0
Escrow account receivables (non-interest bearing)	3		9.0		9.0
Cash and cash equivalents	2		62.7		62.7
Total non-current and current financial assets		**0.6**	**214.6**	**11.3**	**226.5**

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 throuh 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 signed in October 2022).

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

Mehiläinen uses interest rate CAP instruments and interest rate SWAP for hedging against the interest risk related to a loan arrangement.

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.

	2023				
EUR million	Fair value hierarchy	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amount
Non-current financial liabilities					
Contingent considerations (acquisition related)	3	4.2			4.2
Derivates not designated as hedges (interest rate CAP agreements)	2	4.5			4.5
Loans from financial institutions	3		1,204.2		1,204.2
Lease liabilities	2		507.0		507.0
Hire purchase liabilities	2		0.8		0.8
Non-current liabilities to others	3		0.1		0.1
Current financial liabilities					
Contingent considerations (acquisition related)	3	2.6			2.6
Lease liabilities	2		89.8		89.8
Hire purchase liabilities	2		0.4		0.4
Trade payables	2		48.1		48.1
Unpaid private practitioners' services	2		37.6		37.6
Acquisition related purchase price liabilities	3		2.1		2.1
Contract liabilities	2		12.2		12.2
Other liabilities	2		1.9		1.9
Total financial liabilities		**11.2**	**1,904.3**		**1,915.5**

	2022				
EUR million	Fair value hierarchy	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Carrying amount
Non-current financial liabilities					
Contingent considerations (acquisition related)	3	1.8			1.8
Derivates not desingnated as hedges (interest rate CAP agreements)	2	0.7			0.7
Loans from financial institutions	3		1,200.6		1,200.6
Lease liabilities	2		489.5		489.5
Hire purchase liabilities	2		0.8		0.8
Non-current liabilities to others	3		0.1		0.1
Current financial liabilities					
Contingent considerations (acquisition related)	3	7.1			7.1
Loans from financial institutions	3		0.0		0.0
Lease liabilities	2		86.5		86.5
Hire purchase liabilities	2		0.4		0.4
Trade payables	2		42.8		42.8
Unpaid private practitioners' services	2		34.5		34.5
Acquisition related purchase price liabilities	3		0.5		0.5
Escrow account liabilities (non-interest bearing)	3		9.0		9.0
Contract liabilities	2		3.9		3.9
Other liabilities	2		0.3		0.3
Total financial liabilities		**9.6**	**1,868.9**		**1,878.5**

EUR million	2023				
	Loans from financial institutions	Derivatives	Lease liabilities	Hire purchase liabilities	Total
1 January	**1,200.6**	**0.7**	**576.0**	**1.3**	**1,778.6**
Cash flow - financing activities	-3.6		-92.8	-0.5	-96.9
Cash flow - investing activities				0.2	0.2
Business combinations	3.6		15.1		18.7
Change in fair value		3.8	60.3		64.1
New contracts			39.6	0.4	40.1
Ended contracts			-1.4	-0.2	-1.6
Transaction costs	3.6				3.6
31 December	**1,204.2**	**4.5**	**596.9**	**1.2**	**1,806.8**

EUR million	2022				
	Loans from financial institutions	Derivatives	Lease liabilities	Hire purchase liabilities	Total
1 January	**1,048.0**	**11.2**	**585.7**	**0.9**	**1,645.8**
Cash flow - financing activities	119.3		-83.8	-0.3	35.1
Cash flow - investing activities				0.2	0.2
Business combinations	30.7		26.4		57.1
Change in fair value		-10.5	16.7		6.2
New contracts			32.1	0.5	32.6
Ended contracts			-1.0		-1.0
Transaction costs	2.6				2.6
31 December	**1,200.6**	**0.7**	**576.0**	**1.3**	**1,778.6**

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.

5.5 Finance income and expenses

EUR million	2023	2022
Interest income from others	2.4	0.5
Other finance income	0.0	0.0
Derivatives not designated as hedges - unrealised profit at fair value valuation	0.8	
Interest income, hedging	16.0	2.2
Total finance income	**19.2**	**2.7**
Interest expenses on loans from financial institutions	86.2	50.2
Interest expenses on lease liabilities	27.7	26.2
Foreign exchange differences	0.0	1.0
Other interest and finance expenses	2.8	2.6
Derivatives not designated as hedges - realised expense	1.1	
Derivatives not designated as hedges - unrealised losses at fair value valuation	3.8	0.7
Interest expenses, hedging	4.8	6.4
Impairment and losses from sale	0.0	0.0
Total finance expenses	**126.2**	**87.1**
Total finance income and expenses	**-107.0**	**-84.4**

5.6 Contingent liabilities and commitments

According to IFRS16 exemption, 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.

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.

Non-cancellable minimum lease payments

Group as a lessee

EUR million	2023	2022
Within one year	12.8	11.7
Between two and five years	48.3	38.0
More than five years	45.8	31.1
Total	**106.9**	**80.8**

The Group has subleased individual premises which are not used by its businesses.

Other contingent liabilities and commitments

Guarantees given on behalf of the Company

EUR million	2023	2022
Business mortgages	16,276.0	16,276.0
Pledged bank accounts	2.3	1.3
Rental deposit accounts	1.2	1.2
Total	**16,279.5**	**16,278.4**

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.

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.

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

In 2023, 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 (%)
Aldaher Barnmottagning AB	Botkyrka, Sweden	100	100
Aros Hälsocenter AB	Uppsala, Sweden	100	100
Aurinkokulma Oy	Pori	100	100
Barnspecialisterna Solna BUMM AB 2)	Solna, Sweden	100	100
Barnspecialisterna Sollentuna BUMM AB 2)	Sollentuna, Sweden	100	100
BeeHealthy Deutschland GmbH	Frankfurt am Main, Germany	100	100
BeeHealthy Oy 4)	Helsinki	100	100
Care Joints Sweden AB	Stockholm, Sweden	100	100
Dalberg Klinik GmbH	Fulda, Germany	100	100
Debora Group Oy	Helsinki	100	100
Debora Oy	Helsinki	100	100
Dental Design OÜ	Tallinn, Estonia	100	100
Desiker-Aurinkomäki Oy	Helsinki	100	100
Digitala Vårdhjälpen i Sverge AB	Eskilstuna, Sweden	100	100
Doktor Kom Hem AB	Stockholm, Sweden	100	100
Ekeby Hälsocenter AB	Uppsala, Sweden	100	100
Familar Oy	Helsinki	100	100
FrisQa Företagshälsa AB	Uppsala, Sweden	100	100
Fysios Holding Oy	Helsinki	100	100
Fysios Oy	Espoo	100	100
Fysios Terapiapalvelut 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

Subsidiaries	Domicile	Ownership based on shares (%)	Share of voting rights (%)
Healthcare Staffing Solutions Pte. Ltd	Singapore	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	Savonlinna	100	100
Huoltsikka Oy	Mikkeli	100	100
Husläkarmottagning Telegrafen AB	Nynäshamn, Sweden	100	100
Hälsobarometern AB	Stockholm, Sweden	100	100
Itä-Suomen Hoitokodit Oy	Joensuu	100	100
Itä-Uudenmaan Palvelukoti Oy	Loviisa	100	100
Jatkopolut Oy	Kuopio	100	100
Kalasataman Asumispalvelut Oy	Helsinki	100	100
Kastarin Pienryhmäkodit Oy	Hollola	100	100
Kiikan Palvelukoti Oy	Sastamala	100	100
Kotipalvelu Mehiläinen Oy	Helsinki	100	100
Kvartersakuten M AB	Stockholm, Sweden	100	100
Kvartersakuten Mörby Centrum AB 2)	Danderyd, Sweden	100	100
Lappeenrannan Palvelukoti Oy	Lappeenranta	100	100
Lastensuojelulaitos Eemeli Oy	Harjavalta	100	100
Lillugglan Heden AB	Gothenburg, Sweden	100	100

1) Name or company form changed in 2023
2) Acquired in 2023. See Note 4.1 for additional information on acquisitions.
3) Established in 2023
4) As per 1 March 2023, BeeHealthy Oy has demerged into two companies: BeeHealthy Oy and Puhti Hyvinvointipalvelut Oy. Puhti Hyvinvointipalvelut Oy has merged into Mehiläinen Oy on 31 August 2023.

Subsidiaries	Domicile	Ownership based on shares (%)	Share of voting rights (%)
Läkarhuset Sibyllegatan AB	Stockholm, Sweden	100	100
Mainiokodit Hoiva Oy	Helsinki	100	100
Mediceum Klinik Landstuhl GmbH	Landstuhl, Germany	100	100
Medindoor AB	Stockholm, Sweden	100	100
Mehiläinen Oy	Helsinki	100	100
Mehiläinen Arwola Oy	Akaa	100	100
Mehiläinen Ateriaali Oy	Helsinki	100	100
Mehiläinen Eesti OÜ	Tallinn, Estonia	100	100
Mehiläinen Hoivapalvelut Oy	Helsinki	100	100
Mehiläinen Julkiset Terveyspalvelut Oy 1) 2)	Helsinki	100	100
Mehiläinien Kotihoito Oy	Helsinki	100	100
Mehiläinen Lapinjärvi Oy	Lapinjärvi	82.5	82.5
Mehiläinen Laskutus Oy 3)	Helsinki	100	100
Mehiläinen Länsi-Pohja Oy	Kemi	100	100
Mehiläinen Lääkäripalvelut Oy 1) 2)	Helsinki	100	100
Mehiläinen Omakoti Ravuri Oy	Hollola	100	100
Mehiläinen Terveyspalvelut Oy	Helsinki	100	100
Mehiläinen Tutoris Oy	Helsinki	100	100
Mehiläinen Yhtiöt Oy	Helsinki	100	100
Mehiläinen Yhtymä Oy	Helsinki	100	100
Mehiläinen Ykköskoti Hermanninranta Oy	Rautalampi	100	100
Meliva AB	Stockholm, Sweden	100	100
Meliva GmbH 1)	Frankfurt am Main, Germany	100	100
Meliva Qvalitas AS 1)	Tallinn, Estonia	100	100
Meliva Sverige AB	Uppsala, Sweden	100	100
Meliva Unimed OÜ 1)	Tallinn, Estonia	100	100

Subsidiaries	Domicile	Ownership based on shares (%)	Share of voting rights (%)
Meliva Vårdcentral Kungshörnet AB 1)	Uppsala, Sweden	100	100
Meliva Vårdcentral Landvetter AB	Härryda, Sweden	100	100
Meliva MVZ Westpfalz GmbH 1)	Landstuhl, Germany	100	100
MVZ Dalberg Klinik Fulda GmbH	Fulda, Germany	100	100
MVZ International Rehab Westpfalz GmbH	Ramstein-Miesenbach, Germany	100	100
Märsta Läkarhus AB 2)	Sigtuna, Sweden	100	100
Märsta Närvård AB 2)	Sigtuna, Sweden	100	100
OIVA Riihi Oy	Kuopio	100	100
Oma Kirjanpito Oy	Helsinki	100	100
OmaPartners Oy	Helsinki	13.6	75.9
Ortodontiakeskus OÜ	Tallinn, Estonia	100	100
Palvelukoti Eloranta Oy	Pielavesi	100	100
Palvelukoti Huvikumpu Oy	Riihimäki	100	100
Palvelutalo Kotiranta Oy	Huittinen	100	100
Perhe- ja Palvelukodit Suomalainen Oy	Kuopio	100	100
Perhekoti Jääskeläinen Oy	Hämeenlinna	100	100
Pe3 Företagshälsa AB	Gothenburg, Sweden	100	100
Pienryhmäkoti Havumäki Oy	Mikkeli	100	100
Provesta Oy	Kempele	100	100
Psykiatrikonsultaatiot Hilla Oy 2)	Helsinki	100	100
Puhti Lab Oy	Helsinki	100	100
Päivärinteen Timantti Oy 2)	Muhos	100	100
QualiCare Stockholm AB	Stockholm, Sweden	100	100

1) Name or company form changed in 2023
2) Acquired in 2023. See Note 4.1 for additional information on acquisitions.
3) Established in 2023
4) As per 1 March 2023, BeeHealthy Oy has demerged into two companies: BeeHealthy Oy and Puhti Hyvinvointipalvelut Oy. Puhti Hyvinvointipalvelut Oy has merged into Mehiläinen Oy on 31 August 2023.

Subsidiaries	Domicile	Ownership based on shares (%)	Share of voting rights (%)
Recare Oy	Merikarvia	100	100
Riekkomäen Palvelu Oy	Rauma	100	100
Rovaseudun Hoivapalvelut Oy [2]	Rovaniemi	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	Stockholm, Sweden	100	100
Torpankartano Oy	Oulu	100	100
Tuusulan Kerttuli Oy	Tuusula	100	100
Tveta Hälsocentral AB	Södertälje, Sweden	100	100
Ugglan Vårdgruppen AB	Gothenburg, Sweden	100	100
Ugglans Vårdcentral Fredriksdal AB	Gothenburg, Sweden	100	100
Vetrea Terveys Oy	Iisalmi	100	100
Viitasaaren Ruustinna Oy	Viitasaari	100	100
Vital Labs AB	Stockholm, Sweden	100	100
Vårdcentralen Solnas Hjärta AB	Solna, Sweden	100	100
Ykkös- ja Onnikodit Oy	Helsinki	100	100

1) Name or company form changed in 2023
2) Acquired in 2023. See Note 4.1 for additional information on acquisitions.
3) Established in 2023
4) As per 1 March 2023, BeeHealthy Oy has demerged into two companies: BeeHealthy Oy and Puhti Hyvinvointipalvelut Oy. Puhti Hyvinvointipalvelut Oy has merged into Mehiläinen Oy on 31 August 2023.

Subsidiaries merged and dissolved in 2023:

Subsidiary	Domicile	Merger
Enonkosken Hoiva Oy	Enonkoski	Merger
ISH-Kiinteistöt Oy	Joensuu	Merger
Kainuunmeren Työterveys Oy	Kajaani	Merger
Kormel Oy	Kouvola	Merger
Kuivannon Kotosa Oy	Riihimäki	Merger
Origo Terveys Oy	Tampere	Dissolved
Meeletervis OÜ	Tallinn, Estonia	Merger
Osaühing Lennundusmeditsiinikeskus	Tallinn, Estonia	Merger
Oulun Palvelukoti Oy	Oulu	Merger
Puhti Hyvinvointipalvelut Oy [4]	Helsinki	Merger

4) As per 1 March 2023, BeeHealthy Oy has demerged into two companies: BeeHealthy Oy and Puhti Hyvinvointipalvelut Oy. Puhti Hyvinvointipalvelut Oy has merged into Mehiläinen Oy on 31 August 2023.

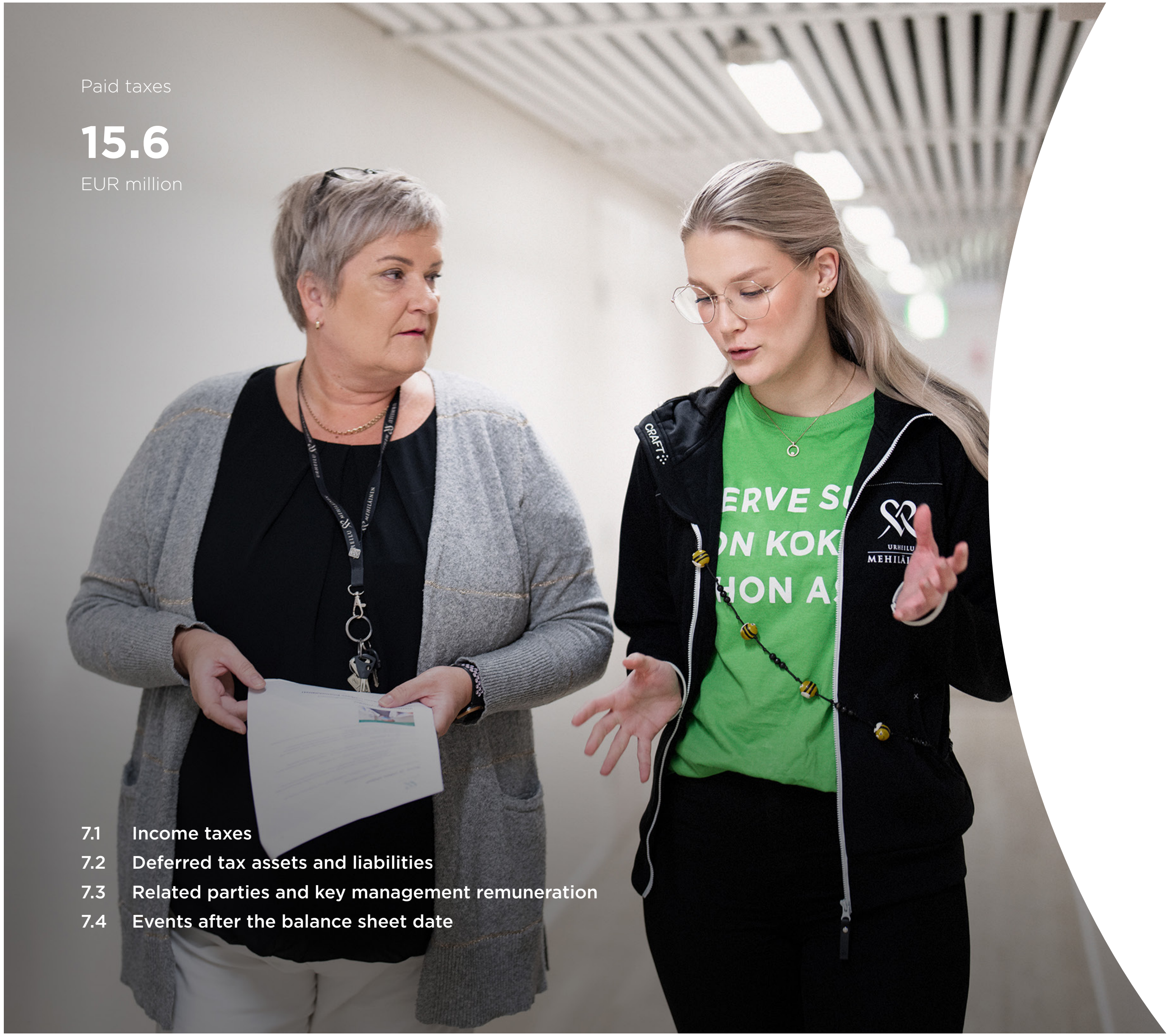
Subsidiaries disposed in 2023:

Subsidiary	Domicile
Ability Care AB	Uppsala, Ruotsi
LinkEtta AB	Uppsala, Sweden
Meliva Digitalvård AB	Sundsvall, Sweden

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

6.2 Associated companies and joint arrangements

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.



Paid taxes

15.6

EUR million

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 used 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 customer relationship with the Finnish Tax Administration. 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	2023	2022
Current taxes	-22.6	-15.2
Deferred taxes	9.4	5.1
Total	**-13.2**	**-10.1**

Taxes in the statement of comprehensive income

	2023		
EUR million	Before tax	Tax	Net of tax
Cash flow hedging	-11.3	2.3	-9.0
Total	**-11.3**	**2.3**	**-9.0**

	2022		
EUR million	Before tax	Tax	Net of tax
Cash flow hedging	22.5	-4.5	18.0
Total	**22.5**	**-4.5**	**18.0**

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

EUR million	2023	2022
Profit before tax	**53.3**	**0.7**
Taxes at the tax rate of the parent company 20%	-10.7	-0.1
Effect of different tax rates on foreign subsidiaries	0.9	-0.3
Effect of non-taxable income	0.1	0.1
Effect of non-deductible expenses	-3.1	-9.3
Other tax-deductible costs	1.0	0.8
Unrecognised taxes on losses during the period	-3.5	-1.8
Effect of tax loss and net interest expenses utilisation	-0.1	0.3
Change in previously unrecognised deferred taxes	1.9	0.2
Income taxes on retained earnings	-0.1	-0.1
Taxes from previous periods	0.1	-0.2
Other adjustments	0.1	0.2
Income taxes in the statement of income	**-13.2**	**-10.1**
Effective tax rate, %	24.8%	1,502.7%

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 has been determined using the tax rates enacted at the balance sheet date, and as the rates changed, at the known new rate.

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 offset 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 significantly from estimates made at the time of preparation of the financial statements.

The IAS12 standard was amended during year 2023 for OECD BEPS Pillar II global minimum income taxes. The legislation will be effective for the Group's financial year beginning 1 January 2024. Pillar II legislation has been enacted in jurisdictions where Mehiläinen Group has operations. These rules apply to Mehiläinen Group as its annual turnover has exceeded the threshold of EUR 750 million in 2023 financial statements. Therefore The Group has applied this mandatory exception not to recognize any deferred taxes potentially arising from OECD BEPS Pillar II regulation.

Group has performed an assessment of the Group's potential exposure to Pillar II income taxes. This assessment has been based on the most recent available financial and taxation information. Based on this assessment the Group does not expect to have any material risk to the exposure of Pillar II top-up taxes. The Group can apply Safe Harbor rules in all of jurisdictions where it operates. However, future development is dependent on possible changes in regulations, and this may also have an impact on Mehiläinen's income taxes.

Group has EUR 15,1 (14,1) million tax loss carried forward, for which a deferred tax asset has been recognised. In 2023, Group also had EUR 5,3 (11,3) million tax loss carried forward for which no deferred tax asset has been recognised. Tax loss carried forward fall due in 2024–2031. The amount of deferred tax assets not recognised for net interest expenses not deducted for tax purposes totaled EUR 18,2 (16.1) 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.

EUR million	2023					
	1 January 2023	Business combinations	Recognised in the statement of income	Recognised in the statement of comprehensive income	Translation differences	31 December 2023
Deferred tax assets						
Leases [1)]	13.1		0.7		0.0	13.9
Tax loss carried forward	2.8	0.0	0.2			3.0
Non-deductible net interest expense	1.7		0.8			2.4
Fair value of hedging				0.0		0.0
Other items	3.0	0.1	0.2			3.4
Total	**20.7**	**0.2**	**1.8**	**0.0**	**0.0**	**22.7**
Deferred tax liabilities						
Fair value allocations	99.7	2.2	-9.7		0.0	93.2
Accrual differences of financial expenses	2.1		-1.0			1.3
Fair value of hedging	2.3			2.3		
Other items	8.6	0.2	3.1		0.0	10.6
Total	**112.6**	**2.3**	**-7.7**	**2.3**	**0.0**	**105.1**
Net amount	**-92.0**	**-2.1**	**9.5**	**-2.3**	**0.0**	**-82.4**

EUR million	2022					
	1 January 2022	Business combinations	Recognised in the statement of income	Recognised in the statement of comprehensive income	Translation differences	31 December 2022
Deferred tax assets						
Leases	12.5		0.6		0.0	13.1
Tax loss carried forward	1.9	1.0	-0.1			2.8
Non-deductible net interest expense	5.1		-3.4			1.7
Fair value of hedging	2.2			-2.2		0.0
Other items	2.4	0.1	0.5		0.0	3.0
Total	**24.2**	**1.1**	**-2.4**	**-2.2**	**0.0**	**20.7**
Deferred tax liabilities						
Fair value allocations	102.9	6.1	-9.2		-0.1	99.7
Accrual differences of financial expenses	2.7		-0.7			2.1
Fair value of hedging				2.3		2.3
Other items	6.1	0.2	2.3		0.0	8.6
Total	**111.7**	**6.2**	**-7.5**	**2.2**	**-0.1**	**112.6**
Net amount	**-87.5**	**-5.2**	**5.1**	**-4.5**	**0.1**	**-92.0**

1) The net deferred tax asset million 13,9 (13.1) EUR in the balance sheet arising from IFRS16 leases consist of million 119,4 (115.2) EUR deferred tax asset and million 105,5 (102.1) EUR deferred tax liability.

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 2023 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 extented 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) employee benefits

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

	2023			
EUR million	Board of Directors	Group CEO	Executive Committee	Total
Salaries and other short-term employee benefits	0.2	0.8	5.0	6.0
Post-employment benefits (supplementary pensions)				
Total	**0.2**	**0.8**	**5.0**	**6.0**

	2022			
EUR million	Board of Directors	Group CEO	Executive Committee	Total
Salaries and other short-term employee benefits	0.2	0.6	4.9	5.8
Post-employment benefits (supplementary pensions)		0.0	0.0	0.1
Total	**0.2**	**0.7**	**4.9**	**5.8**

Key management personnel salaries and other short-term employee benefits include Group's CEO salaries amounting to EUR 0.6 (0.2) million. In addition, the Group CEO performance bonus paid totalled EUR 0.2 (0.5) million. The CEO is a Board Member but was not paid a separate Board remuneration. During 2022, the CEO was on sabbatical for part of the time.

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

There were no material events after the financial year.

PARENT COMPANY'S FINANCIAL STATEMENTS

EUR 1,000	Note	From 1 Jan. to 31 Dec. 2023	From 1 Jan. to 31 Dec. 2022
Revenue		**11.1**	**8.8**
Personnel expenses	2.1		
Wages and salaries		-1,128.7	-997.5
Social security expenses			
Pension costs		-168.6	-133.4
Other social security expenses		-22.8	-22.1
Total personnel expenses		**-1,320.0**	**-1,153.0**
Other operating expenses	2.2	-1,779.4	-1,147.6
Operating profit/loss		**-3,088.4**	**-2,291.9**
Finance income and expenses	2.3		
Interest and other finance income			
To others		47.4	5.8
Interest and other finance expenses			
To group companies		-1,037.8	-3.5
To others		-60.6	-55.7
Total finance income and expenses		**-1,050.9**	**-53.4**
Profit/Loss before appropriations and taxes		**-4,139.3**	**-2,345.3**
Group contributions		4,400.0	2,450.0
Profit/Loss before taxes		**260.7**	**104.7**
Income taxes		-333.4	-21.0
Change in deferred taxes		83.8	0.0
Profit/Loss for the year		**11.1**	**83.7**

PARENT COMPANY BALANCE SHEET

EUR 1,000	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Investments	3.1		
Investments in subsidiaries		1,002,238.4	1,002,238.4
Total non-current assets		**1,002,238.4**	**1,002,238.4**
Current assets			
Long-term receivables			
Receivables from group companies			
Loan receivables		4,400.0	0.0
Total receivables from Group companies		**4,400.0**	**0.0**
Deferred tax assets		83.8	0.0
Total long-term receivables		**4,483.8**	**0.0**
Short-term receivables			
Receivables from Group companies			
Trade receivables		0.0	26.8
Other receivables		1,024.7	450.0
Total receivables from Group companies		**1,024.7**	**476.8**
Other receivables		302.5	9.1
Deferred assets		25.8	24.2
Total short-term receivables		**1,353.0**	**510.1**
Cash and cash equivalents		1,069.9	1,380.0
Total current assets		**2,422.9**	**1,890.1**
Total assets		**1,009,145.1**	**1,004,128.5**

EUR 1,000	Note	31 December 2023	31 December 2022
EQUITY AND LIABILITIES			
Equity	3.2		
Share capital		22.5	22.5
Invested unrestricted equity reserve		972,449.3	992,347.8
Retained earnings		10,844.6	10,760.9
Profit/Loss for the year		11.1	83.7
Total equity		**983,327.5**	**1,003,214.8**
Liabilities			
Non-current liabilities			
Liabilities to group companies		22,180.0	0.0
Total non-current liabilities		**22,180.0**	**0.0**
Current liabilities			
Trade payables		2,048.9	85.7
Liabilities to Group companies			
Trade payables		0.1	43.9
Total liabilities to Group companies		**0.1**	**43.9**
Other liabilities		139.1	26.4
Accrued expenses		1,449.6	757.6
Total current liabilities		**3,637.6**	**913.7**
Total liabilities		**3,637.6**	**913.7**
Total equity and liabilities		**1,009,145.1**	**1,004,128.5**

PARENT COMPANY STATEMENT OF CASH FLOWS

EUR 1,000	From 1 Jan. to 31 Dec. 2023	From 1 Jan. to 31 Dec. 2022
Cash flow from operating activities		
Profit/Loss for the year	11.1	83.7
Adjustments		
Taxes	-83.8	-3.0
Appropriations	0.0	-450.0
Finance income and expenses	1,050.9	53.4
Other adjusments	-3.2	11.5
Changes in working capital		
Change in trade and other receivables	-1,292.9	11.0
Change in trade and other payables	2,409.3	756.7
Interest received	47.4	5.8
Interests paid	-1,037.8	-3.7
Taxes paid	-18.6	-14.5
Cash flow from operating activities	**1,082.4**	**450.8**
Cash flow from investing activities		
Investments in reserve for invested unrestricted equity in subsidiaries	0.0	-13,000.0
Loan receivables	-4,400.0	0.0
Cash flow from investing activities	**-4,400.0**	**-13,000.0**

EUR 1,000	From 1 Jan. to 31 Dec. 2023	From 1 Jan. to 31 Dec. 2022
Cash flow from financing activities		
Share issues	2,214.0	12,939.8
Redemption of shares	-21,764.3	-787.0
Share issues expenses	-72.2	-92.5
Proceeds from loans	22,180.0	0.0
Group contributions	450.0	900.0
Cash flow from financing activities	**3,007.5**	**12,960.3**
Change in cash and cash equivalents	-310.1	411.1
Cash and cash equivalents at 1 Jan.	1,380.0	968.9
Cash and cash equivalents at 31 Dec.	**1,069.9**	**1,380.0**

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.

Deferred tax assets

The deferred tax assets recognized in the balance sheet has been calculated for the temporary differences between the tax and the financial statements using the tax rate for subsequent years as established at the balance sheet date. In accordance with the principle of prudence, deferred tax assets are recognized at the amount of the expected tax benefit.

2. Group information

Mehiläinen Konserni Oy is the parent company in the Mehiläinen Konserni Group. Mehiläinen Konserni Oy is domiciled in Helsinki. The copies of the consolidated financial statements of Mehiläinen Konserni Oy are available at the headquarters at Pohjoinen Hesperiankatu 17, 00260 Helsinki. The parent company of the Mehiläinen Konserni Oy is Finnish Healthcare Services S.à.r.l., domiciled in Luxembourg.

2.1 Personnel expenses

	2023	2022
Average number of personnel	3	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	2023	2022
Consultant and professional fees	1,547.3	932.6
Administration costs	146.2	158.9
Other expenses	86.0	56.1
Total	**1,779.4**	**1,147.6**

Auditor's fees

EUR 1,000	2023	2022
Ernst & Young Oy		
Audit fees	54.4	83.3
Tax advisory	18.3	2.0
Other fees	1,196.4	12.4
Total	**1,269.1**	**97.6**

2.3 Financial income and expenses

EUR 1,000	2023	2022
Interest income from others	47.4	5.8
Interest expenses to Group companies	-1,037.8	-3.5
Interest expenses to others	0.0	-0.1
Share issues expenses	-60.5	-55.6
Total	**-1,050.9**	**-53.4**

3.1 Investments

Investments in subsidiaries

EUR 1,000	2023	2022
Acquisition costs at 1 January	1,002,238.4	989,238.4
Additions		13,000.0
Acquisition costs at 31 December	1,002,238.4	1,002,238.4
Book value at 31 December	**1,002,238.4**	**1,002,238.4**

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

3.2 Equity

Mehiläinen Konserni Oy has 984,889,070 registered shares at the year end. The shares are divided to 48,145,503 A-shares, 917,483,726 B-shares and 19,259,841 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. The share capital is 22,500 euros.

A total of EUR 2.2 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 share issues against payment as follows:

- Pursuant to the share issue authorization issued on 17 February 2022, the company's Board of Directors has during the previous financial year decided on 28 April 2023 to issue a total of 7,104 new A-shares and 883,200 new B-shares for a total subscription price of EUR 0.9 million. The shares were subscribed for during the financial year.
- Pursuant to the share issue authorization issued on 17 February 2022, the company's Board of Directors has decided on 27 June 2023 to issue a total of 53,094 new A-shares and 1,019,010 new B-shares for a total subscription price of EUR 1.3 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 12,885,234 of the company's own shares have been repurchased, of which 1,539,956 are A-shares, 8,282,266 are B-shares and 3,063,012 C-shares. The purchase price for 21,228 A-shares was their original subscription price and for 1,518,728 A-shares the current estimated fair value. With regard to B-shares, the purchase price has been their original subscription price (1 euro) for 116,890 B-shares and 1 euro for 8,165,376 B-shares added as determined in the company's articles of association, with a 10 percent return. The purchase price for C-shares has been 1 euro added as determined in the company's articles of association, with a 10 percent return. The consideration paid by the company for the shares has been 5.12 euros on average for the A-share, 1.1 euros on average for the B-share and 1.57 euros on average for the C-share. The consideration paid has varied depending on the purchase. The relative share of the company's acquired and canceled own shares of all the company's shares at the end of the financial year has been approximately 1.3 percent, and the board of directors has decided with the decisions made on 9 January 2023, 8 February 2023, 31 March 2023, 14 June 2023, 27 June 2023 and 31 August 2023 to immediately cancel the own shares acquired by the company after they come into the company's possession.

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

- On 17 February 2022, the company's shareholders have authorised the Board of Directors to decide on the share issue. A maximum of 53,230,234 shares, including a maximum of 877,540 A-shares and a maximum of 52,352,694 B-shares, can be issued under the authorisation. Pursuant to the authorisation, at the end of the financial year, 686,615 A-series shares and 40,021,044 B-series shares remain unissued.
- On 2 February 2023, the company's shareholders have authorised the Board of Directors to decide on the repurchase of their own shares. Pursuant to the authorisation, a maximum of 13,200,000 shares may be repurchased, of which a maximum of 1,700,000 A-shares, a maximum of 10,000,000 B-shares and a maximum of 1,500,000 C-shares. Pursuant to the authorisation, at the end of the financial year, 1,566,134 A-series shares, 1,852,230 B-series and 1,388,299 C-shares remain unissued.

	2023							
EUR 1,000 / Shares	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	**49,625,261**	**923,863,782**	**22,322,853**	**995,811,896**	**22.5**	**992,347.8**	**10,844.6**	**1,003,214.9**
Share issues	60,198	1,902,210		1,962,408		2,214.0		2,214.0
Redemption of shares	-1,539,956	-8,282,266	-3,063,012	-12,885,234		-22,112.5		-22,112.5
Profit for the year							11.1	11.1
Book value, 31 December	**48,145,503**	**917,483,726**	**19,259,841**	**984,889,070**	**22.5**	**972,449.3**	**10,855.7**	**983,327.5**

	2022							
EUR 1,000 / Shares	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	**49,448,691**	**913,009,850**	**22,322,853**	**984,781,394**	**22.5**	**980,207.6**	**10,760.9**	**990,991.0**
Share issues	208,837	11,406,940		11,615,777		12,939.8		12,939.8
Redemption of shares	-32,267	-553,008		-585,275		-799.6		-799.6
Profit for the year							83.7	83.7
Book value, 31 December	**49,625,261**	**923,863,782**	**22,322,853**	**995,811,896**	**22.5**	**992,347.8**	**10,844.6**	**1,003,214.9**

Statement of distributable equity

EUR 1,000	2023	2022
Retained earnings 1 January	**10,844.6**	**10,760.9**
Invested unrestricted equity reserve	972,449.3	992,347.8
Result for the year	11.1	83.7
Total	**983,305.0**	**1,003,192.3**

4. Contingent liabilities and commitments

EUR 1,000	31 December 2023	31 December 2022
Pledged subsidiary shares	33,474.4	33,474.4

Pledged subsidiary shares are collaterals in respect of Mehiläinen Yhtymä Group's loan facilities.

5. Significant events after the end of the financial year

There were no material events after the financial year.

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

Helsinki, 2 February 2024

Andreas Tallberg
Chair of the Board of Directors

Lave Beck-Friis
Member of the Board of Directors

Tomas Ekman
Member of the Board of Directors

Hanna Hartikainen
Member of the Board of Directors

Eveliina Huurre
Member of the Board of Directors

Susa Nikula
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, 2 February 2024

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, 2023. 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 material accounting policy information, 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, financial performance and cash flows in accordance with IFRS Accounting Standards 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 IFRS Accounting Standards 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 2.2.2024

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Rytilahti
Authorized Public Accountant

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