MEHILÄINEN ANNUAL REPORT

2020

MEHILÄINEN
EST. 1909

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HOW TO READ THE ANNUAL REPORT

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On a lifelong mission

The story of Mehiläinen is not about a company but rather about people and attitude.

When a group of doctors founded Mehiläinen in 1909, their goal was to create better health and wellbeing.

Along the way, we have treated soldiers, been involved in building the occupational healthcare system, brought fathers inside the delivery room, exported digital healthcare services, experienced three pandemics and established Mehiläinen throughout Finland.

Over the years we have been guided by one simple thing – life. Fragile, strong, erratic. Unfair and fortunate. Beginning or coming to an end.

Always valuable and unique.

Over the past one hundred years, the world has changed, but our attitude remains the same. The best treatment is still provided by people who are on a lifelong mission.

Mehiläinen
Est. 1909

We responded to the COVID-19 pandemic quickly and decisively. Our main priority was to ensure the safety of our customers and personnel.

Year 2020

MEHILÄINEN IN BRIEF

Providing services to all of Finland

Mehiläinen is a well-known and appreciated private provider of social care and healthcare services.

Number of personnel and private practitioners around
22,300

Number of units
540

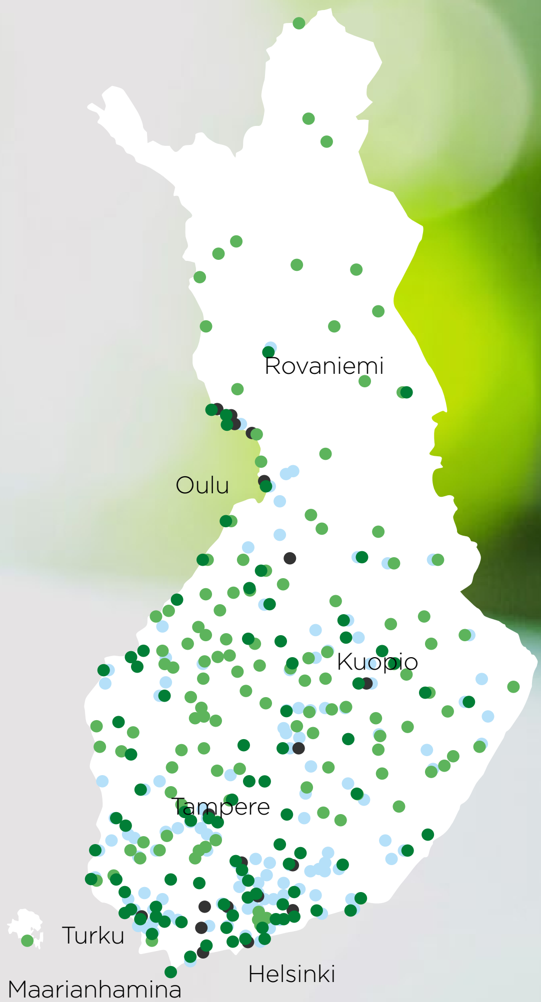
Total number of customers at Mehiläinen around
1,300,000

Revenue EUR
1,162.5
million

Revenue growth
9.2%

Values
Skills and knowledge
Caring and responsibility
Partnership and entrepreneurship
Growth and development

Customer promise
Ease of interaction
Holistic service offering
Personalised service

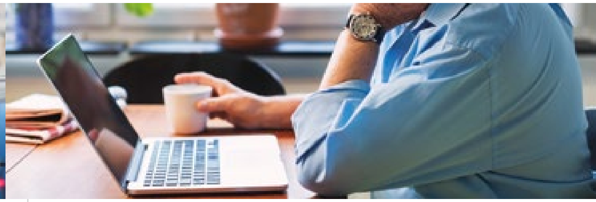


Extensive services around the country

- Private healthcare services
- Networking of partners in Working Life Services
- Public healthcare services
- Social care services

OUR ANNUAL TIMELINE

Events and highlights



JANUARY

Hammas Mehiläinen launches Digital Clinic to support dental health.

FEBRUARY

We announce that personnel satisfaction improved in Mehiläinen's services for the elderly, and the number of customers increased.

We invest in a medical clinic and new hospital in Rovaniemi. During the year, investments are made in other medical clinics as well for example in Kajaani.

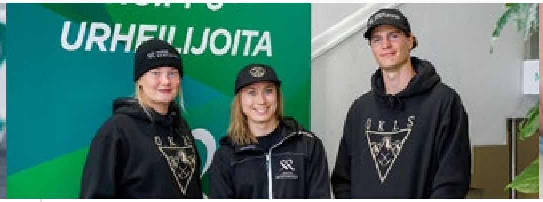
MARCH

Mehiläinen starts coronavirus testing and opens an airlift to South Korea. Customer numbers explode at Digital Clinic, and we respond to the new demand in a matter of days.

Read more about our actions during the COVID-19 pandemic on page 10.

APRIL

International interest in Mehiläinen's digital services continues. Digital Clinic to be used by an Italian medical clinic.



MAY

Video content to support coping and wellbeing is provided to all users in OmaMehiläinen.

Major investments are made during the year in mental wellbeing services.

AUGUST

Urheilu Mehiläinen teams up with the Finnish national snowboard team and Paralympic gold medallist Leo-Pekka Tähti.

Winning a tender: the Päijät-Häme Joint Authority for Health and Wellbeing and Mehiläinen establish a joint venture.

SEPTEMBER

All-time record levels of customer satisfaction are measured at Mehiläinen Länsi-Pohja during the year.

OmaMehiläinen service now has over one million users.

NOVEMBER

Mehiläinen celebrates its 111th anniversary virtually. Thousands of employees gather online to enjoy performances by top artists and Mehiläinen's house band BeeKND.

Mehiläinen establishes a new company – BeeHealthy aims to be the leading digital healthcare operator globally.

CEO'S SUMMARY

A year marked by the pandemic

The year 2020 was a year marked by the global COVID-19 pandemic, and it will also go down in history as an exceptional period in Mehiläinen, now 111 years old.

The year began favourably for Mehiläinen with strong organic growth and good profitability. However, during the second week of March, the COVID-19 pandemic changed the situation dramatically, as appointments at our medical clinics plunged by up to 50 percent. The fear caused by the virus, the restrictions imposed by the government, and operational cuts made to ensure patient and staff safety had a strong impact on dental health services, appointments with private physicians and non-urgent surgery at hospitals. At the same time, preparing for the COVID-19 pandemic created considerable additional costs in all of our operations due to purchases of protective equipment, testing of staff and other safety measures.

Mehiläinen responded to the unforeseen COVID-19 pandemic promptly and decisively. Our main priority was to ensure the safety of our customers and personnel and to take actions to ensure that society could function with as little disturbance as possible. We made cost-related adjustments to all services for which demand decreased significantly. We also began to seek income to compensate for the loss of revenue caused by the COVID-19 pandemic.

Investments in testing capacity

Our actions to ensure the functioning of society included the decisions we made as early as March to invest in COVID-19 testing capacity. In our investments, we relied on Finnish knowhow and, together with our partner laboratories, built up

significant testing capacity for Finland. An important element was the network of drive-in coronavirus testing stations we created in a short period of time.

We complemented the analysis capacity in Finland by signing a cooperation agreement with a laboratory in South Korea. A vital role in setting up the airlift to South Korea was played by the broad-based Finnish coalition of companies coordinated by the Finland Chamber of Commerce, as well as support from the Ministry for Foreign Affairs and the Office of the President of the Republic of Finland. We also supported our corporate customers in other ways in creating a safer working life amid the COVID-19 pandemic.

High demand for digital solutions

The COVID-19 pandemic gave rise to huge demand for digital healthcare solutions in Finland and around the world. In Finland, we vastly increased the capacity of Mehiläinen's Digital Clinic and expanded remote appointments to cover the services of all our professionals. The number of users registered in the OmaMehiläinen service exceeded one million in September, with visitor numbers multiplying from the previous year.

We responded to global demand by establishing our BeeHealthy Oy subsidiary. During the year, we signed framework agreements for Mehiläinen's digital healthcare platform in several countries. We aim to make digital healthcare solutions the new pillar of Finland's service export.

At the end of the year, we also completed our first acquisition outside Finland by making the Swedish Sibyllekliniken a part of the Group as a kickoff to the expansion into our neighbouring countries. Sibyllekliniken operates in Stockholm, providing public freedom of choice services and occupational healthcare services. We plan to implement Mehiläinen's digital solutions in the services in 2021.

A partner for public healthcare

The COVID-19 pandemic caused a major care debt for Finland's public-sector services. During the year, we supported a number of municipalities, joint municipal authorities and hospital districts in responding to service demand: we performed coronavirus testing for the public sector and supplied staff for emergency care and appointments as well as operating room teams and surgeons for non-urgent operations.

Even before the COVID-19 pandemic, many municipalities were facing a difficult equation with a low tax base and an ageing population. One such region is Päijät-Häme, where Mehiläinen won a major contract for providing outpatient services under a joint venture model. Harjun terveys oy, the joint venture established with the Päijät-Häme Joint Authority for Health and Wellbeing, was launched at the beginning of 2021. Our shared goal is to streamline costs while improving the availability, quality and customer focus of services. Mehiläinen's success in the tendering process was driven particularly by our digital solutions.

Strong finances and profitable growth provide opportunities for investments and quality improvement

By June, the COVID-19 pandemic had caused considerable loss of income for Mehiläinen, mainly in privately funded services, as well as additional costs. The costs consisted of protective equipment and extra personnel costs in care services, among others. During the second half of the year, we made up for the accumulated deficit through tight cost control, strong organic growth and the launch of new services.

By the end of 2020, our revenue and underlying EBITA were close to our targets for the financial period. Mehiläinen's revenue totalled to EUR 1,162.5 (1,064.1) million and underlying EBITA to EUR 134.1 (118.8) million. Mehiläinen's revenue for 2020 grew by 9.2 percent and underlying EBITA grew by 12.8 percent. Profit for the financial year was EUR 0.2 (0.6) million. The total sum of our investments was EUR 52.8 million. The number of full time employees grew by 4.2 percent from previous year and was 9,500 on average. As indicated by the figures , Mehiläinen's profitable growth continued despite the difficult COVID-19 pandemic. Most of the revenue growth was organic. The impact of acquisitions on growth was minor.

At the end of the year, we announced that we did not obtain merger control clearance for our public tender offer for all shares in Pihlajalinna within the time limit provided by the combination agreement entered into between Mehiläinen and Pihlajalinna. Consequently, the condition to completion of the tender offer concerning regulatory approvals was not fulfilled and we did not complete the tender offer.

Customer and employee satisfaction at an excellent level

NPS indicator used to measure customer experience remained at an excellent level of 89 in 2020. Our customers have safely been able to rely on our experts' professional skills and expertise. The results of our personnel survey were also very positive, indicating good leadership and the commitment of our employees.

I would like to thank our customers for the trust you have placed in Mehiläinen. My warmest thanks also go to our employees for your meaningful and important work.

Janne-Olli Järvenpää

OUR RESPONSE TO THE COVID-19 PANDEMIC

The COVID-19 pandemic challenged us to prompt action

Mehiläinen took responsibility for managing the COVID-19 pandemic in 2020 in all its activities. We reacted to situations promptly, actively seeking solutions.

At Mehiläinen, we took measures to respond to the COVID-19 pandemic early on in the year. The main goal of our actions was both ensuring good treatment and care for our customers and a safe work environment for our personnel amid the COVID-19 pandemic.

Coronavirus testing figures are displayed in real time on our website

Real-time monitoring in Finnish›

Streamlined coronavirus testing model

We began testing social welfare and healthcare professionals for the coronavirus at Mehiläinen in March. The need for testing was urgent: the waves of the pandemic were hitting Finland hard, and testing capacity was a bottleneck. Coronavirus testing was started at drive-in stations that were built in close cooperation in a matter of days. The drive-in model proved to be the right choice early on, as samples could be taken safely with minimal risk of infection. In March, respiratory tract infection clinics were set up at our medical clinics to supplement the network of drive-in stations.

Active measures to manage the COVID-19 pandemic

MARCH

We begin coronavirus testing for social and healthcare professionals.

Mehiläinen's respiratory tract infection clinics are established.

Mehiläinen opens an airlift to South Korea for analysis of coronavirus samples together with 12 major companies.

APRIL

A digital preliminary questionnaire is published to trace chains of transmission.

AUGUST

We speed up coronavirus testing by opening the first Express testing station in Helsinki.


Lehtikuva / Heikki Saukkomaa

SEPTEMBER

We begin antigen testing alongside PCR testing.

NOVEMBER

Cooperation with Vita Laboratoriot and A23 Lab for analysis of Swedish coronavirus samples.

Safe digital services were essential

Even in the early stages, an essential factor in managing the COVID-19 pandemic was Mehiläinen's Digital Clinic, particularly for treating and providing testing referrals to patients with respiratory tract infections. The resources of the Digital Clinic were quickly increased early in the spring to respond to the explosive rise in demand, and automation was adopted more widely in the form of symptom questionnaires, for example. On the busiest days of the year, more than 6,000 customers sought help at our Digital Clinic.

Airlift to South Korea together with corporate customers

From the start, we have analysed the coronavirus samples taken at Mehiläinen together with our cooperation laboratories. When analysis capacity in Finland turned out to be insufficient, we boldly looked into international solutions and selected a partner in South Korea as our cooperation laboratory. In the spring, we opened an airlift to South Korea together with twelve major companies in order to transport samples taken at Mehiläinen for analysis.

Experts from Mehiläinen's Working Life Services supported corporate customers from the start of the COVID-19 pandemic to develop safe modes of working. At an

The work continues!

We turned the spotlight on the social care and healthcare professionals working on the frontline. Watch nurse **Kristiina Timonen** describe her feelings about the COVID-19 pandemic in this video.

View the video in Finnish ›

early stage, we began to issue regular updates on the status of the pandemic, changes in occupational healthcare practices, and various forms of support for employees' coping, for example.

Protective measures were adopted at care homes at an early stage

Since the start of the COVID-19 pandemic, Mehiläinen's care homes have taken a wide range of actions to prevent the spread of the coronavirus. Hygiene practices and guidelines were enhanced, and protective equipment was taken into use even before national guidelines were announced. Various safe alternatives to visits were developed, taking advantage of windows and yard areas, for example. Throughout the COVID-19 pandemic, we have had clear instructions that employees may not come to work if the exhibit any symptoms.

Responsibility for the population at Länsi-Pohja

Mehiläinen Länsi-Pohja has treated the coronavirus in the Meri-Lappi region in both primary and specialised healthcare, including a separate intensive care unit set up for COVID-19 patients. Treatment outcomes were good, and the coronaviruspandemic was curbed through seamless cooperation. Emergency care was ensured, while resources were focused on safe operation and providing quality treatment for patients with the severe form of COVID-19.

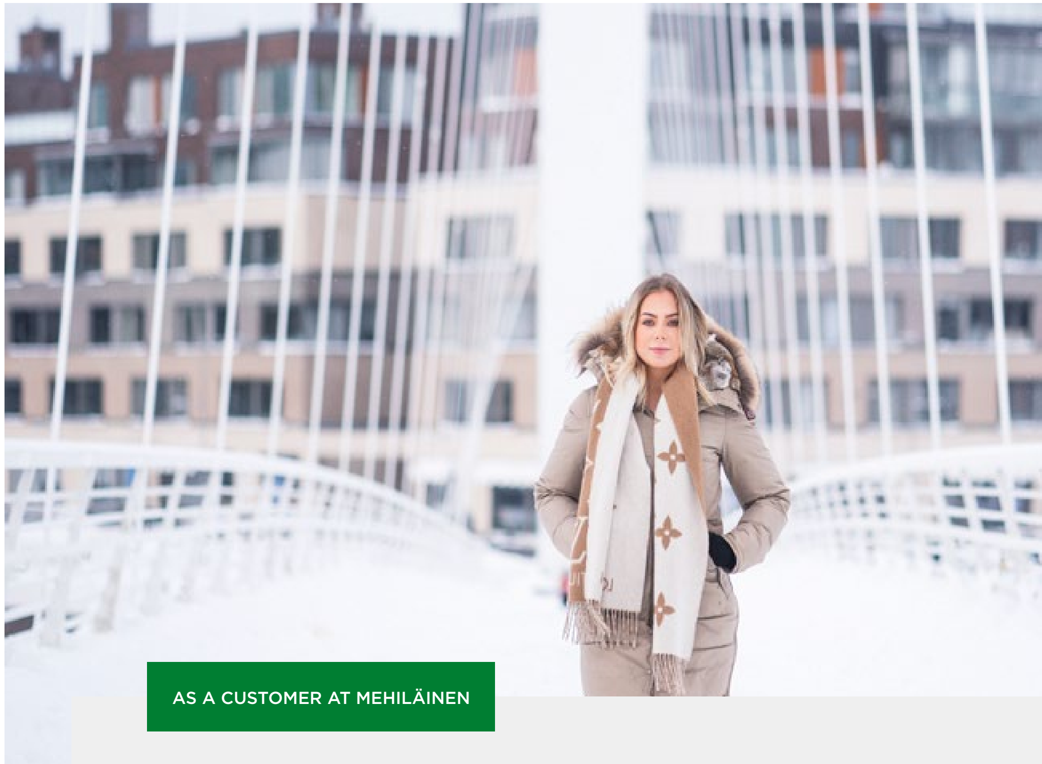
Our management of the COVID-19 pandemic was also successful in the Oma Lääkärisi health centres run by Mehiläinen. Services were available without interruption, and access to care remained at a good level with no treatment queues.

At the time of writing, Finland remains in the grip of the COVID-19 pandemic. At Mehiläinen, we will continue our work to manage the pandemic for as long as needed.

250,000
COVID-19 tests taken

Average response time
26
hours

82
COVID-19 testing stations and respiratory tract infection clinics

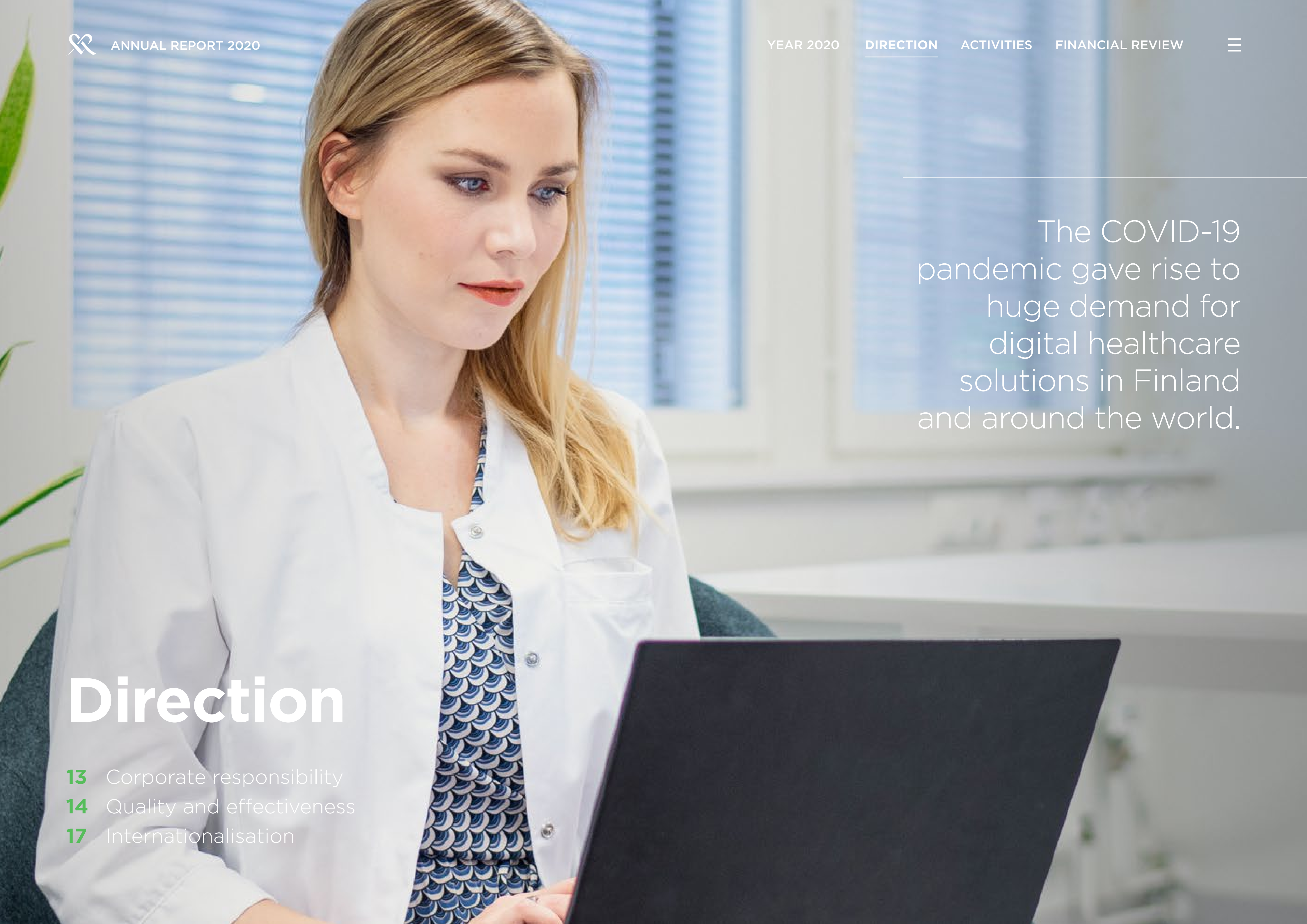


AS A CUSTOMER AT MEHILÄINEN

A spring cold or COVID-19? Fast coronavirus testing keeps the wheels turning in the life of an entrepreneur.

Eveliina Heininen got tested for the coronavirus at Mehiläinen quickly and easily. Thanks to the relaxed attitude of the nurses and test results received on the same day, the unpleasant procedure was a positive experience. Eveliina is a joint customer of Mehiläinen and LähiTapiola. In addition to the fast test results, another positive surprise was that the coronavirus tests were fully covered by her medical expense insurance.

Learn more ›



The COVID-19 pandemic gave rise to huge demand for digital healthcare solutions in Finland and around the world.

Direction

CORPORATE RESPONSIBILITY

Mehiläinen's corporate responsibility focuses on quality, the customer and the wellbeing of the personnel

In 2020, Mehiläinen advanced corporate responsibility work and responsibility reporting together with its stakeholders.

The past year was significant for our corporate responsibility efforts. We created Mehiläinen's first corporate responsibility programme and a separate corporate responsibility report that provides more detailed information on essential aspects of our corporate responsibility. In accordance with Mehiläinen's strategy, our responsibility efforts focus on responsibility for our customers and personnel, as well as the quality of treatment and care, safety and continuous development.

Mehiläinen's corporate responsibility report

Learn more about the report ›

The key areas of Mehiläinen's corporate responsibility programme

Pioneer in quality treatment and care
Our customers and their families can rely on us to provide individual, 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 in the industry
Our growth is stable, we create jobs in Finland, 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 wellbeing of our employees and provide them with opportunities to develop and shine in their work. We offer a wide range of career paths across Finland, and our corporate culture encourages success.

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

Details of our corporate responsibility work and the related metrics and results are provided in Mehiläinen's corporate responsibility report, which is a sister publication to the annual report.

QUALITY AND EFFECTIVENESS

Self-monitoring is the foundation of Mehiläinen's high quality

Every Mehiläinen business area invests strongly in self-monitoring, which is the foundation of our quality improvement work. Investments in quality improvement continued throughout the exceptional period.

Continuous quality development has been at the core of Mehiläinen's operations for many years. Key elements of our work include comprehensively gathered information about our operations, our customers' experiences, and monitoring reports derived from these. The reports help us evaluate the level of our operations and where there is room for improvement.

LaatuKenno monitors lines of business

Mehiläinen is the first in its field to publish continuously updated quality information about its different business areas and from different quality aspects on its website in the LaatuKenno system. LaatuKenno is used for reporting matters related to patient safety, access to treatment, efficiency of processes and customer experience using more than 25 indicators. The new indicators published in LaatuKenno at the end of the year monitor the responsible prescription of strong pain killers, sedatives, and antibiotics.

Mere measurements are not enough, however – we monitor the results on a daily basis and quickly take action if deviations are found. Continuous quality improvement requires regular assessment of the targets set. Only thus can we provide

our patients and customers with increasingly safer and more effective services.

Intensive work in an exceptional situation

The COVID-19 pandemic has led to more intensive quality improvement work at Mehiläinen. The self-monitoring surveys had a high response rate, and we provided enhanced internal guidance on hygiene as well as communication on safety. We quickly adapted and streamlined our practices. We also focused attention on information security.

Extensive work in private healthcare services

In 2020, we invested in quality improvement work in private healthcare services. We published digital coaching programmes to support our customers in lifestyle changes, such as giving up smoking. The coaching is provided via the OmaMehiläinen and at meetings with a coach. We also began to ask all hospital surgery patients about smoking, and the programme to quit smoking is increasingly often offered as part of the preparation for surgery.

We also continued to develop hospital quality monitoring. We followed up the results of Patient Reported Outcome Measures (PROM) questionnaires of more than 4,500 patients. The results provide an evaluation of the quality of care from the patient's perspective. A total of 78 percent of our customer panel members considered that the outcomes of operations are an important factor affecting their choice of surgery location, so this data provides important additional information.

In dental healthcare, we published a tool for monitoring clinical quality for dentists to help them monitor the quality of their own work and compare it to that of their colleagues.

Investments in the wellbeing of young people

In Familar's child welfare services, we focused on developing services to support the wellbeing of young people. We deployed a digital independence coaching programme, which supports young people approaching their 18th birthday and a new phase in life. Our units also use a Customer Experience Survey that we have developed ourselves to provide data on young people's experiences about participation in their own care, how well they manage their everyday lives and school, as well as social workers' feedback on how well the customer plan and care objectives have been realised.

Personnel training in public healthcare services

Skilled and professional personnel is important to us, which is why we made considerable investments in personnel training in public healthcare services. We launched the Academy of General Practice for physicians specialising in general medicine as a conceptualised specialisation training programme. A similar programme called Academy of Nursing was developed for nurses to ensure their up-to-date clinical knowledge.

We also developed the operating models at our health centres, resulting in significantly improved access to appointments with physicians without the need for additional resources. We also adopted remote appointments to complement the Digital Clinic. The average T3 figure, which indicates the availability of appointments with a physician, decreased from 9.2 to 5.6 days in 2019–2020.

Cooperation with private healthcare services took another step forward as digital coaching programmes were also implemented in public healthcare services. The quarterly Self-Monitoring Survey continued to help us ensure the development of operative quality as well as the improvement of the Quality Index.

Our quality management system LaatuKenno is open to everyone.

Learn more about LaatuKenno in Finnish ›

Quality is part of Mehiläinen's routine

High quality is part of our professionals' routine, and self-monitoring is at the core of all quality management efforts. Watch the video to learn how the Chief Medical Officer **Kaisla Lahdensuo**, Director of Quality **Mikko Purhonen** and Medical Director **Henri Ärölä** describe our quality management work.

View the video in Finnish ›

Healthcare must provide genuine benefit for the patient

At Mehiläinen, we are committed to value-based healthcare, which means providing the best possible care for our patients and customers. Our goal is simple: the decisions made and procedures performed in healthcare must have a positive impact on the individual patient or the population.

In practice, this could mean well-managed diabetes or a successful knee operation; reduced sick leaves for a corporate customer; a decline in the cardiovascular morbidity of the population in the case of a municipal partner; or streamlined and successful treatment chains for accidents in insurance company cooperation.

It is also important that we can measure and report our work and its results. Processing information and combining various information sources from different phases of the treatment path are key to effective and timely knowledge-based management.

In addition to health benefits, cost-effectiveness is an important aspect. The appropriate and responsible use of our limited resources ensure that healthcare can also bring value for future generations.

Examples of work and results

Tesoma alliance in Tampere
As the first in the world, wellbeing services are being provided in Tesoma using the alliance model in cooperation between the public sector (City of Tampere), private sector (Mehiläinen) and third sector (Setlementti Tampere ry). After the first year, low-threshold services, support from the community, third-sector actors and cooperation between services had increased wellbeing in the area. Providing services close to the end customer worked well.

Oma Lääkärisi operating model
The operating model has helped respond to one of the greatest challenges in primary healthcare by shortening the long waiting times for physicians's appointments. In 2020, the average waiting period to see a physician at our health centres was less than seven days, which is significantly less than the average at municipality-run health centres.

Effectiveness measures at our hospitals
We carry out extensive measurement of the quality and results of orthopaedic operations as well as the effectiveness of treatment. The results have shown that the operations have been beneficial and that patients' experiences have been good. The results can also be used by our professionals for improving their own work.

AI-based Wellbeing Radar
We have developed a new occupational healthcare operating model in which an AI-based Wellbeing Radar is used to predict the risks of early decline in work ability. The model enables occupational healthcare professionals to provide targeted support at an early stage. The service covers over 160,000 individuals, and approximately 21,000 related questionnaires have been sent. 60 percent of the respondents wanted an occupational health nurse to contact them to offer support. More than 1,800 coaching programmes have been initiated through the Wellbeing Radar or as part of other treatment, through which 80 percent of the patients had partially or fully achieved their objectives.

We helped enable the world's first open and free online course "Rethinking health – The fundamentals of value-based healthcare".

Learn more about the course ›

INTERNATIONALISATION

Aiming at significant international growth

Mehiläinen continues to grow internationally and exports digital healthcare expertise through its new company BeeHealthy.

Mehiläinen has increased internal digital competencies and, over the years, built the industry's leading digital healthcare services on an international scale. These competencies were the foundation of BeeHealthy, which aims to be one of the leading digital healthcare operators globally. Mehiläinen's goal is to make healthcare export the new pillar of Finland's service export.

Unique competitive edge

Mehiläinen's 111 years of healthcare experience combined with more than 20 years of experience in digital development offers a unique competitive advantage to BeeHealthy. We can assist our customers in the digital leap more comprehensively than a traditional software company since Mehiläinen, as a healthcare operator, has walked the same path and has tested the BeeHealthy platform in practice. The first BeeHealthy customers were located in Europe, but the work has no geographical boundaries. In addition to Europe, agreements signed at the end of the year took BeeHealthy solutions to two new continents.

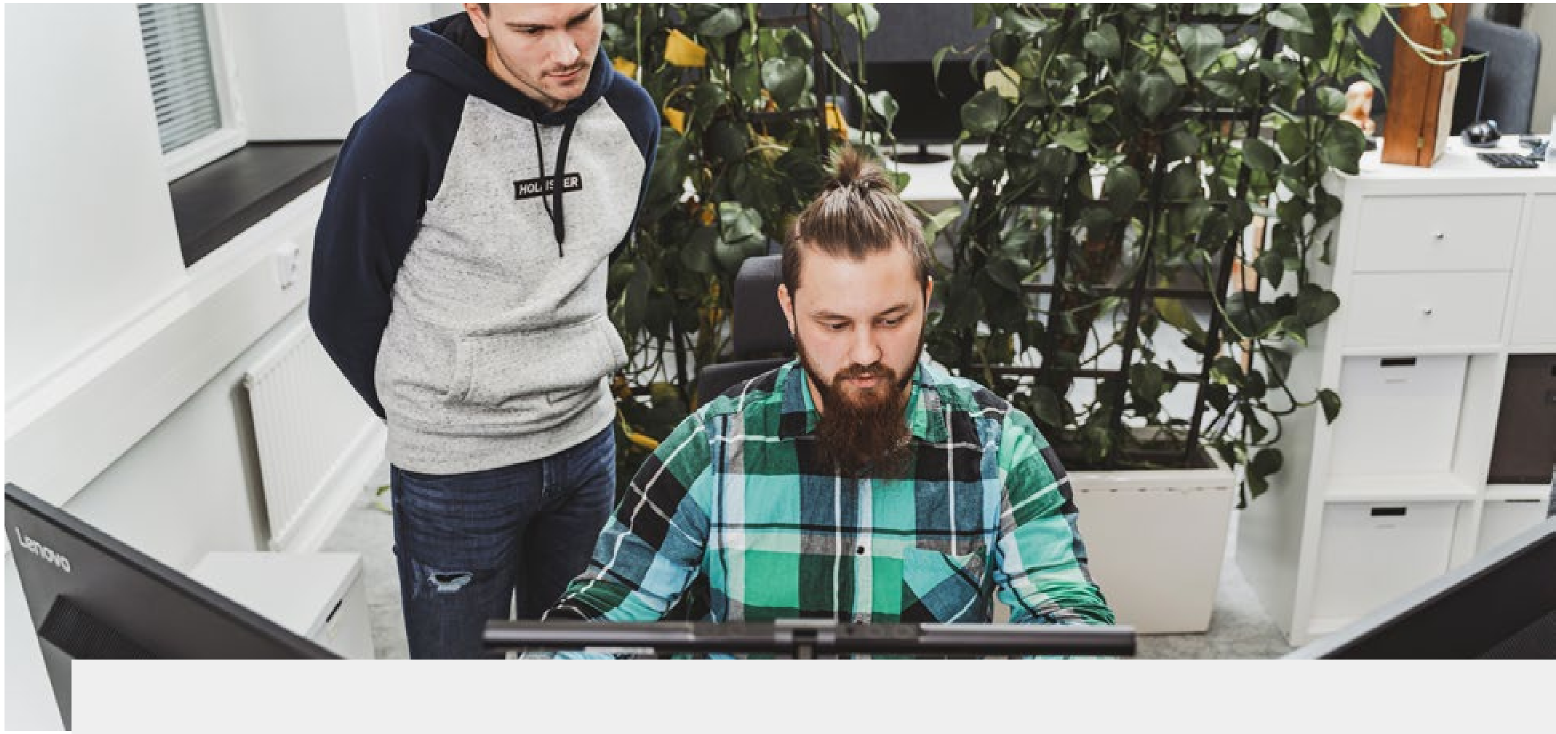
Platform solutions and physical clinics

BeeHealthy offers customers a healthcare platform solution that includes, for example, the Digital Clinic, the patient's medical history, treatment path monitoring and appointment booking. Customers of the platform solutions include healthcare operators in different countries.

In addition to the paltform solutions, BeeHealthy is also expanding closer to Finland by offering digital healthcare services combined with its own physical clinics. Growth is generated both organ-

ically as well as through acquisitions. Accordingly, we announced our first acquisition in Sweden at the end of the year: the Sibyllekliniken medical clinic will act as the first step in a major entry into the Swedish market.

BeeHealthy has also taken the leap into the 2020s in the treatment of chronic illnesses. The aim is to use health technology to support persons with chronic illnesses to manage their disease and make needed changes to their lifestyle. It is also vital to facilitate and streamline the work of the team in charge of the treatment. The provision of support enabled by health technologies is a major step in the treatment of chronic illnesses for both the patient and the team responsible for treatment.



BeeHealthy is building smart and effective healthcare – in Finland and abroad.

High-quality data security is the basis of our operations

Data security, the safety of patient data and confidentiality form the critical basis of our operations, and which Mehiläinen is doing everything it can to maintain. A variety of measures ensure that the level of data security protocols concerning data connections, encryption, user identification, applications and expertise are as high as possible.

Data protection and data security are part of our ISO 9001 certified quality management system. We store our patient data in a category A patient information system approved by authorities, and our information systems and services are managed and provided through high-level data security ISO 27001 certified server rooms. We comply with the EU General Data Protection Regulation, legislation and the guidelines regarding the processing of personal data issued by authorities.

We monitor the risks related to our activities systematically and develop our activities on an ongoing basis. However, no system or activity is without its gaps, and the risk of deviations exists even if high-level precautions are taken.

Despite the challenging year, we continued to invest in developing our operations and high quality.

Activities

BUSINESSES

Wide range of services for various customer groups

Mehiläinen provides its private, in-surance, corporate and municipal customers with extensive social and healthcare services all around Finland.

At Mehiläinen, we provide our customers with social care services as well as healthcare services that are diveded into private and public health-care services. Total number of customers at Mehiläinen during 2020 was around 1,300,000.

Total sales distribution

67% healthcare services

33% social care services

PRIVATE HEALTHCARE SERVICES

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

PUBLIC HEALTH-CARE SERVICES

- Health centers with customers' freedom of choice
- Outsourced services
- Public dental care
- Emergency care services and staffing
- Home care 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

PRIVATE HEALTHCARE SERVICES

Quick access to good care – even in exceptional circumstances

Mehiläinen medical clinics, hospitals and OmaMehiläinen with the included Digital Clinic offer comprehensive healthcare services both for the treatment of illnesses and their prevention as well as to support wellbeing. Our services have been safely available to everyone throughout the COVID-19 pandemic.

- Physician services
- Diagnostics
- Hospitals
- Dental care
- Working life services
- Mental health services and psychotherapy
- Physiotherapy and welfare services
- Digital healthcare services

The year 2020 put healthcare in a new situation, as the measures taken to prevent the spread of the coronavirus had a considerable impact on the everyday lives of Finns. A major digital leap took place in healthcare in a short period of time, and this could also be clearly seen in Mehiläinen's private healthcare services: remote appointments and visits at our Digital Clinic increased nearly fivefold from the previous year.

By the end of the September, the OmaMehiläinen application had over a million registered customers and more

than half a million active users. At medical clinics, too, a large share of physical appointments were quickly converted to remote appointments.

At the very start of the COVID-19 pandemic, Mehiläinen was already setting up a smooth coronavirus testing model based on drive-in testing stations and remote referrals via the Digital Clinic. Separate clinics were established for the treatment of respiratory tract infections. This allowed our customers with respiratory tract infection symptoms to receive help without posing a risk of spreading diseases to others. A number of other measures to ensure the safe provision of services were also adopted at our clinics from removing toys to discontinuing the use of cash.

Also at Hammas Mehiläinen clinics, the focus was on protecting customers and staff from the coronavirus. In the spring, we were forced to limit the treatment of customers in risk groups and non-urgent care at dental health appointments.

Growth and development continued

Our strong faith in the future and the growth and development of private healthcare services also continued amid the COVID-19 pandemic. We made substantial investments in growth and expansion in locations such as Vaasa, where a medical clinic moved into new premises and expanded its service

Digital Clinic, which forms part of OmaMehiläinen, proved to be an important channel in the response to the COVID-19 pandemic. Healthcare professionals are safely available via Digital Clinic 24/7.

Private healthcare services

76
medical clinics

75
separate occupational healthcare stations

35
Hammas Mehiläinen clinics

13
hospitals perform surgical operations

OmaMehiläinen and Digital Clinic are accessible on the internet and via mobile devices.

Over
1,148,000
registered users in the OmaMehiläinen service

Over
559,000
visits to Digital Clinic

Dental health is an integral part of overall health. Poor dental health may cause serious impact on general health.

offering. We will also open units in new premises in Kajaani, Tikkurila in the City of Vantaa, Tapiola in the City of Espoo, and Rovaniemi. An entirely new hospital will also open in Rovaniemi. These units will also have fixed MRI equipment.

Dental health is an important focus area

We are pleased to soon be able to offer Hammas Mehilainen services at nearly all of Mehilainen's medical clinics. Our dental care focus in the autumn of 2020 was also on building future growth: Finns' visits to dentists have decreased in recent years, and we want to encourage everyone to care for their dental health.

Strong investment in mental wellbeing services

At Mehiläinen, we want to provide comprehensive care for our customers – not just at times of illness, but in order to support their wellbeing and prevent illnesses. Mental health problems, for example, constitute a major social challenge for which we want to offer solutions. We made major investments in this effort

30-year-old Felicitas Mehiläinen is a pioneer in the creation of new life

More than 17,000 children have been born to the customers of our infertility clinic. Evolving methods are increasing the likelihood of success in infertility treatment.

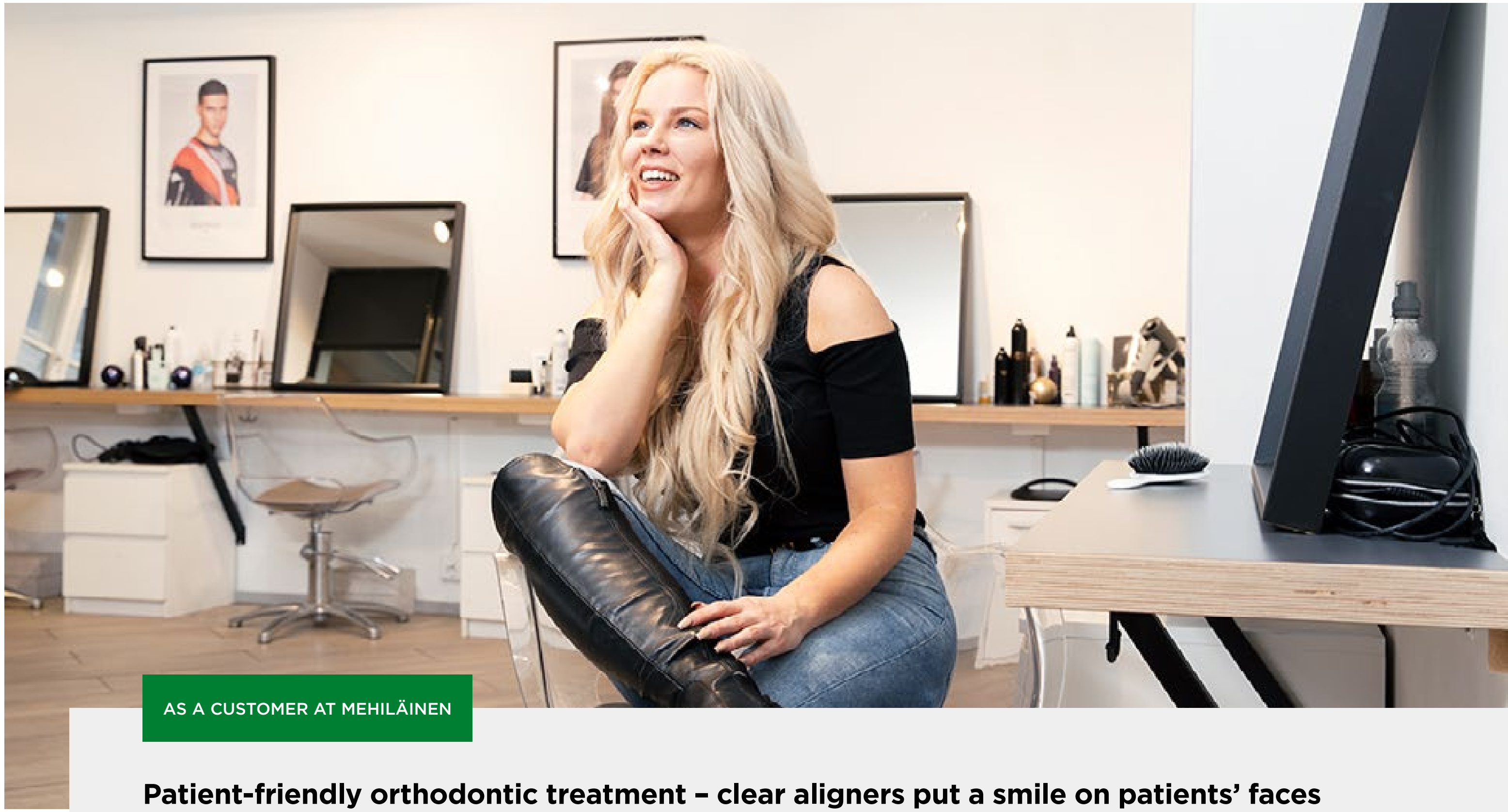
Learn more ›

during 2020, including the acquisition of the Komppi Center for Psychic Wellbeing. Komppi is a nationwide quality leader in psychotherapy services and will complement our range of mental health services.

Our objective is to offer high-quality and effective mental healthcare through services that are easy to use. This included introducing the Huoli Chat support service, an element of our occupational healthcare services, for our private customers in 2020. We are also offering our customers an even wider variety of online coaching programmes to support lifestyle changes, such as quitting smoking, and to support personal wellbeing.

We are offering our help for reducing the public healthcare debt

The COVID-19 pandemic has increased queues for public healthcare to a concerning degree. Some two million physician visits and one million dentist visits in public healthcare were cancelled during the first wave of the COVID-19 pandemic. At Mehiläinen, this has resulted in high demand for services, which is why we considerably increased our capacity in 2020 to help reduce the public healthcare debt. This work will continue for a long time to come, and we want to contribute to reducing the surgery queues at hospitals and implementing guaranteed healthcare. Let's create better health and wellbeing in Finland together.



AS A CUSTOMER AT MEHILÄINEN

Patient-friendly orthodontic treatment – clear aligners put a smile on patients' faces

Even in comprehensive school **Saara Ilves** could name the cause of her constant insecurity about her looks: crooked upper and lower teeth. None of Ilves' friends had straightened their teeth in adulthood, so she was under the impression that orthodontic treatment was very expensive and would require years of wearing conspicuous braces. Hammas Mehiläinen's clear aligner treatment straightened Saara's teeth — and restored her self-confidence. "Had I known how easy, effortless and inexpensive the method is, I would have done this sooner", says Ilves.

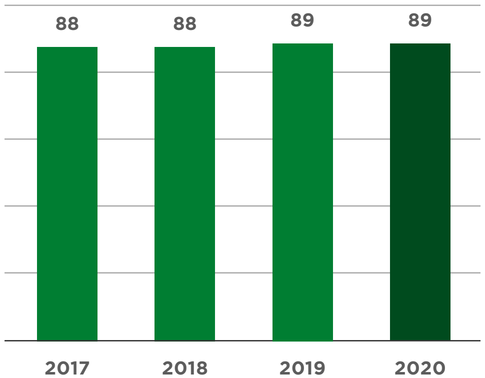
Good dental health is an integral part of well-being and systemic health. Orthodontic treatment may have a significant impact on health as well, as malocclusion in adulthood can even lead to the loss of teeth. Investing in orthodontic care now may prevent expensive dental repairs in the future.

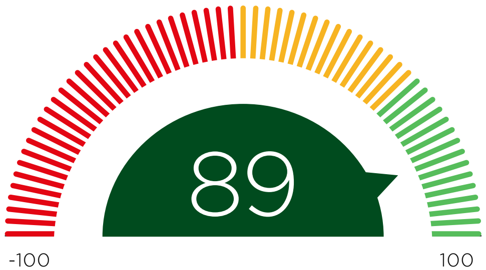
Learn more ›

Customer satisfaction remained at an excellent level

Mehiläinen uses the well-known and widely used NPS (Net Promoter Score) method to measure customer experience in healthcare services. In 2020, the customer experience score for Mehiläinen's private healthcare services remained at an excellent level of 89. There were over 220,000 replies to a related questionnaire.

The excellent result shows that our customers received professional treatment and friendly service at Mehiläinen even in the exceptional circumstances. Our customers were satisfied that the services were provided safely and efficiently. The use of protective equipment, detailed instructions and paying attention to the minutest details reassured our customers. Easy remote services via the Digital Clinic was also greatly appreciated. We would like to thank both our customers and our personnel for these excellent results.





The total score of private healthcare service NPS indices. The NPS provides information on customer loyalty and can range from -100 to +100. An NPS over 50 is considered excellent. The NPS index is part of Mehiläinen's quality assurance system.

Safe working life amid the COVID-19 pandemic

The year 2020 was also highly exceptional for Mehiläinen's corporate customers. The COVID-19 pandemic affected our customers' fields of business in different ways. In the travel industry, for instance, business came to a standstill, which led to major personnel adjustments. Professional sectors moved to remote working, and a combination of remote and presence work is sure to continue.

Early on in the coronavirus pandemic, we began providing our customers with regular updates on the status of the COVID-19 and tips on safe work practices. We also provided information on changes in occupational healthcare practices and the various forms of support for coping and mental health challenges.

Coronavirus testing also played a major role in working life during the year, and we were quick to offer the smoothest testing process in the industry for our occupational healthcare customers. The airlift to South Korea, implemented together with twelve major companies, enabled a considerable increase in testing capacity in Finland and helped ensure that the wheels of working life have kept turning.

Decrease in sickness-related absences – increased need for support for coping

The COVID-19 pandemic also had an impact on employees' sickness-related absences: Mehiläinen issued considerably fewer sick leaves for occupational healthcare customers in early 2020 than in the previous year. At the same time, the need for low-threshold chat support increased clearly during the autumn. The number of chats in Huoli Chat, for example, multiplied sixfold compared to early 2020.

We expect to see an increasing need for support for mental health issues in 2021. The situation in working life has become divided: some thrive in remote work better than before, while some face challenges with remote work and uncertainty.

Growth in challenging circumstances

Despite the challenging year, our customer base grew to nearly 500,000 private customers in 2020. Customer retention remained excellent, and we gained hundreds of new corporate customers. The NPS for customer experience in Working Life Services also rose to an record level of 87.

Successful management of working ability at VTT

VTT Technical Research Centre of Finland nurtures a culture of strong working ability management. Digital tools are used to support personnel and managers.

Learn more how occupational healthcare can provide support for the management of working ability both in the exceptional COVID-19 pandemic situation and as part of operational development. Wellbeing & HR Manager **Peppi Härme** and Senior Vice President of Human Resources **Kirsi Nuotto** describe the activities.

Learn more ›

PUBLIC HEALTHCARE SERVICES

Mehiläinen makes the digital leap for public healthcare services

Mehiläinen has developed public healthcare services for a long time in cooperation with municipalities, hospital districts and cities. This strong foundation was reflected in growth in all our operations during 2020. In addition to the COVID-19 pandemic, the year was marked by the digital leap that Mehiläinen also helped introduce into public healthcare services.

- Health centers with customers' freedom of choice
- Outsourced services
- Public dental care
- Emergency care services and staffing
- Home care services

Mehiläinen's operating model in public healthcare services is based on a customer-driven approach, quality and value-based leadership, as well as safety and fairness. We use both data and analytics to continually develop our operations and are committed to value-based healthcare. The decisions made and procedures performed in healthcare must produce a positive outcome for the health of both the individual patient and the population. This operating model has proven to be successful, and our strong growth continued in the past year.

Harjun terveys to provide social and healthcare services in Päijät-Häme

We achieved a major milestone in primary healthcare when the Päijät-Häme Joint Authority for Health and Wellbeing gave our offer the top quality score in a tendering process and chose Mehiläinen as its partner to provide social and health centre services. The establishment of Harjun terveys, the joint venture of the Joint Authority and Mehiläinen, was started in close cooperation in August, and the main principles of its operation were agreed during the final months of the year. The social and healthcare services of Harjun terveys were launched for customers at the beginning of 2021.

Harjun terveys provides Päijät-Häme residents with the best social and health centre services in the country. The residents have fast access to care, the clinic's opening hours are extensive, and new forms of digital services are available.

Mehiläinen was chosen as the service provider for Päijät-Häme thanks to its top-quality offer.

At Harjun terveys, the provision of social and health centre services will be based on a multidisciplinary, physician-led team model. Addressing the customers' needs begins immediately at first contact, without unnecessary queueing to access services. We piloted the team model during the autumn of 2020 at our outsourced health centres. Based on our first experiences, the team model has quickly led to a real-time operating model where supply directly responds to demand, and there are practically no queues.

In primary healthcare, we also achieved a great outcome in tendering for health centre outsourcing in the cities of Lohja and Turku, winning both with top quality scores.

Espoontori is a new kind of service voucher health centre

Mehiläinen's Espoontori health centre is part of the public health centre network of the City of Espoo. In April 2020, a freedom of choice service voucher model was adopted whereby we provide customers with services corresponding to public primary healthcare at the same price as in other city health centres.

In the Espoontori operating model, we carefully considered the best way to respond to customers' needs. The health centre employs a well-considered division of work and a standardised

IN COLLABORATION WITH MEHILÄINEN

Better primary healthcare for Päijät-Häme

A year ago, the Päijät-Häme region was considering its primary healthcare services. There were needs to improve services, provide quicker access to medical care and extend service hours. Mehiläinen was selected as the partner for the joint venture in an intense tendering procedure under the Contracts Act with an offer that received the highest quality score. "Our cooperation has been excellent. The transition process has been solid, strong and convincing," says **Marina Erhola**, Managing Director of the Päijät-Häme Joint Authority for Health and Wellbeing.

Learn more ›

operating model which defines when to use the services of a nurse or physician and when to provide a combination of these roles. Furthermore, free access to Mehiläinen's 24/7 Digital Clinic was provided to registered customers.

The T3 figure, which measures the availability of appointments with a physician, was at an excellent level in Espoontori, with the average T3 figure for 2020 at 5.6 days. Customers have also been happy with the service, as indicated by the development of the Net Promoter Score (NPS). In the first month, Espoontori's NPS was 74 – by December, NPS had risen to an excellent level of 95.

Safe and fast access to care with digital services

Our digital services help us ensure the quality and accessibility of medical services and promote equal access to care throughout Finland. There was a strong demand for safe modes of service during the COVID-19 pandemic, and Digital Clinic volumes at our public health centres almost quadrupled during the year. In 2019, the ratio of digital visits to physician visits was 3.2 percent, rising to 12.5 percent in 2020.

Successes in handling the COVID-19 pandemic

The coronavirus played a large role during the year especially at Mehiläinen Länsi-Pohja, but also in the public health centres we maintain. Our health centres quickly built preparedness for the COVID-19 pandemic. We provided guidance for our staff, developed safe operating models and considerably expanded remote and digital services at our health centres. All in all, we managed the COVID-19 pandemic successfully, with services continuing without interruption throughout the year. No treatment queues formed at the health centres we maintained during the year.

> We invest in training our personnel and cooperate with Faculties of Medicine at Finnish universities. Learn more about "Mehiläinen's Academy of General Practice" on our website.

Learn more in Finnish ›

Public healthcare services

Over
260
municipal and joint municipal authority customers

Population coverage
246,000

Staffing Services:
physician, dentist and nurse staffing services for municipalities, joint municipal authorities and hospital districts

Growth of Digital Clinic visits in public healthcare services
200%

Kotipalvelu Mehiläinen:
services provided in the home for the elderly, disabled and families, including meal and shopping services, home care and treatment services as well as special services for the disabled and families

NPS
74

27
public sector health centres and dental clinics

Mehiläinen Länsi-Pohja Oy:
Joint venture with the municipalities of the Meri-Lappi region

Harjun terveys oy:
Joint venture with the Päijät-Häme Joint Authority for Health and Wellbeing

Record high level of customer satisfaction in Staffing Services

Our staffing service business developed significantly during the year, with a revenue growth of nearly 20 percent. The service needs of our partners changed dramatically due to the coronavirus, and we were successful in responding to the new situation. Our commitment to quality development was reflected in record-high customer satisfaction. The number of users of OmaTyö, our shift planning system, continued its increase, rising to over 2,600 active employees.

Growth in Home Care Services

Mehiläinen's Home Care Services, including both home care and shopping and meal services, also developed favorably during the year. A great achievement was winning the contract for the City of Espoo home care in the Lippajärvi-Jupperi area. The weight of quality in the tendering was 100 percent, and the procurement aimed to find a peer development partner to help improve the quality and effectiveness of home care. The operations started smoothly in November.

OmaTyö application

View the video in Finnish ›

Taking responsibility for public health in Mehiläinen Länsi-Pohja

Finland saw its largest ever healthcare service outsourcing when Mehiläinen and the municipalities in the Länsi-Pohja established the Mehiläinen Länsi-Pohja joint venture in 2018. The outsourcing will continue for 15 years.

Länsi-Pohja's year was marked by the COVID-19 pandemic. Responsibility for public health forced the company providing public primary healthcare and specialised healthcare to be agile and continuously balance between handling the COVID-19 pandemic and providing other healthcare. The crisis required employees to tolerate uncertainty and withstand strain.

Mehiläinen Länsi-Pohja did an excellent job in managing the COVID-19 pandemic. Treatment outcomes were good, and the COVID-19 spreading in the region was stopped through seamless cooperation. Providing healthcare was facilitated by remote and digital healthcare services, which saw significantly increased demand. Customer satisfaction reached a new high in the exceptional year.

Learn more ›

Provides services for over
60,000
residents in the region

Has over
900
employees, of whom approximately 100 are physicians

Approximately
670
discussions per month in the Digital Clinic

SOCIAL CARE SERVICES

A home of their own for customers who need care and residential services

Mehiläinen aims to be a quality-focused, leading pioneer in social care services in every resident and customer group. The COVID-19 pandemic has increasingly highlighted the importance of quality in daily work and activities.

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

Mehiläinen's social care services have grown and developed strongly over the last five years. Our revenue has increased by nearly 3.5 times, there are approximately 7, 700 beds in our 300 care homes, and the number of personnel is about 5,000.

The greatest organic growth in recent years has been seen in the enhanced residential care market, where a large number of new care homes have been built and opened by the private sector to meet the growing service need. The public debate concerning the quality of

care services, which started in 2019, has affected the entire sector, and development efforts have increasingly refocused on developing quality of services and ensuring the availability of staff.

Mehiläinen's social care services provide care for residents among the most vulnerable health and social services customer groups. The COVID-19 pandemic has further strengthened the focus on ensuring operational quality in the care homes.

Quality development at the core of our operations

Quality development is at the core of our efforts to develop our social care services. Our goals are high: we aim to be the quality leader in social care services in all customer segments.

In 2020, we strengthened our organisation to better help us achieve our objectives. At the same time, we organised our services into four service lines:

- residential care services for the elderly
- residential care services for people undergoing psychiatric and substance abuse rehabilitation
- residential care services for the disabled
- child welfare services

The service lines allow us to focus first and foremost on the individual needs of each resident group. This change will also ensure stronger support for supervisors and staff.

We focus on the individual needs of each group of residents.

A good life in care homes for the elderly

Mehiläinen's residential care services for the elderly are provided in Mainiokoti homes, where we create better care for the elderly by enabling each resident to live a good and individual life. In accordance with our motto "You know when you're home", we offer each resident a home of their own.

Our care homes provide residents with individual approach to care. We aim at taking into account the habits, lifestyle and favourite activities of each resident to ensure that their daily life feels like their own. We also provide healthy and tasty meals.

It is important for us that our residents feel safe. Each resident has a named personal nurse who is committed to attending to their needs. We also engage family members in planning the activities and daily routines at our homes. Our staff are trained to work safely and use any required assistive devices. Our premises are easy to move around in. A sense of community is created through regular resident meetings and events.

Social care services

Residential care services for the elderly	Residential care services for people undergoing psychiatric and substance abuse rehabilitation	Residential care services for the disabled	Child welfare services

Approximately **5,000** social care and healthcare professionals

300 residential care homes

Nearly **2,000,000** days of care each year

Over **1,000,000** shifts worked each year

Familar is the leading private provider of child welfare services. It provides child welfare services including institutional and non-residential care, family rehabilitation and supported family care as well as preventive family services as stipulated in the Social Welfare Act.

A positive attitude in our care homes for the disabled

In our care homes for the disabled, our residents can enjoy fulfilling and safe daily lives. We put an effort on an individual approach, where our starting point is always our residents' unique qualities, strengths, interests and needs for support.

Everyone is free to create their own cosy space in our care homes and participate in shared daily activities according to their abilities. We also provide our residents with daytime, work and hobby activities, which keep life active and meaningful.

An active daily life for people undergoing psychiatric and substance abuse rehabilitation

We provide individual rehabilitation for people undergoing psychiatric and substance abuse rehabilitation, as well as a home where we help them get a grip on independent living. Our focus is on high-quality care and support that are driven by the residents' individual needs, preferences and rehabilitation path, which we guide them along.

Everyday life in psychiatric and substance abuse rehabilitation is meaningful and active. We provide environments that support rehabilitation and a variety of activities in which our residents can feel that their lives are meaningful.

Extensive actions against the COVID-19 pandemic

Our development work during the year was also strongly affected by the spread of the COVID-19 pandemic. Our most important goal was to ensure that, despite the outbreak, our care homes have been as safe to live and work in as possible.

We took a variety of actions at the very start of the COVID-19 pandemic to curb the spread of the coronavirus. We started using protective equipment in our units, provided guidance and training for our staff, and changed our daily routines as regards the use of spaces, for example. The protective measures required a great deal of extra effort from our staff during the year. We will continue our careful protection efforts for as long as required by the COVID-19 pandemic situation.

Child welfare services support children and families

Familar's child welfare services help children, young people and families to manage their lives and help young people at risk of social seclusion to stay attached to the society. The best interest of the child as well as caring and responsibility are emphasied in our work. Familar's care units make every effort in creating conditions for children and young people that reflect their personalities through shared activities and hobbies. Animal visitors are common in our units, bringing joy to both children and adults.

2020 was a year of development in Familar. We arranged a wide range of professional training, implemented major renovations in our units and opened two new institutional care units in Askola and Kuortane.

Digital support

The process for growing up and becoming independent is different for every person. Familar offers young people a digital application and coaching programme that supports them as they approach their 18th birthday and a new phase in life. The concept aims to increase young people's understanding of themselves and their history, thus strengthening their life management skills. The coaching is provided in the OmaMehiläinen and a social care professional acts as the coach.

IN COLLABORATION WITH FAMILAR

From a single man to a foster father of five – supported foster parenting allows a child to grow up in a family

Petri Hartikainen became a foster parent through a series of fortuitous events. Familar's foster parenting services have provided enormous support for him as a foster parent.

Last Father's Day, Hartikainen was honoured with the Father of the Year recognition for his work as a foster father in Finland. Through his own example, he has advanced independent foster parenting by single men and broken traditional preconceptions about families and being a father.

Learn more ›

MEHILÄINEN AS AN EMPLOYER

A year of personnel growth and development in exceptional circumstances

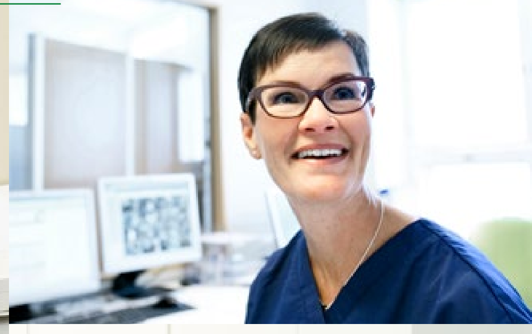
Boosted by business development and growth, Mehiläinen has evolved into one of Finland's most significant employers in recent years. Amid the COVID-19 pandemic, the year 2020 was exceptional for our personnel.

Mehiläinen aims to be the most attractive employer in the social care and healthcare sector. We are continually working towards this goal and were happy to see excellent development in 2020. During the year, we became the fifth largest private employer in Finland. We achieved fourth position on the list of companies that had increased jobs the most. The number of full-time equivalent (FTE) hired employees at Mehiläinen increased considerably. In total we employed around 22,300 employees and private practitioners during the year.

Exceptional personnel year

The COVID-19 pandemic put HR management through an extreme test in 2020. In the spring, we faced an exceptional situation when society closed down and demand for private healthcare services dropped suddenly. We were forced to quickly adjust our operations and lay off staff both in private healthcare services and Group administration.

Thanks to our proactive measures, we were able to avoid major layoffs by offering dental nurses, in particular, work at care homes, where the need for personnel increased due to the COVID-19


pandemic. We also made internal transfers to the Digital Clinic, which saw explosive growth in demand in a short period of time. A considerable share of our business support personnel transitioned almost entirely to remote working.

Demand recovered in the second half of the year, allowing us to return to a growth track. We began extensive recruitment for coronavirus testing stations throughout Finland.

Investments in competence development

In 2020, Mehiläinen took major steps towards digitally implemented professional development. Our online learning environment already includes over 500 courses ranging from induction to further training, and the new Workday HR systems supports development. Our aim is to act as a forerunner in our industry in developing our operating models.

We continued the Mehiläinen Executive Education (MEE) supervisor coaching in 2020 based on our previous positive experiences. At the beginning of the year, the second group of some 120 participants started the programme. We will continue the MEE coaching in 2021.

Positive development in our personnel survey

The views of our employees and private practitioners play a key role in developing our operations. Every year, we conduct

Professionals at Mehiläinen

48

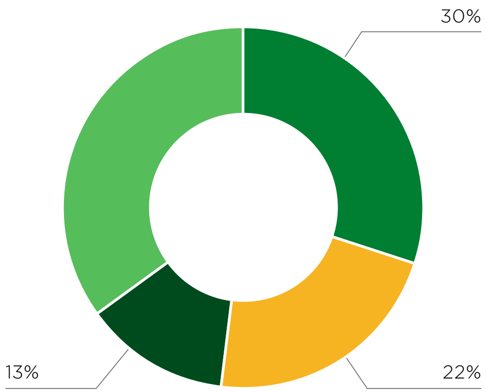
medical specialities represented. In Finland, there are 50 specialities in use overall.

Around

4,900

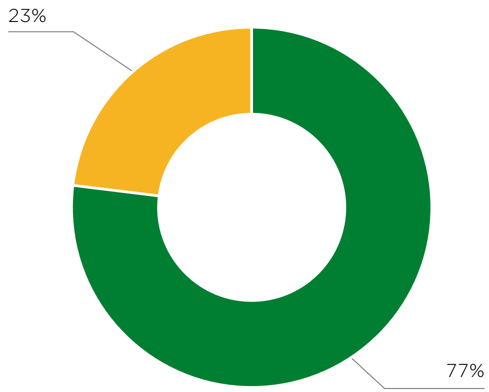
physicians, of whom 3,500 are private practitioners

The largest groups of professionals



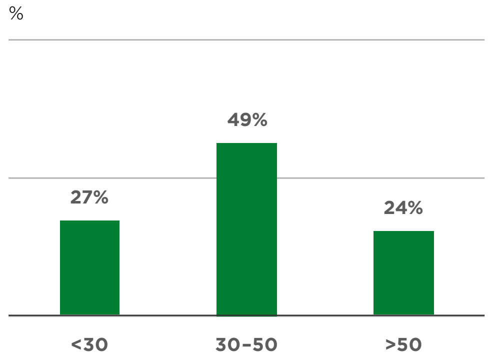
- Practical nurses
- Physicians
- Registered nurses, public health nurses and occupational health nurses
- Others

Personnel by sex



- Women
- Men

Personnel by age



Number of personnel and private practitioners around

22,300

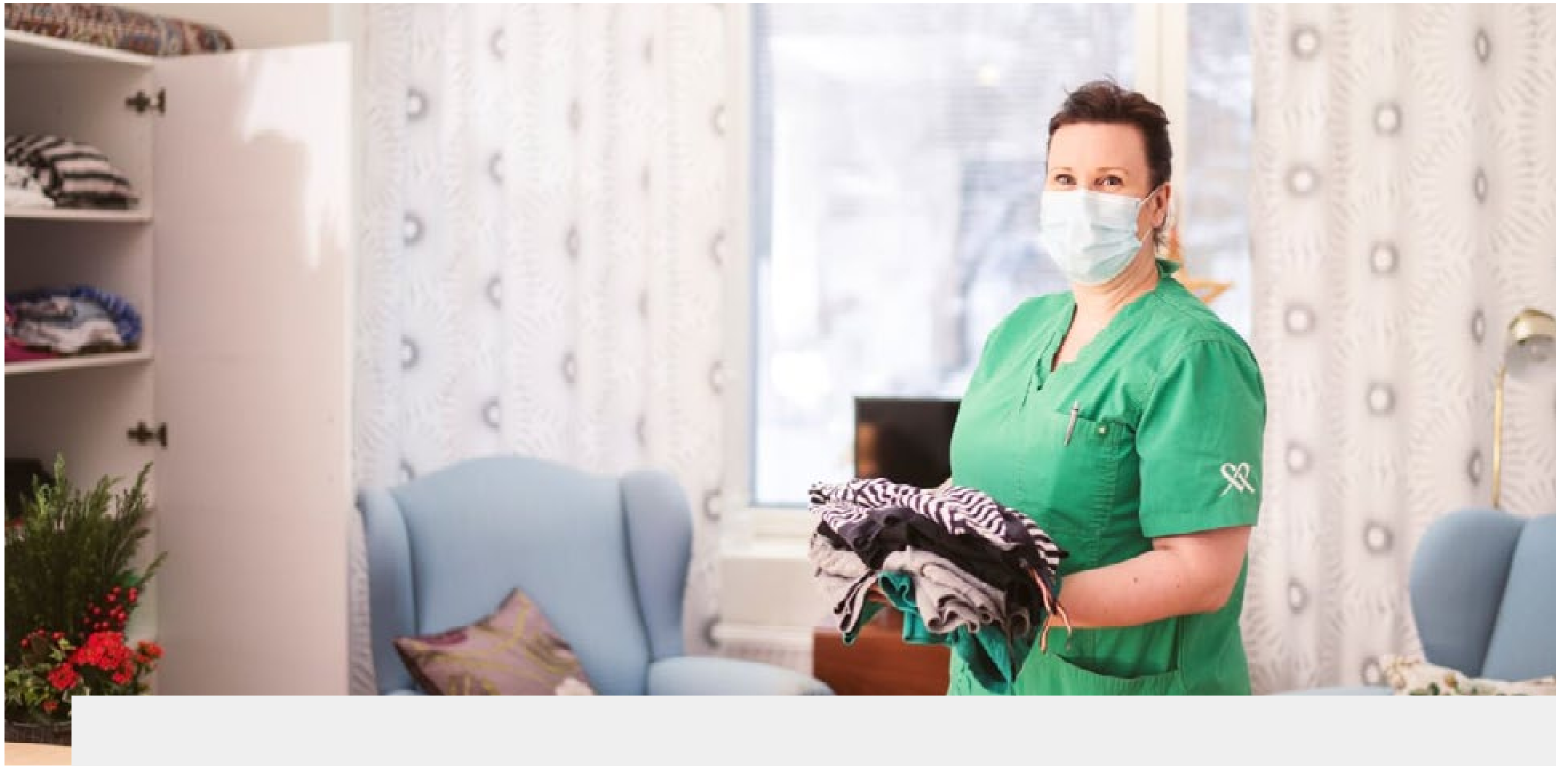
a personnel survey and analyse its results thoroughly. Last year, we received more than 6,000 answers and, for the first time, achieved a response rate of over 60 percent.

We achieved positive development in the Group-level and in almost all business areas. We received particularly favourable observations on the work of supervisors, including developments in providing feedback and communication. Mehiläinen was considered a more developing and dynamic workplace.

Excellent employee satisfaction in customer services

Last year was also exceptional for our customer service centre. Due to the COVID-19 pandemic, the entire personnel transitioned to remote work in just a matter of days, and the amount of information to be managed grew dramatically. At the same time, however, employee satisfaction rose to a new all-time high.

This was the result of long-term development as well as many measures dictated by the COVID-19 pandemic: we sought to divide tasks into clear entities and the roles of supervisors were clarified. Remote working also highlighted many areas of development that were addressed efficiently.



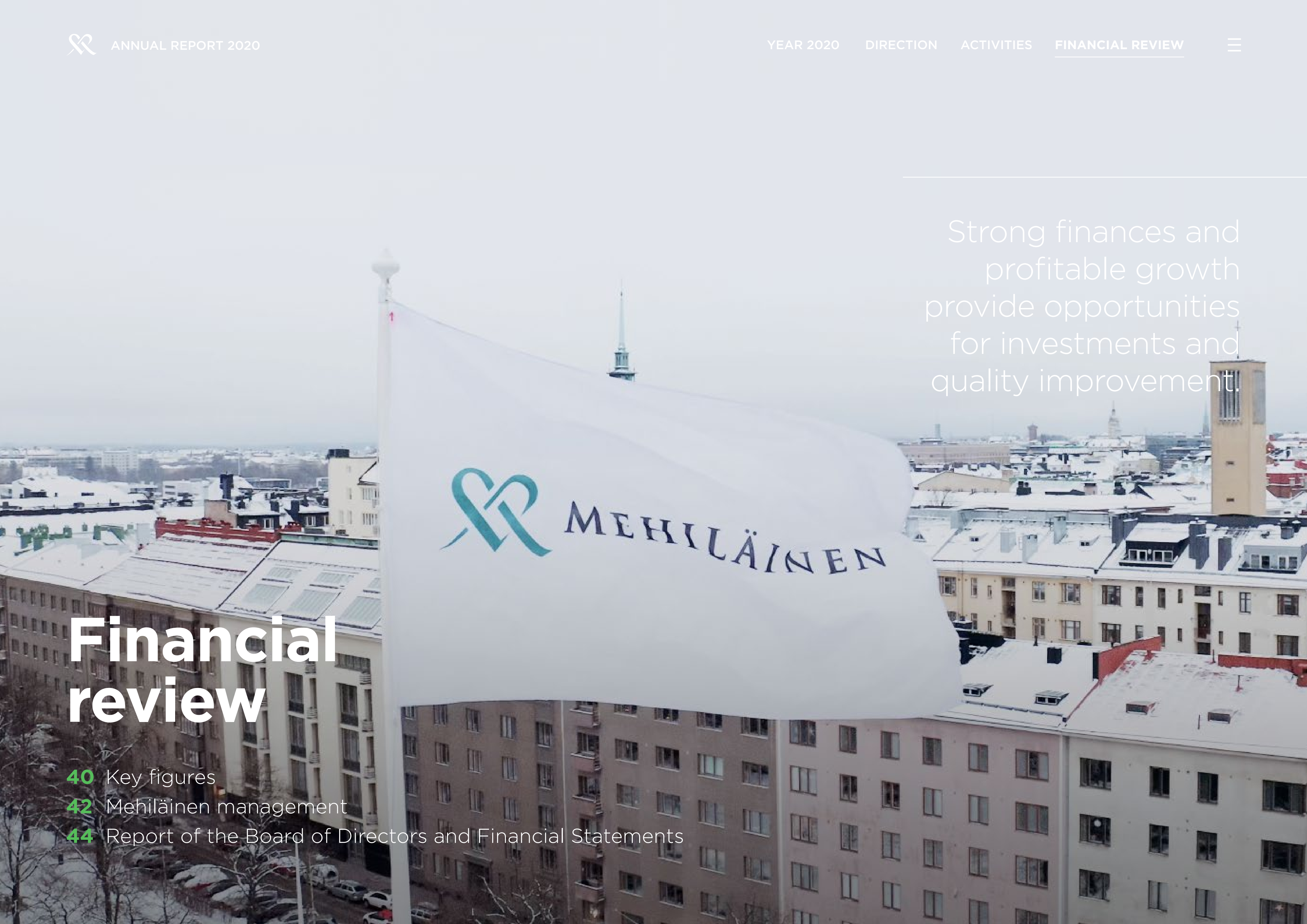
From dental care to elderly care services

"In the spring of 2020, the coronavirus put pressure on us all and raised concerns about job security. I was grateful when Mehiläinen gave me the opportunity to transfer from dental care to residential care services. I was relieved to start in a new job knowing that my work would continue without being laid off.

In care services, I was thoroughly inducted into my new tasks to help me start my rewarding work as a practical nurse with the elderly. I have felt that care work with the elderly is my true vocation, which soon made the move to care services feel right.

Thanks go to my wonderful supervisors, who enabled this internal transfer. It's great to be working at Mehiläinen, where I get to work on a wide range of interesting tasks!"

Maria Kuokkanen, practical nurse



Strong finances and profitable growth provide opportunities for investments and quality improvement.

Financial review

KEY FIGURES

Profitable growth continued despite loss of profits and additional costs caused by the coronavirus

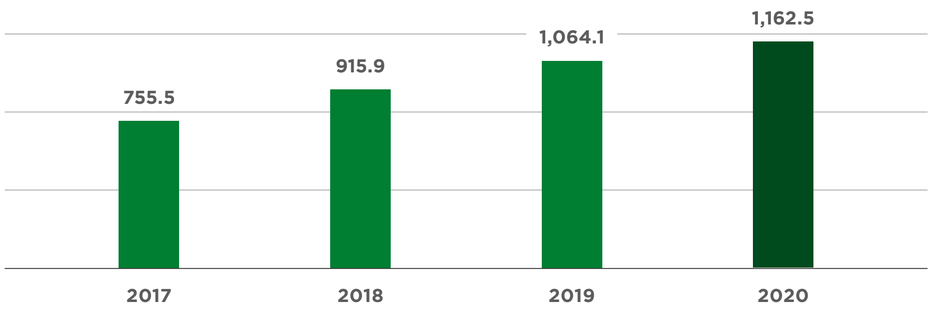
The year 2020 was challenging for Mehiläinen due to the COVID-19 pandemic. The first half of the year was characterised by a drastic decline in demand, combined with increased costs incurred by measures for protecting customers and personnel. However, quick adjustment actions and the recovery of demand resulted in strong development during the second half of the year.

Looking at the entire year, Mehiläinen's revenue, operating profit and number of personnel increased from the previous year and the company's financial performance remained strong. In addition to domestic investments and the development of electronic services, Mehiläinen's future outlook also focuses on international growth.

In 2020, Mehiläinen Group's revenue grew by 9.2 percent from the comparison period, to EUR 1,162.5 (1,064.1) million. Growth was mainly organic. Underlying operating profit before depriciation and amortisation arising from business combinations and impairment (underlying EBITA) increased by 12.8 percent year on year and was EUR 134.1 (118.8) million. Profit for the year 2020 was just barely positive, EUR 0.2 (0.6) million.

Revenue*

EUR million



Key figures

	2019	2020
Revenue	1,064.1	1,162.5
Underlying EBITA**	118.8	134.1
Profit for the year	0.6	0.2
Revenue growth, %	11.5	9.2
Underlying EBITA, %	11.2	11.5

* Due to the change in Mehiläinen's ownership structure in 2018, the revenue for 2017–2018 is reported at the level of Mehiläinen Oy Group and the figures from 2019 onwards are reported at the level of Mehiläinen Konserni Oy Group. As far as revenue is concerned, the figures are comparable.

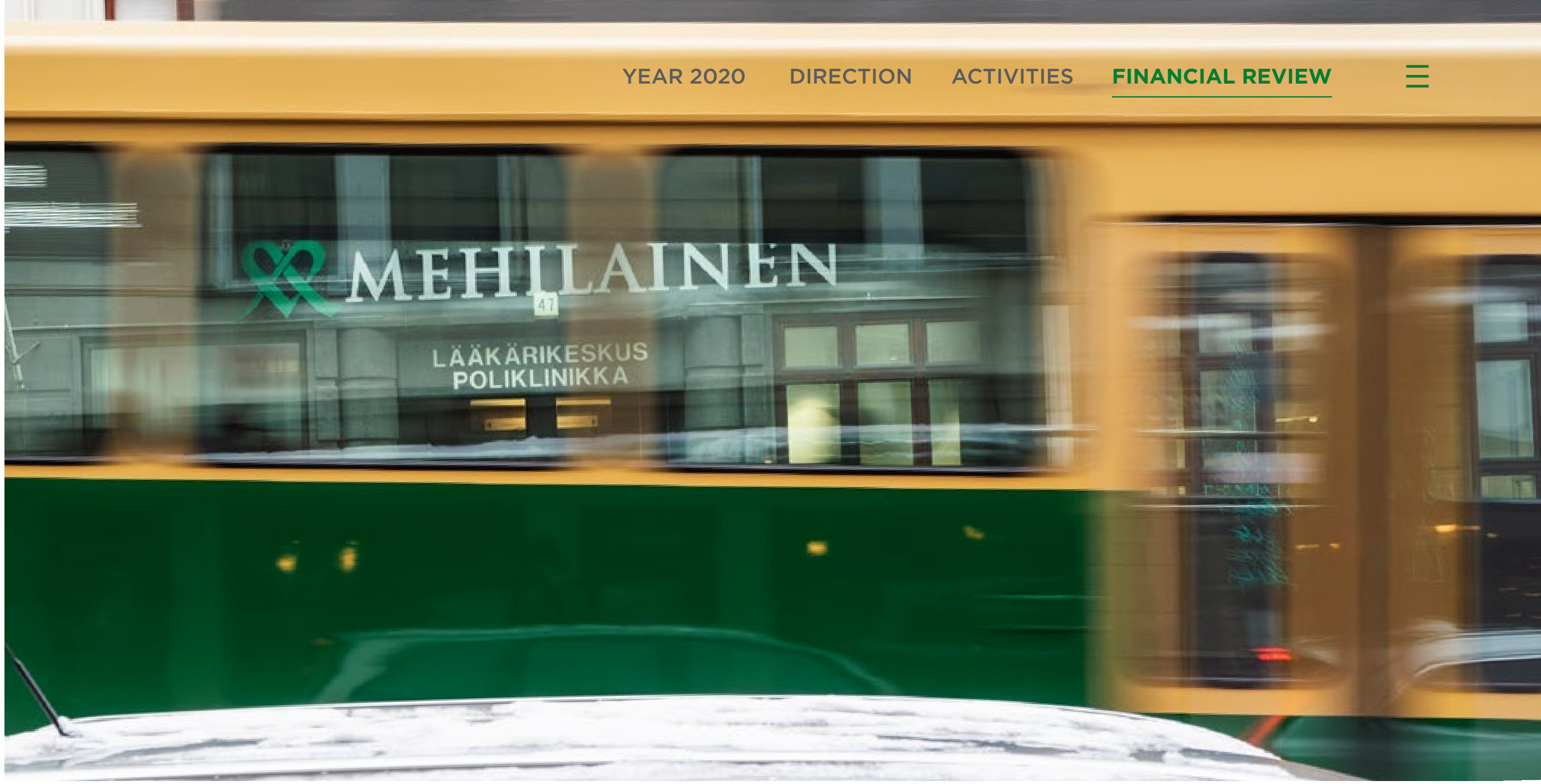
** Underlying operating profit before depreciation, amortisation and impairment arising from business combinations and non-recurring items.

Significant investments

Despite the COVID-19 pandemic, Mehiläinen continued with significant investments in 2020. The total sum of investments was EUR 52.8 million. The number of Mehiläinen units increased, with the rent liabilities of the new leased premises amounting to nearly EUR 80 million. New premises were acquired in Vaasa and Espoo, among others.

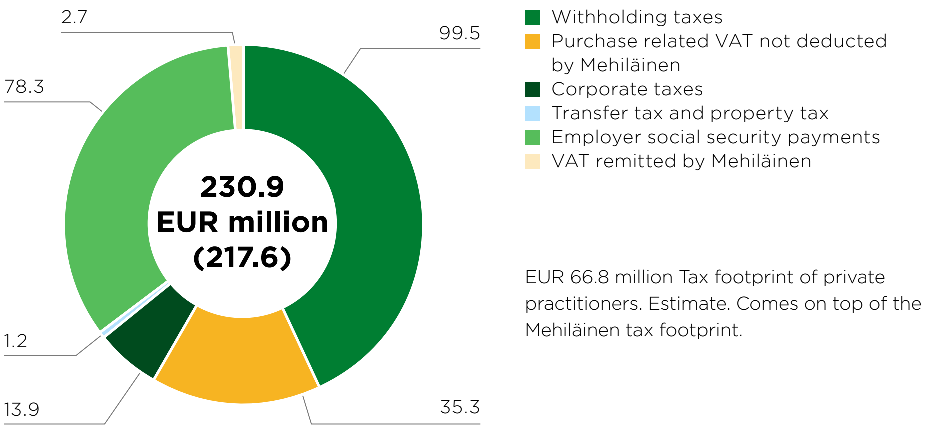
The investments included the following areas:

- Medical clinics, residential care homes and child welfare service units across Finland.
- Digital services, where responding to growing demand caused by the coronavirus increased the need for investment in Finland and internationally.
- Processes and training for HR services. We deployed a new HR system and continued the supervisor coaching programme launched in the previous year.
- Building a coronavirus testing network. At the start of the COVID-19 pandemic, we quickly set up a comprehensive coronavirus testing network throughout Finland.



Tax footprint

EUR million



EUR 66.8 million Tax footprint of private practitioners. Estimate. Comes on top of the Mehiläinen tax footprint.

Shareholders

Funds managed by CVC Capital Partners	**57%**
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	**5%**

Mehiläinen management

CEO

Janne-Olli Järvenpää

CEO | M.Sc. (Econ.), MBA (INSEAD)
Born 1971

Before diving into entrepreneurship, Janne-Olli gained a decade of international experience at Bain & Co and Cisco Systems in London, Stockholm, Silicon Valley, Helsinki and the Baltic countries. He founded Mediverkko in 2001 and grew it into a company with more than 2,000 employees, before it merged with Mehiläinen in 2015.

Business area management

Anssi Hartiala

Private healthcare services | M.Sc. (Tech.)
Born 1979

Over a decade of experience in business development, successful digital services development and leadership in the healthcare sector.

Markku Näreneva

Public healthcare services |
M.D. Specialist in General Medicine
Born 1980

Markku has been producing, developing and leading public healthcare services for a decade. Chairman of the Board of Mehiläinen Länsi-Pohja Oy and Harjun terveys oy.

Harri Pomell

Social care services | M.Sc. (Tech)
Born 1974

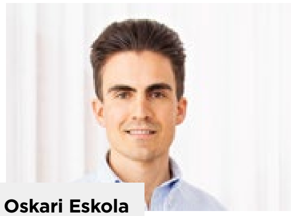
15 years of experience in the social care and healthcare services sector. Experience from GlaxoSmithKline, among others.

Business line management

Johanna Asklöf

Medical clinics | M.D., MBA
Born 1972

Healthcare expertise combined with strong leadership experience. Background in medical clinics, hospitals, occupational healthcare services and residential care services.



Oskari Eskola

BeeHealthy | M.Sc. (Tech)
Born 1985

Extensive international experience in business development. Previous experiences includes Bain & Company, Triton Advisers and Tele2. Member of the Mehiläinen Board of Directors between 2015 and 2017.

Niklas Härus

Residential care services for the elderly | M.Sc. (Econ.)
Born 1986

Experienced social care and healthcare services leader. Previous experience includes Ernst & Young, among others.

Antti Miettinen

Occupational healthcare services |
M.Sc. (Econ.)
Born 1976

Extensive experience in the service business, developing services for corporate clients and from leading sales at IBM and Ilmarinen, among others.

Lasse Männistö

Outsourcings | M.Sc. (Econ)
Born 1982

Over a decade of extensive experience as a director, developer and decision-maker. Lasse joined Mediverkko in 2008 and worked as a Member of Parliament between 2011 and 2015.

Tuomas Polttila

Dental care | Licentiate of Dentistry
Born 1981

More than a decade of experience in the development and management of private and public sector healthcare services.

Business support

Kalle Alppi

CIO | B.Eng.
Born 1976

Efficient technology and business integrator. CIO of the Year in 2015, with experience from Rovio and Kesko as IT Director.

Sami Koski

Legal affairs | LL.M. with court training
Born 1968

Long-standing Legal Affairs Director at Mehiläinen. Experience from Kemira, among others.

Kaisla Lahdensuo

Chief Medical Officer, Quality | Psychiatrist and Public Health Specialist, Docent, eMBA
Born 1979

Over 10 years of experience in leadership and professional tasks in healthcare services. Previous experience includes HUS Deputy Chief Physician and from GlaxoSmithKline and THL.

Marina Lampinen

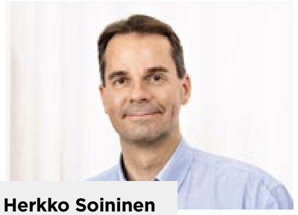
Public affairs and corporate responsibility | MA (Education)
Born 1987

Extensive experience in various sectors of society, including such positions as Senior Advisor at Miltton in matters concerning public affairs and Parliamentary Assistant in the European Parliament.

Laura Martinsuo

Communications | M.Sc. (Econ)
Born 1978

A strong and experienced communications professional. Before joining Mehiläinen, Laura held communications and marketing positions at Danske Bank and Sampo Bank.



Herkko Soininen

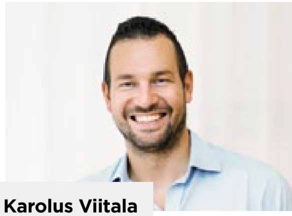
CFO | M.Sc. (Tech.)
Born 1972

Experience as Rovio's and Savcor's Financial Director and from operative leadership at SmartTrust.

Tatu Tulokas

HR | M.Sc. (Econ.), Officer
Born 1977

Vast leadership experience in business, human resources and financial administration. Experience includes Diacor, Finnair and Silta Ltd.



Karolus Viitala

Marketing | M.Sc. (Econ.)
Born 1987

Diverse experience in management and specialist positions in marketing. Previously, Karolus worked as a Partner and CEO in the Bob the Robot Group, as a Management Consultant at McKinsey & Company, and as a Marketing Manager at Otto Brandt.

Report of the Board of Directors and Financial Statements

Contents

*) Part of statutory Financial Statements

Financial information of the Group

Mehiläinen is a well-known and highly valued private provider of health care and social services in Finland, offering comprehensive high-quality services quickly and smoothly to private, corporate, and municipal customers. Mehiläinen provides help, support, and care for over 1.3 million customers annually. Mehiläinen's services are produced at 540 locations by more than 22,300 employees and private practitioners.

111-year-old Mehiläinen is a traditional but rapidly developing and growing forerunner in the industry. Mehiläinen invests in the effectiveness and quality of healthcare in all its business areas and develops and exports Finnish digital healthcare services to the world at the forefront of the industry.

Mehiläinen Konserni Oy was founded on 1 June 2018 and this reporting period is Mehiläinen Konserni Oy Group's ("Mehiläinen" or "the Group") third financial period. The Group consists of Mehiläinen Konserni Oy (parent company) and its subsidiaries

Operating environment

The year 2020 was marked by the global COVID-19 pandemic, and it will also go down in history as an exceptional period in Mehiläinen, now 111 years old. The year started in January-February with strong organic growth and good profitability. In short period of time, the COVID-19 pandemic had a strong impact on operations and demand for private healthcare services declined substantially in the first half of the year. Within a few days, daily appointments in medical clinics decreased by tens of per cent. The pandemic required Mehiläinen to respond quickly in all business lines. Ensuring the health and safety of the customers and personnel was the main priority. The personnel acted with commitment and responsibility in the crisis, adopting new guidelines and practices in a short time.

In addition to decline in demand, COVID-19 pandemic caused additional costs in all operations due to purchases of protective equipment, testing of staff and other safety measures. For this reason, cost-related adjustments were made in all units in the early phase of the crisis. During the third quarter, demand began to recover, new launched services, the strong demand for digital healthcare solutions and corona testing enabled the adjustment measures to be discontinued.

Digital and remote services quickly proved to be essential in the treatment of a COVID-19 pandemic. In short period of time, the capacity of Mehiläinen Digital Clinic was multiplied, and remote appointments were expanded to cover all professionals at Mehiläinen. The number of registered users in the OmaMehiläinen service exceeded one million in September. In healthcare services, significant investments were also made in corona testing capacity. A model was developed for corona testing based on remote appointments at Mehiläinen Digital Clinic, drive-in corona testing stations and respiratory tract infection clinics. The result of the corona test was available at the OmaMehiläinen from the very beginning. As the corona test analysis proved to be a bottleneck for Finland's testing capacity in the spring, Mehiläinen, together with 12 large companies, built an air lift to South Korea enabling a considerable increase in testing capacity. Mehiläinen played a significant role in Finland's corona testing. In 2020, Mehiläinen took and analysed approximately 250,000 PCR samples, which accounted for approximately 10 per cent of the total number of tests in the country.

During the financial year, Mehiläinen continued to grow internationally by establishing a subsidiary, BeeHealthy Oy, with the aim of offering digital healthcare solutions to international customers. During the year, three framework agreements were signed with customers abroad for the delivery of digital healthcare platform. At the end of the year, Mehiläinen made its first acquisition outside Finland by acquiring the Swedish Sibyllekliniken, which provides public freedom of choice services and occupational healthcare services in the Stockholm area.

In 2020 the Government's proposal for legislation on the Reform of health, social and rescue services (the so-called Sote Act) was submitted to Parliament on 8 December 2020. According to the proposal, 21 health and social services counties would be formed in Finland, to which the tasks of social and health care and rescue operations currently under the responsibility of municipalities and associations of municipalities would be transferred. The proposal defines, among other things, the conditions under which services could be purchased from private sector, as well as the continuation of contracts for outsourced services. This change in the law may have an impact on certain, as an example Mehiläinen Länsi-Pohja, outsourcing contracts. The Sote Act is in Parliamentary deliberation process at the time of signing the financial statements.

Healthcare services

More than a million customers were served in Mehiläinen's private healthcare services during the year. Services are provided in 76 medical clinics and 35 Hammas Mehiläinen clinics, of which 17 are located in connection with medical clinics. Customers were also served at remote appointments and digital clinic, where visits increased almost fivefold compared to the previous year. The growth of occupational healthcare services continued for the sixth year in a row: at the end of the year, Mehiläinen had more than 19,000 corporate customers, 500,000 employees of whom were covered by the occupational healthcare services. The COVID-19 pandemic also affected corporate customers, where, especially in professional sectors moved to remote working in the spring.

Mehiläinen's public healthcare services provided primary healthcare services to more than 246,000 inhabitants throughout Finland. The COVID-19 pandemic was also strongly visible in public health services, especially in Mehiläinen Länsi-Pohja, in which, like the rest of the country, year was marked by the COVID-19 pandemic. The health care of the population during the COVID-19 pandemic was facilitated by remote and other services of digital health care. Demand for these services increased driven by the corona. Public healthcare services performed well in the COVID-19 management, and services continued throughout the year without interruption.

Staffing services, especially personal assistance and nurse staffing services also developed positively, and revenue grew better than expected. The number of users of OmaTyö, the shift planning system, continued to increase, rising to over 2,600 active employees.

A major milestone in primary healthcare was the decision of the Päijät-Häme Welfare Association (PHHYKY) in the summer of 2020 to outsource the central healthcare and social services of Lahti, Iitti and Kärkölä to a joint venture to be established together with Mehiläinen. The joint venture was named Harjun terveys oy. As of 1 January 2021, a total of 130,000 primary healthcare services of Päijät-Häme inhabitants were transferred to the responsibility of the joint venture. The agreement is for 10 years and includes two five-year options to extend the agreement.

Social care services

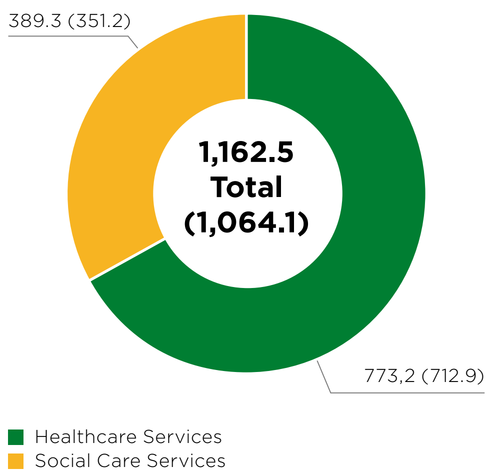
The growth and development of Mehiläinen's social care services continued in 2020. The development was supported especially by organic growth with the opening of ten new units launched in 2019. During the year, three new units became part of social care services through the acquisition of Saviston Koti Oy. Social care services has about 300 residential care homes across Finland with more than 7,700 inhabitants.

Opening of new units and acquisitions slowed down during the financial year, partly due to the COVID-19 pandemic and partly due to a stronger shift in the strategic focus to improving the quality and effectiveness of operations. The management resources were strengthened during the year in the management of service production and quality. In November, social care services launched new organisational model, moving from the previous regional model of care services to three customer group-specific service lines: Residential care services for the elderly, Residential care services for people undergoing psychiatric and substance abuse rehabilitation and Residential care services for the disabled. The fourth service line is Child welfare services.

From the launched development projects, the most important were ensuring the availability of personnel and developing competence. Ensuring the availability of staff is emphasized in all service lines, especially in housing services for the elderly, for which the Elderly Services Act, entered into force on 1 October 2020, will significantly increase the staff needed in care homes in 2021-2023. To ensure staff availability, recruitment resources were strengthened, and a project launched to support the promotion of work-related migration. The key areas of personnel development are, for example, to increase unit's knowledge on the medication, terminal care and the competence in assessing the need for RAI (Residential Assessment Instrument) services.

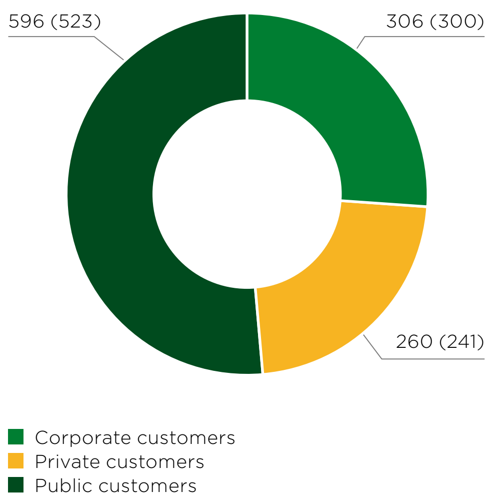
Revenue by businesses

EUR million



Revenue by customers

EUR million



Revenue and result

Mehiläinen's revenue increased by 9.2 per cent to EUR 1,162.5 (1,064.1) million. Revenue consisted of healthcare and social care services, the relative share of which remained at the same level as in the previous year, with healthcare services representing 67 per cent and social care services 33 per cent of the revenue. The COVID-19 pandemic had a strong negative impact on demand for private health services at the end of the first quarter. The recovery in demand, the launch of new services and strong growth in digital services, as well as the increase in the number of corona tests from late summer onwards, in turn had a positive impact on revenue. In social care services, the COVID-19 pandemic did not have a material impact on revenue due to the nature of the business. Most of the revenue growth was organic, as the number of acquisitions was lower than in previous years.

Adjusted for non-recurring items affecting comparability, underlying EBITDA was EUR 227.6 (202.0) million. Underlying EBITDA as a percentage of revenue (underlying EBITDA %) improved slightly to 19.6 (19.0) per cent. Underlying EBITDA included EUR 8.9 (4.9) million in non-recurring items affecting comparability. A significant part of this was due to advisory and expert fees related to the public tender offer for Pihlajalinna shares. Reported EBITDA was EUR 218.6 (197.1) million, or 18.8 (18.5) per cent of revenue. EBITDA was burdened by additional protective equipment and testing costs incurred due to the COVID-19 pandemic which have not been reported in non-recurring items affecting comparability.

Expenses arising from employee benefits form the largest single expense item and amounted to EUR -521.8 (-483.2) million. Of this, salaries accounted for EUR -441.7 (-403.2) million. The temporary reduction of the employer's share of the earnings-related pension insurance premium by 2.6 percentage points took place in the period 1.5. - 31.12.2020. The personnel expenses were increased in line with the increasing number of employees due to organic growth.

Adjusted operating profit before amortisation of intangible assets and impairment, underlying EBITA increased by 12.8 per cent to EUR 134.1 (118.8) million. The corresponding reported figure was EUR 125.1 (114.0) million. Depreciation, amortisation and impairment losses increased to EUR -132.6 (-115.3) million. Operating profit (EBIT) improved by 5.2 per cent to EUR 86.0 (81.8) million.

Financial income and expenses totaled EUR -77.0 (-77.6) million. Of this, interest expenses on loans were EUR -49.9 (-51.3) million and interest expenses on leases EUR -23.9 (-22.9) million. Profit before taxes was EUR 9.0 (4.2) million. Taxes for the financial year were EUR -8.8 (-3.6) million, of which the effective tax rate was 97.6 (85.9) per cent. The result for the financial year was EUR 0.2 (0.6) million.

Financial position

The balance sheet total at the end of the reporting period was EUR 2,721.7 (2,634.7) million. Shareholders' equity totaled EUR 911.1 (911.3) million. The equity ratio decreased slightly compared to the previous year and was 33.5 (34.6) per cent.

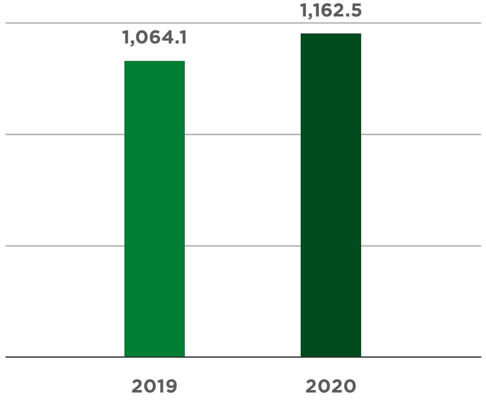
At the end of the reporting period, interest-bearing loans amounted to EUR 991.9 (939.3) million. Due to the uncertainty caused by the COVID-19 pandemic and to ensure the adequacy of cash resources in the financial market fluctuations, Mehiläinen raised a EUR 100 million loan from its revolving credit facility at the beginning of the second quarter. This was paid back during the financial year. In addition, syndicated loan of EUR 50 million was raised, as a result of which interest-bearing liabilities increased from the comparison period. Lease liabilities amounted to EUR 513.7 (491.6) million.

Interest-bearing net debt at the end of the financial year was EUR 1,420.4 (1,408.1) million. The gearing ratio at the end of the financial year was 155.9 (154.5) per cent. The Group's liquidity remained good throughout the review period.

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

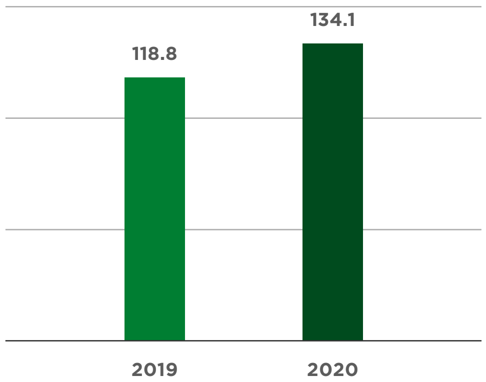
Revenue

EUR million



Underlying EBITA

EUR million



Cash flow

The net cash flow from operations remained at the same level as in the previous year and was EUR 202.0 (200.7) million. The change in working capital was EUR -0.6 (11.2) million. This was mainly affected by the increase in trade receivables due to the increase revenue, which increased by EUR 10.8 million from the previous year. Taxes paid during the financial year increased to EUR -13.9 (-7.0) million.

Despite the COVID-19 pandemic, Mehiläinen continued to make investments. Cash flow from investing activities decreased to EUR -52.2 (-71.3) million. Less corporate and business acquisitions were completed compared to previous years and the net cash flow used for this was EUR -22.7 (-57.4) million. Mehiläinen opened new units, renovated and expanded existing premises. In addition, Mehiläinen invests in intangible rights and IT systems. At the end of the year, new HR system was implemented and continued to develop digital services for both domestic and foreign customers. Gross investments during the financial year, excluding acquisitions, were EUR -30.1 (-28.0) million.

Cash flow from financing activities was EUR -87.8 (-129.9) million, of which interest paid accounted for EUR -46.9 (-48.8) million. Financial expenses related to lease agreements were EUR -84.3 (-77.6) million.

Cash and cash equivalents at the end of the financial year were EUR 84.5 (22.1) million.

Changes in the Group structure during the financial period

During the financial year, Mehiläinen established the following companies: Healthcare Staffing Solutions Oy, BeeHealthy Oy and Harjun terveys oy. In addition, Mehiläinen simplified its group structure by merging and dissolving its subsidiaries during the year. In the financial year 2020 Mehiläinen acquired the following subsidiaries and businesses:

Healthcare services

Acquiree	Acquisition date	Line of business and location
Maresan Oy’s business	1/2020	Occupational healthcare services, Helsinki and Turku
Occupational healthcare services of Yleisradio	1/2020	Occupational healthcare services, Helsinki and Tampere
Kotkansaaren Denttiina’s business	1/2020	Dental care services, Kotka
City of Salo’s occupational healtcare business	2/2020	Occupational healthcare services, Salo
Dentalpoint Oy, 100% of the shares	5/2020	Dental care services, Helsinki
Fysioterapia ja Lääkärikeskus Täsmähoito Oy's occupational health business	9/2020	Occupational healthcare services, Viitasaari and Pihtipudas
Puhti Lab Oy, 100% of the shares	10/2020	Measuring and developing well-being, Helsinki
Hämeen Lääkärikulma Oy, 100% of shares	11/2020	Specialist medical services, Hämeenlinna
Komppi Holding Group, 100% of shares	12/2020	Psychotherapy services, Helsinki
Integrating Care Holding AB Group, 100% of shares	12/2020	Private medical services and occupational healthcare services, Stockholm, Sweden
Hammaslääkäri Murtonen Sinikka business	12/2020	Dental care services, Mikkeli

Social care services

Acquiree	Acquisition date	Line of business and location
Saviston koti Oy, 100% of the shares	9/2020	Child welfare services, Kouvola

Public tender offer for Pihlajalinna shares

Mehiläinen Yhtiöt Oy and social and health care company Pihlajalinna Plc have entered on 5 November 2019 into a combination agreement pursuant to which Mehiläinen will make voluntary recommended public cash tender offer for all shares in Pihlajalinna. The completion of tender offer requires, among others, that the tender offer has been accepted by the shareholders representing more than 90 per cent of the issued and outstanding shares and votes in Pihlajalinna and obtaining all necessary regulatory approvals. The offer period started 9 January 2020. The combination agreement between Mehiläinen and Pihlajalinna provides for a mutual termination right in the event that the tender offer has not been completed by the agreed long-stop date of 30 November 2020. According to the final result of the tender offer, the shares validly tendered and not properly withdrawn in the tender offer represented approximately 85.76 per cent of all issued and outstanding shares and votes in Pihlajalinna.

The regulatory approval for the tender offer was not obtained and the minimum acceptance condition of the tender offer was not fulfilled. As a result, Mehiläinen announced on 25 November 2020 that it will not complete the public tender offer. At the same time, Mehiläinen confirmed that it will continue the market court process in order to obtaining a market court decision on the proposed merger of Mehiläinen and Pihlajalinna.

On 29 December 2020, the Market Court issued its decision in the matter. According to the decision, the Market Court has held that due to the termination of the tender offer, the conditions for further proceedings in the Market Court have ceased. Therefore, the Market Court did not rule on the proposed merger of Mehiläinen and Pihlajalinna and instead decided that the case would lapse. No appeal is sought from the Supreme Administrative Court, so the decision of the Market Court remains final.

Expert and advisory fees related to Pihlajalinna's public tender offer and financing arrangements have been fully recognized in the income statement. The total amount of expenses was EUR 5.5 (3.1) million, of which expenses affecting EBITDA accounted for EUR 3.8 (2.3) million and financial expenses for EUR 1.7 (0.8) million.

Board of Directors, Annual General Meeting and Auditors

From 1 January to 31 December 2020 the members of the Board of Directors of Mehiläinen Konserni Oy were Andreas Tallberg (Chairperson), Eveliina Huurre, Harri Aho, Janne-Olli Järvenpää, Lave Beck-Friis, Minna Kohmo and Tomas Ekman. 28.6 per cent of the board members are women and 71.4 per cent are men.

The Board of Directors has appointed three committees: the Audit Committee, the Remuneration Committee and the Contracts Committee. The members of the Audit Committee were Lave Beck-Friis (Chairperson), Harri Aho and Eveliina Huurre. The members of the Remuneration Committee were Andreas Tallberg (Chairperson) and Tomas Ekman. The members of the Contracts Committee were Eveliina Huurre (Chairperson), Lave Beck-Friis and Tomas Ekman. The Group's CEO is Janne-Olli Järvenpää.

The annual remuneration to the members of the Board of Directors is as follows: Chairperson EUR 120,000 per year, Chairperson of the Contracts Committee Eveliina Huurre EUR 55,000, Harri Aho and Minna Kohmo EUR 35,000 per year. Board fees were not paid to other Board members. As part of the Group's cost adjustment due to lower demand caused by the COVID-19 pandemic, the Board of Directors cut its fees during the second quarter of 2020.

Mehiläinen's Annual General Meeting was held in Helsinki on 10 June 2020. The Annual General Meeting approved the financial statements and discharged the members of the Board of Directors from liability for the financial year 2019. The Annual General Meeting decided, in accordance with the Board's proposal, that no dividend be distributed.

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

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

Significant disputes

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

Share capital, shares and share holders

Mehiläinen's ownership

Funds managed by CVC Capital Partners	**57%**
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	**5%**

Mehiläinen Konserni Oy has 1,002,060,236 registrated shares divided between A-shares 55,222,049, B-shares 924,095,692 and C-shares 22,742,495. The shares are divided into classes that differ according to the order of precedence to the profit sharing in accordance with the articles of association. Otherwise, in accordance with the articles of association, the company's shares give equal rights to the company. Mehiläinen Konserni Oy has no existing stock option programs. The share capital is EUR 22,500.

During the financial year, Mehiläinen Konserni Oy was the receiving party in two cross-border mergers in which Asclepios Management 2 S.A. and Asclepios Luxembourg S.à r.l. merged into the company. Pursuant to the share issue authorisation issued on 22 September 2020, the company's Board of Directors has issued to the shareholders of Asclepios Management 2 SA total 6,552,365 new A-shares, 441,398 new B-shares and 19,477,189 new C-shares and to the shareholders of Asclepios Luxembourg S.à.r.l. 1,095,414 new A-shares and 3,265,306 new C-shares of as merger consideration.

A total of EUR 0.9 million has been subscribed under the Invested unrestricted equity reserved during the financial period as follows:

- On the basis of the share issue authorisation dated 4 June 2019 and 16 September 2019 the Company's Board of Directors decided on 14 December 2020 to issue a total of 67,080 new A-shares and 817,920 new B-shares against a total subscription price of EUR 0.9 million.
- On the basis of the share issue authorisation dated 21 December 2020, the Company's Board of Directors decided on 30 December 2020 to issue a total of 353,328 new A-shares and 2,196,672 new B-shares against a total subscription price of EUR 2.6 million. The shares have not been registered at the end of the financial year.

The above-mentioned share issues are directed to investors of the company's personnel as part of the expansion of the Company's shareholder base. The above-mentioned shares issued have not been registered at the end of the financial year.

At the end of the financial year, the company held 6,700,896 its own A-shares and 19,583,330 B-shares. Total 6,569,607 A-shares and 19,583,330 B-shares have been acquired by the Mehiläinen Konserni Oy as a result of the merger between Asclepios Management 2 S.A. and Mehiläinen Konserni Oy. On 30 December 2020, the company's Board of Directors has decided to cancel these shares. Cancellation of these shares has not been registered at the end of the financial year. During the financial year, the company also acquired its own shares from private investors who have given up their holdings in the company. A total of 351,289 of the company's own shares have been repurchased, of which 186,553 are A-shares and 164,736 are B-shares. The consideration paid by the company for the shares has been EUR 1 per share. The Board of Directors has decided to cancel the shares immediately after they have taken over the company, but cancellation has not been registered for 131,289 A-shares at the end of the review period. The relative share of shares held by the company in the company's total registered shares at the end of the financial year is 2.62 per cent.

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

- On 21 December 2020, the company's shareholders have authorised the Board of Directors to decide on a share issue. A maximum of 7,622,867 shares, including a maximum of 1,573,353 A-shares and a maximum of 6,049,514 B-shares, may be issued under the authorisation. Under the authorisation 1,220,025 A-shares and 3,852,842 B-shares were not issued at the end of the financial year.
- On 21 December 2020, the company's shareholders have authorised the Board of Directors to decide on the repurchase of own shares. Pursuant to the authorisation, a maximum of 4,500,000 shares may be repurchased, of which a maximum of 1,500,000 A-shares, a maximum of 1,500,000 B-shares and a maximum of 1,500,000 C-shares. At the end of the financial year, 1,368,711 A-shares, 1,500,000 B-shares and 1,500,000 C-shares were not repurchased at the end of the financial year.

Outlook for 2021

Mehiläinen expects the revenue to grow and EBITA (operating profit before amortisation of intangible assets arisen from acquisitions and impairment losses) to improve during the year 2021. Uncertainty in the operating environment caused by the COVID-19 pandemic is likely to continue during 2021.

Proposal by the Board of Directors for profit distribution

The Board of Directors proposes to the 2021 Annual General Meeting that no dividend would be distributed for the financial year ending on 31 December 2020. The parent company's distributable funds totaled EUR 982.7 million at the of the financial period.

Events after the reporting period

Mehiläinen has been selected as a service provider in the tender for the central social services of the Päijät-Häme Welfare Association (PHHYKY). The fixed price in 2021 will total EUR 36 million, and at broadest EUR 63.6 million per year. The term of the agreement is ten years and can be extended by PHHYKY's decision with two five-year options. The joint venture Harjun terveys oy was established on 1 October 2020, and service production will begin on 1 January 2021 with a temporary agreement.

In addition, smaller corporate and business acquisitions have been made after the reporting period.

Statement of non-financial information

Code of conduct

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

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

Risks and risk management

Strategic, operational and damage risks related to the Group's operations are managed through continuous monitoring and development of processes and operating models. Monitoring the quality of operations and managing operational risks 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. Operations are covered by internal controls, outsourced internal audit, statutory audit and by the authorities

In addition to the requirements and goals set by Mehiläinen, social and healthcare services is a highly regulated industry with permits, registrations, and regulatory supervision.

The Group's risks are assessed and monitored regularly and systematically both at the Group level and at the operational level. Significant risks are regularly reviewed in the Group Management Team and in the Group Audit Committee. Risk management process and responsibilities are described in more detail in the Group's 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 municipalities, with limitations on price adjustments. While they permit long-term development of operations, profitability is not guaranteed in the long run. For example, the contractual terms may not consider increases in employee benefit expenses or weaker than expected demand for the services in different units.

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

Personnel availability. Other circumstances affecting the operations include the availability of qualified social and healthcare professionals whether private practitioners or employees. This may limit the growth and create cost pressures. Mehiläinen invests in human resources development and employee wellbeing, 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.

Corporate responsibility

In 2020, Mehiläinen developed its corporate responsibility work. The Director Of Public Affairs and Corporate Responsibility was appointed to be responsible for corporate responsibility matters at Mehiläinen. The first materiality analysis was conducted in collaboration with an external partner and UN's sustainable development goals were defined, which Mehiläinen promotes through its operations. In addition, the first external responsibility assessment was conducted by an external partner EcoVadis. Mehiläinen performed better than the average of the companies in the industry, and based on the evaluation, measures were identified to further develop corporate responsibility.

Mehiläinen's corporate responsibility programme is based on the material themes defined by the stakeholders and the company's strategy and identified opportunities to influence operating environment. Corporate responsibility programme seeks to promote the implementation of responsibility in its business, drive the company to develop in areas that are important to it, and to measure its progress.

The Mehiläinen's responsibility program is built around four themes which describes the key areas Mehiläinen wants to promote in its operations in particular:

- Pioneer in quality treatment and care
- Innovator and agile developer
- Attractive and meaningful workplace
- Sustainable development

In connection with preparing the responsibility programme, Mehiläinen wanted to identify the UN Sustainable Development Goals that are the most relevant for its activities. These are the goals that activities have the greatest influence on and which it wants to highlight in its business.

Among the goals, a total of seven goals were identified, which Mehiläinen has a positive or negative effect on. Four of these are considered the main goals that Mehiläinen particularly wants to promote through its activities and corporate responsibility programme and on which it has a significant impact.

- Goal 3: Establish good health and wellbeing for people of all ages
- Objective 8: Promote sustainable economic growth for all, full and productive employment and decent work
- Objective 9: Build a sustainable infrastructure and promote sustainable industry and innovation
- Objective 17: Increasingly support the implementation of sustainable development and global partnerships

Three other goals were identified as important for supporting realisation of the main goals. These are: 4 Quality education, 10 Reducing inequalities and 12 Responsible consumption.

In connection with the 2020 financial statement Mehiläinen publish its first corporate responsibility report. The report has been prepared in accordance with the Global Reporting Initiative (GRI) standards Core option.

Quality and Effectiveness

Mehiläinen invests in quality and the effectiveness of care on the principle of continuous improvement. Everyone who works at Mehiläinen participates in quality work. The Group's quality work is managed by a quality team led by the Chief Medical Officer. Mehiläinen's customers are also actively involved in quality development through feedback systems and a customer panel. In Mehiläinen, quality is monitored and managed with the LaatuKenno quality monitoring system, which reports on issues related to patient safety, access to treatment, efficiency of processes and customer experience using more than 25 indicators from different business areas. In 2020, social care services organisation was strengthened to better help to achieve quality objectives of social care services.

Digitisation, data utilisation and information management bring effectiveness and quality to healthcare services. Among other things, the control of various diseases, the quality and outcomes of orthopedic surgeries and the effectiveness of treatment are monitored. In 2020, the focus has been particularly on the quality of treatment of diseases of public health relevance. In Mehiläinen's public LaatuKenno, indicators were published to assess the responsible use of antibiotics used for upper respiratory infections, cough medication prescribed to children and amount of central nervous system (CNS) agents prescribed by physicians. Regarding the effectiveness of treatment, the control of diseases prevalent diabetes and cardiovascular diseases are monitored. In addition, patients provide information on their recovery and symptoms during interventions and follow-up, and during the year, this data collection was enhanced by contacting patients in person to obtain follow-up data. During the year, digital coaching programmes to promote public health in the Digital Clinic was published in order to support our customers in a healthier lifestyle. In 2020, coaching programmes expanded to include to quit smoking and alcohol reduction programs.

At Mehiläinen, research and development focused on developing the digitalisation of health services with the aim of providing high-quality health services. Digital services create new channels for using Mehiläinen's services, improve the customer experience and streamline service processes. One of the key digital services developed is the OmaMehiläinen application, which enables, among other things, quick and easy access to personal health information, making an appointment from mobile phone, renewing an electronic prescription and 24-hour messaging with healthcare professionals. Investments in research and development amounted to EUR 7.9 million in 2020, of which part were recognized directly as an expense and part capitalized in other intangible assets.

Customer satisfaction

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

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

In social care services housing units, customer experience is measure by a quality index developed by Mehiläinen, which is implemented through quality reports and surveys. In 2020, the quality index of care services for the elderly was 77.

Customers are involved in the development of Mehiläinen's services, activities and customer experience in the online customer panel. In 2020, the panel included almost 7,000 customers. Nearly 36,000 responses were received to the panel surveys.

Customer and patient safety

The services Mehiläinen provides are based on evidence-based medicine as well as good care and operational practices. Patient and customer safety cover all principles and operational practices by professionals employed at Mehiläinen units and the Group that ensure the safety of the healthcare, medical treatment and care services received by patients and the customers in social care services.

Mehiläinen uses the HaiPro channel for reporting incidents compromising patient and customer safety. HaiPro is designed to help organisation to develop its operations. In 2020, a separate security incident reporting section was introduced. With the help of the systematic and easy-to-use reporting channel all users can take advantage of information gained from incidents and accidents and the organisation’s management gains information on for example the sufficiency of training and guidelines as well as the impact of measures taken. Mehiläinen also has a feedback channel and a separate complaints channel through which patients can express their dissatisfaction with the treatment. In addition, patient safety in Finland is monitored by the Patient Insurance Centre, which maintains statistics on patient injury incidents. In Mehiläinen, patient injuries are monitored especially in healthcare services.

Data protection

Mehiläinen’s information security and data privacy policy aim at securing data confidentiality, integrity and availability for customers and partners. A large number of patient data, customer data from social care services and other personal data is processed at Mehiläinen daily. Correct and careful treatment of personal data is an integral part of everyday quality and risk control.

Requirements and responsibilities related to information security and protection are part of Mehiläinen's management system and are an integral part of the operations. Mehiläinen's operations comply with the General Data Protection Regulation (GDPR) and other data protection regulations, which have been further developed during the year. Data protection matters are managed at the group level by the Data Protection Steering Group, which monitors the overall data protection situation, reviews significant risks and deviations, and decides on group-level practices.

Environmental matters

The guiding principle of Mehiläinen’s environmental policy is to prevent all detrimental impact on the environment due to its activities and to promote sustainable development throughout Finland. Currently Mehiläinen is investing heavily in digital services and processes, which reduce the environmental load. Most of the environmental impacts are related to waste management, procurement-related logistics and travel. Environmental matters are an integral part of Mehiläinen’s management and quality system. Mehiläinen complies with the current environmental legislation and the requirements imposed by the ETJ+ energy management system. A prerequisite for successful work on environmental matters is committed staff to environmental responsibility.

Certified by Inspecta Sertifiointi Oy, Mehiläinen’s operations comply the customer and legal requirements specified in the ISO 9001 and ISO 14001 quality and environmental standards and the ETJ+ energy management system. The certification covers medical clinics, hospitals and occupational healthcare services including laboratory, imaging and physiotherapy activities and dental care services. Additionally, the certification covers the residential care and rehabilitation services and work activities targeted for mental health rehabilitees, residential care services for the elderly, residential care and family foster care services in child welfare, and support functions. Currently environmental certification covers majority of the units and services. New units are added in connection with audits carried out 1–2 times per year.

Human rights

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

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

Employees and private practitioners

Mehiläinen is one of the largest employers in Finland and increased its workforce during the year with approximately 500 full-time employees. Mehiläinen's position as the most interesting and attractive employer in the industry was further strengthened during the year, based on both internal personnel survey and external surveys. Mehiläinen aims to be the most attractive employer in the social and health service industry. To promote this target, research and development activities were focused on different staff groups during the year. The growth and development, one of the core values, was selected as a theme for 2020 in leadership and operational development, and this theme was part of the operations during the exceptional year.

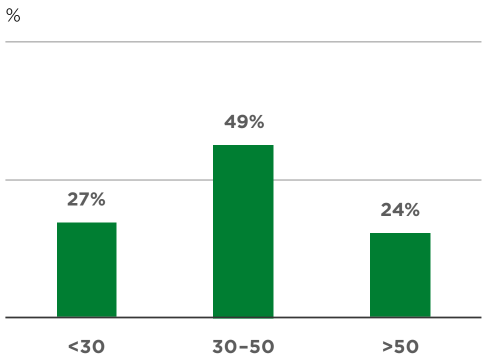
A significant part of the service and added value provided by Mehiläinen is performed by the people. Therefore, the continuous training and development of personnel is an essential while promoting competitiveness. Majority of the training and coaching is additional, supplementary or other professional related training, which was carried out as both on-site and remote training. During 2020, supervisor training was continued and developed, with the participation of over 200 supervisors and managers. While COVID-19 pandemic accelerated digital work and learning, more than 500 e-learning courses have been created and otherwise invested in e-learning, for example to improve the quality of introductions.

The commitment, well-being at work and job satisfaction of Mehiläinen's personnel are measured in an annual personnel survey. A survey conducted in the fall of 2020 collected a record 60 per cent response rate. Despite the exceptional year overall satisfaction and commitment to Mehiläinen increased in all units. The best development in individual staff groups was seen with doctors, personal assistants and service advisers. The work of supervisors, trust in management, investment in growth, customer satisfaction and renewal were seen to have developed positively. The positive development was continued after the study, especially by investing in unit-specific development plans and their monitoring. Based on the results, it was hoped that investment in training and development would be ensured to maintain the competence of the personnel, and that growth would ensure the recruitment and availability of all skilled personnel in Mehiläinen.

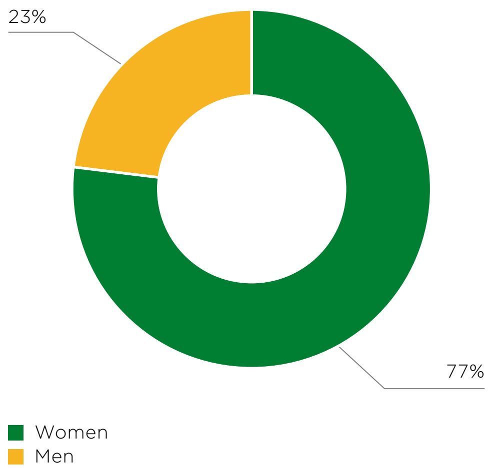
Mehiläinen aims to increase the efficiency of supervisory work, other administration and to make a significant digital leap in internal services. During 2020 HR system renewal was carried out for the entire Group. At the end of the year, Mehiläinen introduced the Workday system, which brings together individual systems and processes for managerial and human resources management under the same tool. The system will be further developed, and new functionalities will be introduced in 2021.

At the end of the financial year, Mehiläinen had a total of 17,996 full-time employees and 9,897 converted full-time employees. In addition, Mehiläinen has total 4,260 private practitioners at the end of the financial year. Including part-time employees, total of 22,300 employees and private practitioners were employed at the end of the financial year.

Personnel by age



Personnel by sex



Group key figures

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

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

Financial performance		2020	2019
Revenue	EUR million	1,162.5	1,064.1
Underlying EBITDA [1]	EUR million	227.6	202.0
- of revenue	%	19.6	19.0
EBITDA	EUR million	218.6	197.1
- of revenue	%	18.8	18.5
Underlying EBITA [1]	EUR million	134.1	118.8
- of revenue	%	11.5	11.2
EBITA	EUR million	125.1	114.0
- of revenue	%	10.8	10.7
Operating profit	EUR million	86.0	81.8
- of revenue	%	7.4	7.7

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

Profitability		2020	2019
Net working capital	EUR million	-50.9	-53.4
Return on Capital Employed	%	3.7	3.5
Return on Equity	%	0.0	0.1

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

Other key figures		2020	2019
Net cash from operating activities	EUR million	202.0	200.7
Investments, excluding acquisitions	EUR million	30.1	28.0
Average number of personnel, full-time equivalent		9,461	9,077

Calculation of key figures

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

Items affecting the comparability

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

The Group has changed the definition of items affecting comparability from the previous financial year, as such impairment losses are not included items affecting comparability in 2020. Impairment losses are included in items reported below EBITA. The change in definition had no effect on the items affecting comparability in the previous year.

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	2020	2019
Acquisition related income	0.6	3.1
Acquisition related expenses	-5.8	-5.2
Integration and restructuring related and other expenses	-3.7	-2.8
Total	**-8.9**	**-4.9**

Items affecting comparability increased EUR 4.1 million from previous year. Lower level of acquisition related income, mainly revaluation of additional purchase prices, was recorded compared to previous year. The items affecting comparability include EUR 3.8 (2.3) million related to Pihlajalinna public tender offer, and are presented on 'Acquisition related expenses'. Items affecting the comparability do not include COVID-19 ancillary costs.

Reconciliation of key figures to Consolidated Financial Statements (IFRS)

EUR million	2020	2019
Operating profit	86.0	81.8
Depreciation, amortisation and impairment losses	132.6	115.3
EBITDA	**218.6**	**197.1**
Items affecting comparability		
Other operating income	-0.6	-3.2
Materials and services	0.3	0.2
Employee benefit expenses	0.5	0.5
Other operating expenses	8.7	7.3
Underlying EBITDA	**227.6**	**202.0**
Depreciation, amortisation and impairment losses	-132.6	-115.3
Impairment losses	3.6	
Depreciation and amortisation arisen from business combinations	35.4	32.2
Underlying EBITA	**134.1**	**118.8**
Impairment losses	-3.6	
Depreciation and amortisation arisen from business combinations	-35.4	-32.2
Underlying operating profit	**95.0**	**86.6**

EUR million	2020	2019
Inventories	6.9	5.8
Trade receivables and other current receivables	108.9	96.9
Trade payables and other current payables	-166.7	-156.0
Net working capital	**-50.9**	**-53.4**

EUR million	2020	2019
Total equity	911.1	911.3
Total assets	2,721.7	2,634.7
Advances received including contract liabilities	-1.6	-0.8
Equity ratio, %	**33.5**	**34.6**

EUR million	2020	2019
Result before taxes	9.0	4.2
Finance expenses	77.9	77.9
Total equity 1 Jan.	911.3	912.3
Interest-bearing debt including lease liabilities 1 Jan.	1,432.0	1,409.0
Total equity 31 Dec.	911.1	911.3
Interest-bearing debt including lease liabilities 31 Dec.	1,506.5	1,432.0
Return on Capiral Employed (ROCE), %	**3.7**	**3.5**

EUR million	2020	2019
Interest-bearing debt including lease liabilities	1,506.5	1,432.0
Interest-bearing receivables	-1.7	-1.9
Cash and cash equivalents	-84.5	-22.1
Interest-bearing net debt	**1,420.4**	**1,408.1**
Total equity	911.1	911.3
Gearing, %	**155.9**	**154.5**

EUR million	2020	2019
Result for the year	0.2	0.6
Total equity 1 Jan.	911.3	912.3
Total equity 31 Dec.	911.1	911.3
Return on equity, (ROE) %	**0.0**	**0.1**

Consolidated Statement of Income

EUR million	Note	From 1 Jan. to 31 Dec. 2020	From 1 Jan. to 31 Dec. 2019
Revenue	2.1	1,162.5	1,064.1
Other operating income	2.2	4.7	6.5
Materials and services	2.3	-316.7	-289.9
Employee benefit expenses	2.4	-521.8	-483.2
Depreciation, amortisation and impairment losses	4.4	-132.6	-115.3
Other operating expenses	2.5	-110.1	-100.3
Share of results in associated companies	6.2	0.0	-0.1
Operating profit		**86.0**	**81.8**
Finance income and expenses	5.5	-77.0	-77.6
Result before tax		**9.0**	**4.2**
Income taxes	7.1, 7.2	-8.8	-3.6
Result for the year		**0.2**	**0.6**
Result for the year attributable to			
Owners of the parent company		0.2	0.5
Non-controlling interests		0.0	0.1

Consolidated Statement of Comprehensive Income

EUR million	Note	From 1 Jan. to 31 Dec. 2020	From 1 Jan. to 31 Dec. 2019
Result for the year		0.2	0.6
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedging	5.3	-1.8	-7.8
Taxes on items that may subsequently be transferred to profit or loss	7.1	0.4	1.6
Currency translation differences related to a foreign operation		0.0	
Transfers to the income statement			0.0
Other comprehensive income, net of tax		**-1.4**	**-6.2**
Total comprehensive income		**-1.2**	**-5.6**
Total comprehensive income attributable to			
Owners of the parent company		-1.2	-5.6
Non-controlling interests		0.0	-0.1

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

Consolidated Statement of Financial Position

EUR million	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Goodwill	4.2, 4.5	1,399.3	1,375.9
Intangible assets	4.2	548.9	573.2
Right-of-use assets	3.1	452.7	437.9
Property, plant and equipment	4.3	90.3	95.2
Investments in associated companies	6.2	0.0	0.1
Receivables	5.4	5.0	5.6
Other financial assets	5.4	0.4	0.6
Deferred tax assets	7.2	21.8	19.5
Total non-current assets		**2,518.6**	**2,508.0**
Current assets			
Inventories	3.2	6.9	5.8
Trade and other receivables	3.3	108.9	96.9
Current tax assets		2.8	2.0
Cash and cash equivalents	3.4	84.5	22.1
Total current assets		**203.0**	**126.7**
Total assets		**2,721.7**	**2,634.7**

EUR million	Note	31 December 2020	31 December 2019
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	971.0	970.4
Fair value reserve	5.2		0.0
Hedging reserve	5.2	-10.1	-8.4
Currency translation difference	5.2	0.0	
Retained earnings	5.2	-50.9	-54.8
Total equity attributable to owners of the parent company		**910.0**	**907.3**
Non-controlling interests		1.1	4.0
Total equity		**911.1**	**911.3**
Non-current liabilities			
Interest-bearing liabilities	5.4	992.5	940.2
Lease liabilities	5.4	449.5	435.1
Other liabilities	5.4	18.4	15.8
Provisions	3.6	0.3	1.6
Deferred tax liabilities	7.2	113.9	116.8
Total non-current liabilities		**1,574.6**	**1,509.4**
Current liabilities			
Interest-bearing liabilities	5.4	0.3	0.3
Lease liabilities	5.4	64.2	56.5
Trade and other payables	3.5	166.7	156.0
Provisions	3.6	2.6	0.8
Current tax liabilities		2.2	0.5
Total current liabilities		**235.9**	**214.0**
Total liabilities		**1,810.5**	**1,723.4**
Total equity and liabilities		**2,721.7**	**2,634.7**

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

Consolidated Statement of Changes in Equity

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

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

		Equity attributable to owners of the parent company							
EUR million	Note	Share capital	Invested unrestricted equity fund	Fair value reserve	Hedging reserve	Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Equity 1 January 2019		**0.0**	**965.9**	**0.0**	**-2.3**	**-16.7**	**946.9**	**4.5**	**951.4**
Effect on adoption of IFRS 16						-39.0	-39.0	-0.1	-39.0
Adjusted equity 1 January 2019		**0.0**	**965.9**	**0.0**	**-2.3**	**-55.7**	**907.9**	**4.4**	**912.3**
Comprehensive income									
Result for the year						0.5	0.5	0.1	0.6
Other comprehensive income, net of tax									
Financial assets valued at fair value through other comprehensive income				0.0			0.0		0.0
Cash flow hedging	5.3, 7.1				-6.1		-6.1	-0.2	-6.2
Total comprehensive income for the period				**0.0**	**-6.1**	**0.5**	**-5.6**	**-0.1**	**-5.6**
Transactions with owners									
Share issues	5.2		4.8				4.8		4.8
Redemptions of shares	5.2		-0.1				-0.1		-0.1
Transaction costs related directly to the issue of new shares, net of tax	5.2		-0.1				-0.1		-0.1
Total transactions with owners			**4.6**				**4.6**		**4.6**
Transactions with non-controlling interests									
Invested equity of non-controlling interests								0.0	0.0
Changes in non-controlling interests						0.4	0.4	-0.4	
Total transactions with non-controlling interests						**0.4**	**0.4**	**-0.4**	**0.0**
Equity 31 December 2019		**0.0**	**970.4**	**0.0**	**-8.4**	**-54.8**	**907.3**	**4.0**	**911.3**

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

Consolidated Statement of Cash Flows

EUR million	Note	From 1 Jan. to 31 Dec. 2020	From 1 Jan. to 31 Dec. 2019
Cash flow from operating activities			
Result for the year		0.2	0.6
Adjustments			
Depreciation, amortisation and impairment losses	4.4	132.6	115.3
Finance income and expenses	5.5	77.0	77.6
Income taxes	7.1	8.8	3.6
Dividends from business operations [1]	2.4	9.3	7.7
Other items		-0.6	-1.3
Changes in net working capital			
Change in trade and other receivables		-12.6	-4.1
Change in inventories		-1.1	-0.5
Change in trade and other payables		13.1	15.8
Dividends paid for business operations [1]		-11.1	-7.2
Dividends, interest and other finance income received		0.2	0.3
Taxes paid		-13.9	-7.0
Cash flow from operating activities [2]		**202.0**	**200.7**
Cash flow from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired	4.1	-23.0	-57.1
Escrow-accounts, business combinations	4.1	0.3	-0.3
Sale of subsidiaries, net of cash disposed of			7.2
Investments in property, plant and equipment and intangible assets	4.2, 4.3	-30.1	-28.0
Disposal of property, plant and equipment and intangible assets	4.2, 4.3	0.4	0.3
Investments and sales of associated companies	6.2		0.2
Loan receivables increase (-) / decrease (+)		0.0	0.6
Sale of other investments		0.2	5.9
Cash flow from investing activities		**-52.2**	**-71.3**

EUR million	Note	From 1 Jan. to 31 Dec. 2020	From 1 Jan. to 31 Dec. 2019
Cash flow from financing activities			
Share issue	5.2	0.8	4.6
Redemption of shares	5.2	-0.4	-0.1
Invested equity of non-controlling interests		0.6	0.0
Proceeds from loans	5.4	150.0	0.0
Repayment of loans	5.4	-104.1	-5.6
Interests paid		-46.9	-48.8
Other financial expenses paid [2]		-3.5	-2.5
Repayment of lease liabilities	5.4	-60.4	-54.7
Interests paid for lease liabilities		-23.9	-22.9
Cash flow from financing activities		**-87.8**	**-129.9**
Total cash flows		62.1	-0.5
Cash and cash equivalents at 1 Jan.		22.1	22.6
Other change in cash and cash equivalents		0.3	
Cash and cash equivalents at 31 Dec.	3.4	**84.5**	**22.1**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General accounting principles

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

Symbols to explain notes to the financial statement

Accounting principles

Critical accounting estimates and assumptions

1.1 Company information

Mehiläinen is a well-known and highly valued private provider of health care and social services in Finland, offering comprehensive high-quality services quickly and smoothly to private, corporate, and municipal customers. Mehiläinen provides help, support, and care for around 1.3 million customers annually, and services are produced at over 540 locations by more than 22,300 employees and private practitioners. Mehiläinen, 111 years old, is traditional but rapidly developing and growing leader in the industry. Mehiläinen invests in the effectiveness of care and quality in all its business areas, and develops and exports Finnish digital health expertise to the world at the forefront of the industry.

Mehiläinen's ownership

Funds managed by CVC Capital Partners	**57%**
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	**5%**

The ultimate shareholders of Mehiläinen Group (later Mehiläinen or the 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, Pharmacies Pension Fund, Valio Pension Fund 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 18 February 2021. 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 2020. The notes to the consolidated financial statements also comply with the Finnish accounting standards and corporate legislation which are complementary to the IFRS regulations.

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

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

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

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

1.3 Changes in accounting principles

Mehiläinen has adopted following amendments to the standards from 1 January 2020 onwards:

- *The Conceptual Framework for Financial Reporting* sets out a comprehensive set of concepts, assists the International Accounting Standards Board (IASB) in developing standards and guides preparers in developing consistent accounting policies and helps to understand and interpret the standards. The revised Conseptual Framework includes some new and clarified concepts, provides updated definitions and recognition criteria for assets and liabilities. The changes to the Conseptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors*. The IASB issued amendments to align the definition of material across the standards and to clarify certain aspects of the definition. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users make based on the financial statements. The new definition could potentially impact how materiality judgements are made and presented in the financial statements of Mehiläinen.

- Amendments to IFRS 3 *Business Combinations*. The IASB issued amendments to the definition of a business to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify that in order to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and substantive process that together significantly contribute to the ability to create output. Mehiläinen has used the new definition for acquisitions of subsidiaries and business acquisitions that took place during the financial year.

- Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate.

- Amendments to IFRS 16 *Leases*. In May 2020 as a direct consequence of the Covid-19 pandemic, the IASB provide a relief to lessees from applying IFRS 16 guidance on lease modifications to rent concessions. Mehiläinen has elected not to use this practical expedient.

1.4 Adoption of new and amended standards and interpretations

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

- Amendments to IFRS 9 *Financial Instruments*, IFRS 7 *Financial Instruments: Disclosures* and IFRS 16 *Leases* (effective for accounting periods beginning on or after 1 January 2021). The 2nd phase amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest ratio (RFR). A practical expedient requires contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate. If any other changes made at the same time are assessed as substantial, the instrument is derecognised. If not substantial, the updated effective interest rate (EIR) is used to recalculte the carrying amount of the financial instrument to profit or loss.

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

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

- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (effective for accounting periods beginning on or after 1 January 2022). Amendment clarify the types of costs included as the cost of fulfilling a contract when assessing whether a contract is onerous. The cost of fulfilling a contract comprise both the incremental costs and an allocation of other direct costs. This clarification is unlikely to affect Groups that already apply the full cost approach but those that apply the incremental cost approach will need to recognise greater and potentially more provisions.

- Amendments to IAS 1 *Presentation of Financial Statements* (effective for accounting periods beginning on or after 1 January 2023). The amendments clarify that the Group has a right to defer settlement of a liability at the end of the reporting period if it complies specified conditions at that date. The classification of a liability as current or non-current is unaffected by the likelihood than the Group will exercise its deferral right.

The above listed or other standards that become effective on or after 1 January 2021 are not expected to have an impact on Mehiläinen's consolidated financial statements.

1.5 Critical accounting estimates and assumptions

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

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

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

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

Revenue

1,162.5

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

Private healtcare services

- Physician services
- Diagnostics
- Hospitals
- Dental care
- Working Life Services
- Mental health services and psychotherapy
- Physiotherapy and welfare services
- Digital health services

Public healthcare services

- Health centers of free choice
- Outsourced services
- Public dental care
- Emergency care services and staffing
- Home care services

Social care services

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

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

The Group sells services to companies, insurance companies, associations and foundations, private individuals and public entities.

Corporate clients
- Occupational health care clients
- Insurance company clients
- Other corporate clients

Private clients
- Private persons

Public sector customers
- Municipalities
- Joint municipalities
- Hospital districts
- Public administration

Transaction prices are based on a general price list or customer-specific contracts. Revenue is recognized 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 realized mainly at a certain point of time in connection with the use of the service or during the contract period. Payments from a long-term contracts are recognised over time if the contract includes the readiness to provide pre-determined services to, for example, the population living in a particular area. In this case, the customer simultaneously receives and consumes the benefit when Mehiläinen provides the service.

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

Mehiläinen sells the platform solution it has developed to other international operators in the industry. The platform solution is delivered as a cloud service (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, localization 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 recognized evenly over the contract period. Transaction type revenues based on the use of the service and the actual number of users are recognized 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 contractring party.

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

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

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

Public sector customers include Finnish public sector organizations when subscribing social and healthcare outsourcing services, residential care services, occupational healthcare services and employment services.

The Group has begun international expansion with the BeeHealthy brand. In December 2020, the Group acquired medical clinics in Sweden. So far, net sales consists mainly of services provided in Finland. However, the Group has individual international customers in Europe and beyond.

The drastic decline in demand for private healthcare services caused by the COVID-19 pandemic at the end of the first quarter had a negative impact on Mehiläinen's revenue. The need for digital solutions and remote reception services increased and Mehiläinen quickly developed new and fast testing services with partners in Finland and abroad. The recovery in demand at the beginning of the second half of the year and demand for new services offset the loss of revenue caused by the COVID-19 pandemic. In social care services, the pandemic did not have a material impact on revenue. The growth in the Group's revenue was mainly organic.

Public sector customers include Finnish public sector organizations when subscribing social and healthcare outsourcing services, residential care services, occupational healthcare services and employment services.

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

Total revenue distribution

67 %
healthcare services

33 %
social care services

Revenue by businesses

EUR million	2020	2019
Healthcare services	773.2	712.9
Social care services	389.3	351.2
Total	**1,162.5**	**1,064.1**

Revenue by customers

EUR million	2020	2019
Corporate customers	306.3	299.9
Private customers	260.0	240.7
Public sector customers	596.2	523.5
Total	**1,162.5**	**1,064.1**

2.2 Other operating income

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

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

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

EUR million	2020	2019
Rental income from sublease	0.9	1.1
Gains on sale of intangible and tangible assets and investments	0.8	2.7
Other income	3.0	2.7
Total	**4.7**	**6.5**

Revaluations of additional purchase prices related to acquisitions presented in other income were lower level compared to previous year. Mehiläinen has not applied any state aid for the loss of income caused by the COVID-19 pandemic. Municipalities and hospital districts that purchase the health and social care services have compensated only a fraction of the COVID-19 related costs. Compensation is still being negotiated with several parties.

2.3 Materials and services

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

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

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	2020	2019
Raw materials and consumables		
Purchases during the period	72.3	65.6
Change in inventories	-1.1	-0.5
Private practitioners' services	182.0	189.5
Other external services	63.5	35.3
Total	**316.7**	**289.9**

Preparing for the COVID-19 pandemic resulted in significant additional costs in all of Mehiläinen's operations due to the purchase of protective equipment and other safety-related measures for clients and personnel. Other external services include external costs related to testing, building testing capacity and laboratory collaboration with domestic and international partners.

2.4 Employee benefit expenses

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

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

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

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

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

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

Average number of personnel

9,461

Number of personnel at the end of the period

9,897

EUR million	2020	2019
Salaries and fees	441.7	403.2
Pension expenses, defined contribution plans	64.8	66.4
Other personnel expenses	15.3	13.7
Total	**521.8**	**483.2**

Mehiläinen reacted quickly to the decline in demand in the spring and began cost related adjustment measures right at the beginning of the pandemic. The adjustment measures ended during the third quarter as demand recovered. The increase in salaries is mainly due to the increase in the number of employees, which has been mainly organic.

Due to the economic downturn caused by the COVID-19 pandemic, the employer's employment pension contributions were temporarily reduced by 2.6 percentage points. The reduction in payment applied to wages paid under TyEL between May and December 2020 and applies to the employer's contribution.

The amendment will change the tax treatment of work-based dividends to be paid from 2021 onwards. Pension and social security expenses will also be taken into account from the employee contribution dividend recorded in employee benefits at the Group level.

	2020	2019
Average number of personnel (full-time equivalents)	9,461	9,077
Number of personnel at the end of the period (full-time equivalents)	9,897	9,589

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.

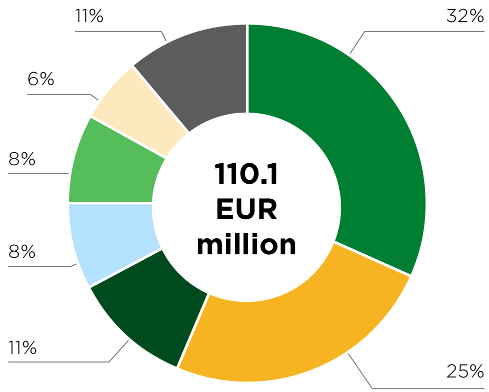
2.5 Other operating expenses

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 income statement 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 recognized 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	2020	2019
Rents		
Short-term leases and low value assets	5.0	4.2
Variable leases	4.9	4.3
Premises	25.6	22.4
IT and telecommunication	27.5	21.9
Administrative	11.9	14.4
Maintenance and operating costs of machinery and equipment	8.6	8.3
Marketing and communication	8.3	8.0
Consultant and professional fees	6.6	6.4
Other expenses	11.8	10.5
Total	**110.1**	**100.3**

Of other operating expenses, IT and telecommunication expenses increased the most. The growth was mainly due to the digitalisation of operations, the transition to remote working and the increase in the number of premises. Professional fees include expert and advisory fees arising from Pihlajalinna's public tender offer.

Other operating expenses



- Premises expenses [1)]
- IT and telecommunication expenses
- Administrative expenses
- Machinery and equipment servicing and operating expenses
- Marketing and communication expenses
- Consultant and professional fees
- Other expenses

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

Auditor's fees

EUR million	2020	2019
Ernst & Young Oy		
Audit fees	0.5	0,7
Tax advisory	0.3	0,3
Other fees	0.0	0,0
Total	**0.9**	**1,0**

The audit fees paid to other audit firms were EUR 0.0 (0.0) million.

Net cash flow from operating activities

202.0

EUR million

3.1 Right-of-use assets
3.2 Inventories
3.3 Trade and other receivables
3.4 Cash and cash equivalents
3.5 Trade and other payables
3.6 Provisions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Operating assets and liabilities

3.1 Right-of-use assets

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

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

In fixed-term contracts, the lease term is the end of the term, which corresponds to the non-cancellable period of the standard. The lease term of leases valid until further notice is estimated and possible extension options, which are assumed to be excercised, are added to the lease period. The notice period is also counted as part of the lease period. 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. If the lease is based on a framework agreement with the customer, it is taken into account when determining the lease term.

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.

	2020			2019		
EUR million	Buildings and land	Machinery and equipment	Total	Buildings and land	Machinery and equipment	Total
Cost at 1 January	**771.5**	**3.4**	**774.9**	**705.4**	**3.4**	**708.7**
Business combinations	3.2		3.2	17.8		17.8
Additions	61.5	0.5	62.0	40.0	0.9	40.9
Disposals	-25.4	-0.8	-26.3	-9.4	-0.8	-10.2
Increase/decrease due to revaluation	17.9	0.1	18.1	17.7	0.0	17.7
Cost at 31 December	**828.8**	**3.1**	**831.9**	**771.5**	**3.4**	**774.9**
Accumulated depreciation and impairment losses at 1 January	**-335.1**	**-1.8**	**-336.9**	**-288.1**	**-1.6**	**-289.8**
Depreciation and impairment losses for the financial year	-67.3	-1.0	-68.3	-56.4	-1.1	-57.4
Accumulated depreciation on disposals	25.2	0.8	26.0	9.4	0.8	10.2
Accumulated depreciation and impairment losses at 31 December	**-377.1**	**-2.0**	**-379.2**	**-335.1**	**-1.8**	**-336.9**
Carrying amount 31 December	**451.6**	**1.1**	**452.7**	**436.4**	**1.5**	**437.9**

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 recognized 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	2020	2019
Materials, supplies and consumables 1 Jan.	5.8	5.0
Business combinations	0.0	0.2
Change in inventories	1.1	0.5
Total	**6.9**	**5.8**

At the early phase of COVID-19 Mehiläinen set up its own reserve warehouse, through which the distribution of protective equipment was organized. This resulted an increase in inventories from previous year.

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 recognized as an expense is subsequently settled, it is recognized to deduct other operating expenses.

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

EUR million	2020	2019
Current		
Trade receivables	94.3	83.5
Prepaid expenses and accrued income		
Contract assets	5.2	5.2
Personnel expenses	0.0	0.2
Other prepaid expenses and accrued income	7.7	6.3
Loan receivables	0.9	0.3
Other receivables	0.7	1.5
Total	**108.9**	**96.9**

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

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	2020	2019
Cash and cash equivalents	84.5	22.1
Total	**84.5**	**22.1**

3.5 Trade and other payables

EUR million	2020	2019
Current		
Trade payables	29.7	25.6
Accrued expenses and deferred income		
Accrued payroll expenses	86.7	79.9
Contract liabilities	1.0	0.5
Other accrued expenses and deferred income	8.2	10.2
Other liabilities		
Unpaid private practitioners' services	23.4	21.3
Contingent considerations (acquisition related)	2.1	2.2
Acquisition related purchase price liability	0.0	0.3
Advance payments received	0.6	0.4
Other liabilities	15.0	15.6
Total	**166.7**	**156.0**

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

3.6 Provisions

A provision is recognized 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 recognized as a provision corresponds to management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. In situations where the time value of money is material, provisions are discounted according to estimated future cash flows.

A provision is recognized for onerous contracts when the expenses necessary to meet the obligations exceed the benefits to be derived from the contract. A restructuring provision is recognized 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 recognized when the Group has a contractual obligation to return the land or premises to their original condition.

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

	2019		
EUR million	Onerous contracts	Other provisions	Total
1 January	4.8	0.2	5.1
Effect on adoption of IFRS 16	-2.1		-2.1
Business combinations		0.2	0.2
Additions	1.7	0.3	2.0
Provisions used	-2.7	-0.2	-2.9
31 December	**1.8**	**0.6**	**2.3**

Onerous contracts are expected to be realised substantially by the second half of 2021 and other provisions during 2021.

Acquisitions and capital expenditure

52.8

EUR million

4. Acquisitions and capital expenditure

4.1 Business combinations

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

When an asset item or group of items 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 attributed to the individual asset items 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.

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 closing rate.

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

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

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

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

In 2020, Mehiläinen has grown less than in previous years through acquisitions. The acquisitions have, however, diversified the Group’s range of services, strengthened the Group’s market position, expanded the unit network in Finland and opened a foothold in Sweden. Some of the acquisitions in 2020 include contingent considerations. The contingent considerations have been determined using the income approach. The goodwill arising from the acquisitions is based on the expected operational and administrative synergies.

Acquiree	Acquiree	Acquisition date	Line of business and location
Maresan Oy’s business	Mehiläinen Oy	1 January 2020	Occupational healthcare services, Helsinki and Turku
Occupational healthcare services of Yleisradio	Mehiläinen Oy	1 January 2020	Occupational healthcare services, Helsinki and Tampere
Kotkansaaren Denttiina’s business	Mehiläinen Oy	15 January 2020	Dental care services, Kotka
City of Salo’s occupational healtcare business	Mehiläinen Oy	1 February 2020	Occupational healthcare services, Salo
Dentalpoint Oy, 100% of the shares	Mehiläinen Oy	1 May 2020	Dental care services, Helsinki
Fysioterapia ja Lääkärikeskus Täsmähoito Oy's occupational health business	Mehiläinen Oy	1 September 2020	Occupational healthcare services, Viitasaari and Pihtipudas
Saviston koti Oy, 100% of the shares	Familar Oy	1 September 2020	Child welfare services, Kouvola
Puhti Lab Oy, 100% of the shares	BeeHealthy Oy	1 October 2020	Measuring and developing well-being, Helsinki
Hämeen Lääkärikulma Oy, 100% of shares	Mehiläinen Oy	1 November 2020	Specialist medical services, Hämeenlinna
Komppi Holding Group, 100% of shares	Mehiläinen Oy	11 December 2020	Psychotherapy services, Helsinki
Integrating Care Holding AB Group, 100 % of shares	BeeHealthy Oy	16 December 2020	Private medical services and occupational healthcare services, Stockholm, Sweden
Hammaslääkäri Murtonen Sinikka business	Mehiläinen Oy	31 December 2020	Dental care services, Mikkeli

In 2020 and 2019, the Group did not make significant individual acquisitions and the identifiable assets and liabilities and the consideration transferred are presented combined.

EUR million	Note	2020	2019
Assets			
Intangible assets	4.2	6.5	11.0
Property, plant and equipment	4.3	1.4	6.4
Right-of-use assets	3.1	3.2	17.8
Non-current receivables		0.0	0.1
Other financial assets		0.0	0.1
Deferred tax assets	7.2	0.2	0.1
Inventories	3.2	0.0	0.2
Trade and other receivables		2.2	3.6
Cash and cash equivalents		1.0	2.7
Total assets		**14.5**	**42.1**
Liabilities			
Interest-bearing liabilities	5.4	3.0	3.0
Lease liabilities	5.4	3.2	17.8
Provisions	3.6		0.2
Non-interest-bearing non-current liabilities	5.4	0.9	0.0
Deferred tax liabilities	7.2	1.2	2.2
Trade and other payables		3.5	5.0
Total liabilities		**11.9**	**28.3**
Total identifiable net assets		**2.6**	**13.8**
Consideration transferred			
Cash consideration		21.6	52.3
Acquisition related purchase price liabilities		0.1	0.9
Contingent considerations		4.1	3.9
Total consideration transferred		**25.9**	**57.0**
Goodwill arising from the acquisitions		**23.3**	**43.3**
Cash flow impact			
Cash consideration		20.9	53.8
Purchase price paid to an escrow account			-0.8
Cash and cash equivalents of the acquired entities		-1.0	-2.7
Additional purchase price paid from an escrow account		0.3	0.5
Additional purchase prices and net cash liabilities paid related to acquisitions from previous years		2.8	6.3
Total cash flow impact		**23.0**	**57.1**

The total consideration paid for subsidiary and business acquisitions was EUR 23.0 (57.1) million. The amount of tax-deductible goodwill related to business acquisitions was EUR 1.4 million of the goodwill arising from all the acquisitions. Contingent considerations recognised for the acquisitions amounted to EUR 4.1 (3.9) million in total. The contingent considerations are based on the development of EBITDA, business and customerships between 2020-2022. 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 9.3 (6.0) 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. Related to acquisitions Group made a EUR 0.8 million payment to an escrow account. Of this, EUR 0.5 million was paid further to the sellers in 2019 and the remaining 0.3 million was paid in 2020. The asset transfer tax and advisor fees arising from subsidiary and business acquisitions, a total of EUR 0.6 (0.9) million, are recognised under other operating expenses in the statement of income.

The effect of the acquisitions on the Group's revenue for the reporting period was EUR 4.6 (14.4) million and on the profit EUR 0.1 (0.7) million. The Group's revenue in 2020 would have been EUR 1,178.3 (1,086.2) million and result of the year EUR -0.1 (0.8) million if the subsidiaries and businesses had been consolidated from the beginning of the 2020 reporting period.

Events after the reporting period are presented in note 7.4.

Public cash tender offer for all shares in Pihlajalinna Plc

Mehiläinen Yhtiöt Oy and social and healthcare company Pihlajalinna Plc have on 5 November 2019 entered into a combination agreement pursuant to which Mehiläinen will make voluntary recommended public cash tender offer for all shares in Pihlajalinna. The completion of tender offer required, among others, that the tender offer has been accepted by the shareholders representing more than 90 per cent of the issued and outstanding shares and votes in Pihlajalinna and obtaining all necessary regulatory approvals. The offer period started 9 January 2020. The combination agreement between Mehiläinen and Pihlajalinna provided for a mutual termination right in the event that the tender offer has not been completed by the agreed long-stop date of 30 November 2020. According to the final result of the tender offer, the shares validly tendered and not properly withdrawn in the tender offer represent approximately 85.76 per cent of all issued and outstanding shares and votes in Pihlajalinna.

The regulatory approval for the tender offer has not been obtained and the minimum acceptance condition of the tender offer has not been fulfilled. As a result, Mehiläinen announced on 25 November 2020 that it will not complete the public tender offer. At the same time, Mehiläinen confirmed that it will continue the market court process in order to obtaining a market court decision on the proposed merger of Mehiläinen and Pihlajalinna.

On 29 December 2020, the Market Court issued its decision in the matter. According to the decision, the Market Court has held that due to the termination of the tender offer, the conditions for further proceedings in the Market Court have ceased. Therefore, the Market Court has not ruled on the proposed merger of Mehiläinen and Pihlajalinna and instead decided that the case would lapse. No appeal is sought from the Supreme Administrative Court, so the decision of the Market Court remains final. Advisory fees related to Pihlajalinna's public tender offer and financing arrangements have been fully recognized in the income statement.

Expert and advisory fees related to Pihlajalinna's public tender offer and financing arrangements have been fully recognized in the income statement. The total amount of expenses was EUR 5.5 (3.1) million, of which expenses affecting EBITDA accounted for EUR 3.8 (2.3) million and financial expenses for EUR 1.7 (0.8) million.

4.2 Intangible assets

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

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

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

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

Research costs are recognised as an expense. Development costs are capitalised when a development project is likely to generate economic benefits for the Group and the criteria established for commercial and technical feasibility are met. Development projects may relate to new or essentially improved services or processes.

Service expenses related to the acquisition of IT systems are recognised in the statement of income. Implementation and customising costs are recognised as an asset and depreciated over the term of the service contract. 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	Goodwill	Trademarks	Customer relationships	Other intangible assets	Prepayments and work in progress	Total
	2020					
Cost at 1 January	1,375.9	336.1	267.9	15.2	0.9	1,996.0
Business combinations	23.3	1.2	5.0	0.3		29.8
Additions				7.2	1.3	8.5
Disposals			0.0	-0.2		-0.2
Transfers between items		0.0	0.0	0.3	-0.9	-0.5
Exchange differences	0.0	0.0	0.0	0.0		0.1
Cost at 31 December	**1,399.2**	**337.2**	**272.8**	**22.9**	**1.3**	**2,033.6**
Accumulated amortisation and impairment losses at 1 January	0.0	-0.7	-42.9	-3.3		-46.8
Amortisation and impairment losses for the financial year	0.0	-0.5	-34.2	-4.1		-38.8
Accumulated amortisation on disposals and transfers between items			0.0	0.2		0.2
Accumulated amortisation and impairment losses at 31 December	**0.0**	**-1.1**	**-77.1**	**-7.2**		**-85.4**
Carrying amount 31 December	**1,399.2**	**336.1**	**195.7**	**15.8**	**1.3**	**1,948.2**

EUR million	Goodwill	Trademarks	Customer relationships	Other intangible assets	Prepayments and work in progress	Total
	2019					
Cost at 1 January	1,336.4	336.1	257.7	7.8		1,938.0
Business combinations	43.4		10.9	0.1		54.3
Additions				0.5	7.5	8.0
Disposals	-3.9		-0.7	-0.3		-4.9
Transfers between items				7.2	-6.6	0.6
Cost at 31 December	**1,375.9**	**336.1**	**267.9**	**15.2**	**0.9**	**1,996.0**
Accumulated amortisation and impairment losses at 1 January		-0.2	-11.4	-0.9		-12.6
Amortisation and impairment losses for the financial year		-0.5	-31.7	-2.6		-34.8
Accumulated amortisation on disposals and transfers between items			0.2	0.3		0.5
Accumulated amortisation and impairment losses at 31 December		**-0.7**	**-42.9**	**-3.3**		**-46.8**
Carrying amount 31 December	**1,375.9**	**335.4**	**225.0**	**12.0**	**0.9**	**1,949.2**

4.3 Property, plant and equipment

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

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

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

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

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

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

	2019				
EUR million	Buildings and land	Improvements to leasehold premises	Machinery and equipment	Prepayments and construction in progress	Total
Carrying amount 1 January	21.8	26.8	47.8	10.3	106.7
Business combinations	5.3	0.1	1.0		6.4
Additions	0.0	0.7	9.3	12.3	22.2
Disposals	-0.3	-0.2	-7.7		-8.3
Transfers between items	-6.4	7.7	6.2	-14.0	-6.5
Carrying amount 31 December	**20.4**	**35.1**	**56.6**	**8.6**	**120.7**
Accumulated depreciation and impairment losses at 1 January	-0.7	-2.4	-6.5		-9.5
Depreciation and impairment losses for the financial year	-1.2	-6.0	-16.0		-23.1
Accumulated depreciation on disposals and transfers between items	0.5	0.1	6.5		7.2
Accumulated depreciation and impairment losses at 31 December	**-1.3**	**-8.3**	**-15.8**		**-25.5**
Carrying amount 31 December	**19.1**	**26.8**	**40.7**	**8.6**	**95.2**

Property, plant and equipment in the table are presented without right-of-use assets. Right-of-use assets have their own section 3.1 as part of Operating Assets and Liabilities.

4.4 Depreciation, amortisation and impairment losses

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

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

As a company and a name Mehiläinen has 111 years old history, thus, the Mehiläinen trademark has been assumed an indefinite remaining lifetime. 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 recognizes an impairment loss if necessary. An impairment loss recognized 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 recognized.

EUR million	2020	2019
Intangible assets		
Amortisation	-38.8	-34.8
Property, plant and equipment		
Depreciation	-24.3	-23.1
Impairment losses	-1.2	
Right-of-use assets		
Depreciation	-65.8	-57.4
Impairment losses	-3.0	
Reversals of impairment losses	0.6	
Total amortasation, depreciation and impairment losses	**-132.6**	**-115.3**

4.5 Impairment testing

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

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

Assumptions used in impairment testing

In the impairment testing of the Group's assets, the recoverable amounts of cash-generating units are determined on the basis of value in use. Cash flow projections are based on forecasts approved by the management which cover a period of five years. The preparation of calculations for the impairment testing requires estimates regarding the future which requires management judgement on the development of demand and supply, cost level, productivity and other uncertainties related to revenue and profitability. Out of these especially impact of COVID-19 is difficult to estimate. The discount rates reflect risk-free rates and other risk premiums which are derived from the market.

Allocation of goodwill

In impairment testing goodwill and trademarks with indefinite useful life are allocated to cash-generating units. Reorganisation of Mehiläinen was carried out as of 1 January 2020 and business was divided in three business lines: private healthcare services, public healthcare services and social care services. Private healthcare services and public healthcare services form one cash-generating unit and utilize mainly the same production resources. In the reorganisation care services and child welfare was combined under social care services.

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

	2019	
EUR million	Goodwill	Trademarks with indefinite useful life
Healthcare services	908.2	265.0
Care services	321.7	68.9
Child welfare	146.0	
Total	**1,375.9**	**333.9**

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

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

According to impairment testing, the recoverable amount for the healthcare services exceeded the carrying amount by EUR 1,164.3 million and for the social care services by EUR 95.2 million. On the basis of impairment testing of cash-generating units in the Group, no impairment losses were recognised in 2020.

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

%	2020 Discount rate before tax
Healthcare services	6.21
Social care services	6.53

%	2019 Discount rate before tax
Healthcare services	6.64
Care services	6.28
Child welfare	5.95

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.

- A decrease of one percentage point in the projected EBITDA%
- An increase of half percentage point in the discount rate
- A decrease of one percentage point in the growth factor used for extrapolation

According to sensitivity analyses, the recoverable amount for healtcare services cash-generating unit exceeded its carrying amount, but in sosial care services cash-generating unit, the recoverable amount was below its carrying amount when the discount rate increased half percentage point or growth factor for extrapolation decreased half percentage point.

The discount rate for each cash-generating unit should have changed as follows to ensure that the carrying amount of the unit would have equalled its recoverable amount, other factors remaining constant.

- Healthcare services: from 4.97 per cent to 8.19 per cent
- Social care services: from 5.22 per cent to 5.64 per cent

Equity ratio

33.5

%

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, and especially in 2020 to prepare for the uncertainty caused by the COVID-19 pandemic. 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, fair value reserve, 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 recognized in equity, adjusted for tax effects.

The fair value reserve includes accumulated changes in the value of financial assets measured at fair value through other comprehensive income and is transferred to the income statement when the istrument is disposed of. 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 foreign operations' financial statements. The change in currency translation differences is stated within comprehensive income.

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

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

	2019								
EUR million / No.	No. of A-shares	No. of B- shares	No. of total shares	Share capital	Invested unrestricted equity fund	Fair value reserve	Hedging reserve	Retained earn- ings	Total
1 January	47,344,526	919,434,038	966,778,564	0.0	965.9	0.0	-2.3	-16.7	946.9
Adjusted 1 January[1)]	47,344,526	919,434,038	966,778,564	0.0	965.9	0.0	-2.3	-55.7	907.9
Share issues	313,896	4,471,104	4,785,000		4.8				4.8
Redemption of shares	-28,888	-86,112	-115,000		-0.1				-0.1
Transaction costs related directly to the issue of new shares, net of tax					-0.1				-0.1
Other changes						0.0	-6.1	0.9	-5.2
31 December	**47,629,534**	**923,819,030**	**971,448,564**	**0.0**	**970.4**	**0.0**	**-8.4**	**-54.8**	**907.3**

1) Effect of an adoption of IFRS 16 has been recognised to opening balance sheet as at 1 January 2019.

Mehiläinen Konserni Oy has 1,002,060,236 registered shares at the year end. The shares are divided to 55,222,049 A-shares, 924,095,692 B-shares and 22,742,495 C-shares. The shares are divided into classes that differ in accordance with the order of priority when distributing funds in accordance with the Articles of Association. In other respects, the company's shares provide equal rights in the company in accordance with the Articles of Association. Group has no valid stock option programmes.

A total of EUR 0.9 million has been subscribed to the unrestricted equity fund invested 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 authorisations issued to it on 4 June 2019 and 16 September 2019, the company's Board of Directors has decided on 14 December 2020 to issue a total of 67,080 new A-shares and 817,920 new B-shares for a total subscription price of EUR 0.9 million.

Pursuant to the share issue authorisation issued on 21 December 2020, the company's Board of Directors has decided on 30 December 2020 to issue a total of 353,328 new A-shares and 2,196,672 new B-shares for a total subscription price of EUR 2.6 million. No shares have been subscribed for at the end of the financial year.

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. The shares issued in the above-mentioned share issues have not been registered at the balance sheet date.

During the financial year, Mehiläinen Konserni Oy also acquired its own shares from private investors who have given up their holdings in the company. A total of 351,289 of the company's own shares have been repurchased, of which 186,553 are A-shares and 164,736 are B-shares. The consideration paid by the company for the shares has been EUR 1 per share. The Board of Directors has decided to cancel the shares immediately after they have taken over the company, but no cancellation has been registered for 131,289 A-shares at the balance sheet date.

During the financial year, Mehiläinen Konserni Oy was the receiving party in two cross-border mergers in which Asclepios Management 2 S.A. and Asclepios Luxembourg S.à r.l. merged into the company. Pursuant to the share issue authorisation issued on 22 September 2020, the company's Board of Directors has issued 6,552,365 new A-shares, 441,398 new B-shares and 19,477,189 new C-shares to the shareholders of Asclepios Management 2 S.A. as merger consideration and 1,095,414 new A-shares and 3,265,306 new C-shares to the shareholders of Asclepios Luxembourg S.à r.l. as merger consideration.

At the end of the financial year, Mehiläinen Konserni Oy held 6,700,896 A-shares and 19,583,330 B-shares. 6,569,607 A-shares and 19,583,330 B-shares have been acquired by the company as a result of the merger between Asclepios Management 2 S.A. and the parent company. On 30 December 2020, the Board of Directors of Mehiläinen Konserni Oy has decided to cancel these shares. No cancellation of shares has been registered at the end of the financial year.The shares held by the company account for 2.62 per cent of all the company's registered shares at the end of the financial year.

Related party transactions are 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 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, the credit risk related to financial activities, and the credit risk related to trade receivables.

Market risks

Interest rate risk. The Group is exposed to interest rate risks when changes in market interest rates and interest margins influence finance costs, income from investments and the measurement of interest-bearing items. The main effect on Mehiläinen Group's interest rate risk derive from the financing arrangement. Mehiläinen signed syndicated loan agreements in August 2018. 75 per cent of Mehiläinen Yhtiöt Oy's and Mehiläinen Oy's EUR 960 million syndicated loans are hedged. The syndicated loan of EUR 50 million withdrawn at the end of January 2020 has not been hedged. The interest rate derivatives are used to hedge against the interest related cash flow risk arising from changes in the reference rate of variable rate loans. The Group has interest rate CAP agreements of nominal value of EUR 720 million and an interest rate SWAP agreement of nominal value of EUR 720 million. The financing arrangement includes syndicated floating-rate loans, the interest rate risk of which is hedged until the end of September 2021 with interest rate CAP agreements after which the risk is hedged by converting the floating rate into a fixed one through an interest rate swap until the end of September 2023. 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 derivative agreements are similar, and therefore the interest rate SWAP is under hedge accounting. The loan arrangement has an interest rate floor of 0 per cent, which is also included in the interest rate CAP and interest rate SWAP agreements. According to the interest rate CAP agreements, the interest rate CAP is 0.4 per cent. According to the interest rate SWAP commencing in 2021, Mehiläinen Group will pay a fixed interest approximately 0.9% p.a. and receive a floating rate which is tied to the three-month Euribor, plus the interest margin. The average interest rate of the Group’s interest-bearing liabilities was, taking into account interest rate hedging, approximately 4.5 per cent.

At the end of 2019, Mehiläinen agreed on a financing arrangement, the main purpose of which was to define the terms of the EUR 330 million loan financing to Mehiläinen Yhtiöt Oy related to the acquisition of Pihlajalinna and to increase the revolving credit facility amount by EUR 100 million. Additionally, an agreement was made of a EUR 50 million Incremental Term Loan Facility to Mehiläinen Hoivapalvelut Oy as well as decrease of the margin by 0.25-0.5 per cent-unit. As the Pihlajalinna acquisition did not realize, the external loan for financing the Pihlajalinna acquisition as well as the increased revolving credit facility were expired.

The Group has assessed the impact of the increase and decrease in market interest rates on the Group's interest expenses and profit before taxes, other factors remaining unchanged. The loan amount and the interest rate in effect at the end of the financial year, interest rate CAP and interest rate SWAP taken into account, an increase of one percentage point in the market interest rate would affect the Group's interest expenses and profit by EUR -4.2 million.

Liquidity and refinancing risk. In view of the Group's business operations and expansion objectives, it is important that the Group has, in addition to cash and cash equivalents, sufficient credit facilities to fund working capital requirements and acquisitions. The Group's liquidity is projected both in the medium and short term in order to anticipate financing needs. The Group's business is profitable and the Group's view is that there is no significant risk regarding the availability of financing. In the early stage of the COVID-19 pandemic, in the beginning of April 2020, the group withdrew a loan from its revolving credit facility amounting to EUR 100 million. EUR 80 million of the loan was repaid in early June 2020 and the remaining EUR 20 million in the beginning of October 2020.

At the reporting date, there were EUR 84.5 (22.1) 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 1,010 (960) million. EUR 810 (760) million of the Group's loan facilities (first lien loans) mature in August 2025 and EUR 200 million (second lien loan) mature in August 2026. The syndicated loan agreement also includes revolving credit facilities of EUR 125 million maturing in February 2025, of which EUR 25 million was allocated to bank guarantee facilities and to an overdraft facility. EUR 3.0 (3.6) 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 0.2 million that are not allocated from the guarantee facilities.

The Group's loan agreements do not include covenants if 40 per cent 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.

Maturity of financial liabilities

	2020						
EUR million	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Loans from financial institutions	45.5	45.7	45.5	45.6	843.3	208.9	1,234.6
Interest rate CAP payments	0.4						0.4
Interest rate SWAP payments	1.6	6.4	4.8				12.8
Finance lease liabilities	86.0	80.6	74.8	67.3	61.9	286.3	657.0
Hire purchase liabilities	0.3	0.4	0.2	0.0	0.0		0.9
Contingent considerations (acquisition related)	2.0	4.5	1.2				7.7
Trade payables	29.7						29.7
Unpaid private practitioners' services	23.4						23.4
Acquisition related purchase price liabilities	0.0						0.0
Other liabilities	1.5	0.1					1.6
Total	**190.3**	**137.7**	**126.4**	**113.0**	**905.3**	**495.2**	**1,968.0**

	2019						
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	43.7	43.8	43.6	43.6	45.8	1,005.8	1,226.3
Interest rate CAP payments	0.6	0.4					1.0
Interest rate SWAP payments		1.6	6.4	4.8			12.8
Finance lease liabilities	79.4	74.0	67.9	63.9	58.0	288.4	631.6
Hire purchase liabilities	0.3	0.5	0.2	0.1	0.0		1.1
Contingent considerations (acquisition related)	2.2	2.4	0.9				5.5
Trade payables	25.6						25.6
Unpaid private practitioners' services	21.3						21.3
Acquisition related purchase price liabilities	0.3						0.3
Other liabilities	0.2	0.7					0.8
Total	**173.5**	**123.4**	**119.0**	**112.4**	**103.9**	**1,294.1**	**1,926.3**

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

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

Currency risk. The Group operates mainly in Finland, so it does not have significant foreign exchange risk related to operations. All external loans taken by the Group are euro-denominated.

Trade receivables and contract assets

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

	2019		
EUR million	Gross value	Expected credit losses	Net value
Not past due	77.6	-0.1	77.5
1–30 days overdue	5.3	0.0	5.3
31–60 days overdue	2.2	0.0	2.2
61–180 days overdue	2.5	-0.2	2.3
Over 180 days overdue	3.9	-2.4	1.5
Total	**91.4**	**-2.7**	**88.7**

5.4 Financial assets and liabilities

Fair value measurement

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

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

Financial assets

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

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

Financial assets recognised at fair value through profit or loss

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

Financial assets measured at amortised cost

Financial assets recognised at cost less accumulated amortisation include customary trade receivables and loan receivables of which contract-based cash flows are payments of capital and interest. Trade receivables and loan receivables are measured at amortized cost less any impairment losses.

The impairment of trade receivables is estimated based on the expected credit losses over the term. The impairment of loan receivables is estimated based on the expected credit losses for the next 12 months or the expected credit losses over the term, if the credit loss risk has increased. Any impairment loss of trade receivables is recognised in the other operating expenses and any impairment loss of other financial assets is recognised in finance expenses. The transaction costs of financial assets recognised by amortised cost are included in their initial book values. Receivables are classified as non-current or current receivables based on their maturity dates.

EUR million	Fair value hierarchy	2020	2019
Non-current financial assets			
Financial assets at fair value through profit or loss			
Unlisted shares	3	0.4	0.6
Total		**0.4**	**0.6**
Financial assets at amortised cost			
Rental security deposit accounts	2	0.7	1.0
Loan receivables	2	0.8	1.6
Other non-current receivables	2	3.6	2.9
Total		**5.0**	**5.5**
Total non-current financial assets		**5.5**	**6.1**
Current financial assets			
Financial assets at amortised cost			
Trade receivables	2	94.3	83.5
Loan receivables	2	0.9	0.3
Escrow account (non-interest bearing)	3		0.3
Short-term other receivables	2	1.2	1.8
Cash and cash equivalents	2	84.5	22.1
Total current financial assets		**180.8**	**107.9**
Total financial assets		**186.3**	**114.0**

The financing arrangement related to the acquisition of Pihlajalinna expired at the end of 2020 when the public tender offer was expired. The finance expenses related to equity and liabilities arising from the tender offer amounted to EUR 1.7 (0.8) million.

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.

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.

EUR million	Fair value hierarchy	2020	2019
Non-current financial liabilities			
Financial liabilities at fair value through other comprehensive income			
Cash flow hedges (interest rate SWAP agreement)	2	12.6	10.8
Total		**12.6**	**10.8**
Financial liabilities at fair value through profit or loss			
Contingent considerations (acquisition related)	3	5.7	3.3
Derivates not designated as hedges (interest rate CAP agreements)	2		1.1
Total		**5.7**	**4.4**
Financial liabilities at amortised cost			
Loans from financial institutions	3	991.9	939.3
Lease liabilities	2	449.5	435.1
Hire purchase liabilities	2	0.5	0.8
Non-current liabilities to others	3	0.1	0.7
Total		**1,442.0**	**1,375.9**
Total non-current financial liabilities		**1,460.4**	**1,391.1**

EUR million	Fair value hierarchy	2020	2019
Current financial liabilities			
Financial liabilities at fair value through profit or loss			
Contingent considerations (acquisition related)	3	2.1	2.0
Derivates not designated as hedges (interest rate CAP agreements)	2	0.4	
Total		**2.6**	**2.0**
Financial liabilities at amortised cost			
Lease liabilities	2	64.2	56.5
Hire purchase liabilities	2	0.3	0.3
Trade payables	2	29.7	25.6
Unpaid private practitioners' services	2	23.4	21.3
Acquisition related purchase price liabilities	3	0.0	0.3
Escrow account liabilities (non-interest bearing)	3		0.3
Other liabilities	2	1.5	0.2
Total		**119.0**	**104.4**
Total current financial liabilities		**121.6**	**106.4**
Total financial liabilities		**1,582.0**	**1,497.4**

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. The loans are secured by shares of Group companies and business mortgages; for additional information, see note 5.6.

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

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

	2019				
EUR million	Loans from financial institutions	Derivatives	Lease liabilities	Hire purchase liabilities	Total
1 January	**937.9**	**3.9**	**470.3**	**0.8**	**1,412.9**
Cash flow - financing activities	-4.8		-54.7	-0.8	-60.3
Cash flow - investing activities				0.7	0.7
Business combinations	2.7		17.8	0.4	20.8
Change in fair value		8.0			8.0
New contracts			64.5		64.5
Ended contracts			-6.3		-6.3
Transaction costs	3.5				3.5
31 December	**939.3**	**11.8**	**491.6**	**1.1**	**1,443.8**

5.5 Finance income and expenses

EUR million	2020	2019
Dividend income	0.0	0.0
Interest and other finance income on financial assets at amortised cost		
Interest income from others	0.3	0.3
Other finance income	0.0	0.1
Interest income and changes in fair value of financial assets at fair value through profit or loss		
Derivatives not designated as hedges - unrealised profit at fair value valuation	0.6	
Total finance income	**0.9**	**0.4**
Interest and other finance expenses on financial liabilities at amortised cost		
Interest expenses on loans from financial institutions	49.9	51.3
Interest expenses on lease liabilities	23.9	22.9
Other interest and finance expenses	3.4	2.8
Interest expenses and changes in fair value of financial liabilities at fair value through profit or loss		
Derivatives not designated as hedges - realised expense	0.6	0.6
Derivatives not designated as hedges - unrealised losses at fair value valuation		0.2
Impairment and losses from sale of financial assets at fair value through profit or loss or other comprehensive income		
Impairment and losses from sale	0.0	0.0
Total finance expenses	**77.9**	**77.9**
Total finance income and expenses	**-77.0**	**-77.6**

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

5.6 Contingent liabilities and commitments

Following the exemption principle of IFRS 16 at the adoption of standard as at 1 January 2019, only the lease agreements of short-term leases and low-value assets are presented as a contingent liabilities and commitments. In addition, the Group's leased premises are subject to variable consideration, which is not included in the IFRS 16 calculation. Contingent liabilities and commitments also include the already signed lease agreements that start in the upcoming years.

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

Non-cancellable minimum lease payments

Group as a lessee

EUR million	2020	2019
Within one year	9.4	11.0
Between two and five years	42.1	48.0
More than five years	80.0	79.1
Total	**131.5**	**138.2**

At the end of the financial year, Mehiläinen had committed on investing in renovations and unit openings, off-balance sheet liability related to this amounted to approximately EUR 13.8 million. Additionally, fixed assets for Harjun terveys oy, a company that was founded for providing the central social services to Päijät-Häme Welfare Association (PHHYKY) will be procured via leasing arrangements in 2021.

Group as a lessor

EUR million	2020	2019
Within one year	0.9	0.7
Between two and five years	0.5	0.5
More than five years	0.0	0.1
Total	**1.4**	**1.3**

The Group has subleased individual premises which are not used by its businesses. Lease expenses recognised as an expense are presented in the notes 2.5 and rental income for the subleases in the notes 2.2.

Other contingent liabilities and commitments

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

EUR million	2020	2019
Guarantees given on behalf of the Company		
Business mortgages	16,276.0	16,276.3
Pledged subsidiary shares		28.3
Pledged receivables from Mehiläinen Yhtymä Oy Group Companies		
Pledged bank accounts	7.9	0.5
Rental deposit accounts	0.7	1.0
Mortgage of residential real estates	1.8	
Total	**16,286.3**	**16,306.1**

EUR 16 276 (16 276) million of the Group's business mortgages are collaterals in respect of Group's loan facilities. At the end of financial year 2019, the Group's business mortgages also included mortgages related to acquired companies amounting to EUR 0.3 million that had been returned after the end of financial year or were under cancellation process at the end of the financial year. The table includes pledged shares for subsidiaries without business mortgages. At the end of financial year 2020, there were no such pledged shares as on 30 November 2020, Asclepios Management 3 S.A. merged to Asclepios Luxembourg S.à r.l., which then subsequently merged to Mehiläinen Konserni Oy. Mortgage of residential real estates is a general collateral that derives from an acquired company. The loans related to this general collateral have been repaid in 2020 and the general collateral has been released in January 2021.

Number of subsidiaries

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Group structure

6.1 Subsidiaries

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

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

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

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

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

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

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

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

In 2020, the consolidated financial statements include the parent company Mehiläinen Konserni Oy and the following subsidiaries:

Subsidiary	Domicile	Ownership based on shares (%)	Share of voting rights %)
BeeHealthy Oy 3)	Helsinki	100	100
Desiker-Aurinkomäki Oy	Helsinki	100	100
Enonkosken Hoiva Oy	Enonkoski	100	100
Familar Oy	Helsinki	100	100
Haapajärven Kimppakoti Oy	Haapajärvi	100	100
Haapajärven Lääkäritalo Oy	Haapajärvi	100	100
Harjun terveys oy 3)	Lahti	51.0	51.0
Healthcare Staffing Solutions Oy 3)	Helsinki	100	100
Hoitokoti Poppeli Oy	Suonenjoki	100	100
Hoiva Mehiläinen Oy	Helsinki	100	100
Hoivakoti Auringonnousu Oy	Myrskylä	100	100
Hoivakoti Kultarusko Oy	Eura	100	100
Huoltsikka Oy	Mikkeli	100	100
Hämeen Lääkärikulma Oy 2)	Hämeenlinna	100	100
Hälsobarometern AB 2)	Stockholm, Sweden	100	100
Integrating Care Holding AB 2)	Stockholm, Sweden	100	100
ISH-Kiinteistöt Oy	Joensuu	100	100
Itä-Suomen Hoitokodit Oy	Joensuu	100	100
Itä-Uudenmaan Palvelukoti Oy	Loviisa	100	100
Jatkopolut Oy	Kuopio	100	100
JP-Työpaja Oy	Joutseno	100	100
Kalasataman Asumispalvelut Oy	Helsinki	100	100
Kastarin Pienryhmäkodit Oy	Hollola	100	100
Kiikan Palvelukoti Oy	Sastamala	100	100
Komppi Holding Oy 2)	Helsinki	100	100
Kormel Oy	Kouvola	100	100
Kotipalvelu Mehiläinen Oy	Espoo	100	100
Kuivannon Kotosa Oy	Riihimäki	100	100
Lappeenrannan Palvelukoti Oy	Lappeenranta	100	100
Lastensuojelulaitos Eemeli Oy	Harjavalta	100	100
Läkarhuset Sibyllegatan AB 2)	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 Lapinjärvi Oy	Lapinjärvi	82.5	82.5
Mehiläinen Länsi-Pohja Oy 4)	Kemi	81.0	81.0
Mehiläinen Omakoti Ravuri Oy	Hollola	100	100
Mehiläinen Raija Oy	Hausjärvi	100	100
Mehiläinen Terveyspalvelut Oy	Helsinki	100	100
Mehiläinen Yhtymä Oy	Helsinki	100	100
Mehiläinen Yhtiöt Oy	Helsinki	100	100
Mehiläinen Ykköskoti Hermanninranta Oy	Rautalampi	100	100
Mehiläinen Ykköskoti Reetanpiha Oy	Rautalampi	100	100
OIVA Riihi Oy	Kuopio	100	100
OmaPartners Oy	Helsinki	15.8	81.5
Oulun Palvelukoti Oy	Oulu	100	100
Palvelukoti Eloranta Oy	Pielavesi	100	100
Palvelukoti Huvikumpu Oy	Riihimäki	100	100
Palvelutalo Kotiranta Oy	Eno	100	100
Perhe- ja Palvelukodit Suomalainen Oy	Kuopio	100	100
Perhekoti Jääskeläinen Oy	Hämeenlinna	100	100
Pienryhmäkoti Havumäki Oy	Mikkeli	100	100
Provesta Oy	Kempele	100	100
Psyykkisen hyvinvoinnin keskus Komppi Oy 2)	Helsinki	100	100
Puhti Lab Oy 2)	Helsinki	100	100
Recare Oy	Merikarvia	100	100
Riekkomäen Palvelu Oy	Rauma	100	100
Saviston koti Oy 2)	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
Toivonlahti Oy	Joensuu	100	100
Torpankartano Oy	Oulu	100	100
Tuusulan Kerttuli Oy	Tuusula	100	100
Viitasaaren Ruustinna Oy	Viitasaari	100	100

Subsidiaries merged and dissolved in 2020:

	Domicile	Merger / Dissolved
Asclepios Luxembourg S.à r.l.	Luxembourg	Merger
Asclepios Management 3 S.A. [1]	Luxembourg	Merger
Dentalpoint Oy [2]	Helsinki	Merger
Joensuun hammaspaikka Oy	Joensuu	Merger
Kaunummen Koti Oy	Eurajoki	Merger
Kuntoutumiskoti Meininki Oy	Lappeenranta	Merger
Leppävaaran hammaslääkärikeskus Helmi Oy	Espoo	Merger
Lääkäriasema Joutsen Oy	Loimaa	Dissolved
Mehiläinen Omakoti Ahki Oy	Paimio	Merger
Mehiläinen Omakoti Luohti Oy	Paimio	Merger
Promedi Oy/Ab	Vaasa	Dissolved
SeiMedi Oy	Seinäjoki	Dissolved
Turun Seudun Työterveystalo Oy	Turku	Dissolved

[1] Name or company form changed in 2020
[2] Acquired in 2020. See note 4.1 for additional information on acquisitions.
[3] Established in 2020
[4] Group has one subsidiary with material share of non-controlling interest: Mehiläinen Länsi-Pohja Oy. The share of non-controlling interest from Mehiläinen Länsi-Pohja Oy's result for the year was EUR 0.0 (0.2) million and share of equity was EUR 0.6 (0.5) million. The financial information before intercompany eliminations of Mehiläinen Länsi-Pohja Oy is:
- Revenue 66.5 (68.2) milj. euroa
- Result for the year 0.4 (0.9) milj. euroa
- Total assets 13.8 (16.5) milj. euroa.

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

6.2 Associated companies and joint arrangements

Shares in associated companies

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

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

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

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

Joint arrangements

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

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

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

7. Other notes

7.1 Income taxes

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

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

Taxable income

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

Mehiläinen entered into enhanced cooperation with the Finnish Tax Office for Major Corporations in February 2020. 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. The start of enhanced cooperation was preceeded by an audit carried out by tax authorities of Mehiläinen's main tax processes (income taxes, VAT, prepayment and transfer pricing) and controls (the so-called Compliance Scan process).

Taxes in the statement of income

EUR million	2020	2019
Current taxes	-14.6	-6.4
Deferred taxes	5.8	2.8
Total	**-8.8**	**-3.6**

Taxes in the statement of comprehensive income

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

	2019		
EUR million	Before tax	Tax	Net of tax
Cash flow hedging	-7.8	1.6	-6.2
Total	**-7.8**	**1.6**	**-6.2**

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

EUR million	2020	2019
Profit before tax	**9.0**	**4.2**
Taxes at the tax rate of the parent company 20%	-1.8	-0.8
Effect of non-taxable income	0.0	0.4
Effect of non-deductible expenses	-4.4	-3.2
Unrecognised taxes on losses during the period	-0.0	-0.1
Effect of tax loss and net interest expenses utilisation	0.0	0.1
Change in previously unrecognised deferred tax assets	0.0	0.1
Other tax-deductible costs	-0.1	0.1
Taxes from previous periods	-0.0	-0.2
Other adjustments	-2.5	0.1
Income taxes in the statement of income	**-8.8**	**-3.6**
Effective tax rate, %	97.6%	85.9%

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

Mehiläinen Oy's dispute with the tax authorities regarding the tax deductibility of the interest expenses allocated to the Finnish branch of Ambea Finland AB in the tax years 2006-2012 ended in April 2020, when the Supreme Administative Court issued a decision rejecting the application for leave to appeal.

7.2 Deferred tax assets and liabilities

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

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

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

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

Deferred tax assets

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

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

EUR million	2019						
	1 January	Adjusted 1 Jan. [1]	Business combinations	Recognised in the statement of income	Recognised in the statement of comprehensive income	Recognised in equity	31 December
Deferred tax assets							
Leases		9.7		0.7		-0.1	10.3
Tax losses	7.4		0.0	-6.3			1.1
Tax-deductible net interest expense	1.7			1.6			3.4
Fair value of hedging	0.6				1.6		2.2
Other items	2.9	-0.4	0.0	0.1			2.6
Total	**12.6**	**9.3**	**0.1**	**-3.9**	**1.6**	**-0.1**	**19.5**
Deferred tax liabilities							
Fair value allocations	117.2		2.2	-6.8			112.6
Accrual differences of financial expenses	5.5			-0.6			4.8
Other items	0.8			-1.3			-0.6
Total	**123.5**		**2.2**	**-8.8**			**116.8**
Net amount	**-110.8**	**9.3**	**-2.2**	**4.9**	**1.6**	**-0.1**	**-97.3**

[1] Effect of an adoption of IFRS 16 has been recognised to opening balance sheet as at 1 January 2019.

At the balance sheet date, the Group has recognized deferred tax assers in full on confirmed losses.The total amount of losses was EUR 4.0 (5.6) million and the losses will expire in 2026-2030. The amount of deferred tax assets not recognized for net interest expenses not deducted for tax purposes totaled EUR 6.0 (2.8) million. It is estimated that the deferred tax assets recognized for both will be utilized during the forecast period confirmed by management.

7.3 Related parties and key management remuneration

Related parties include the parent company Finnish Healthcare Services S.à r.l., which belongs to the same Group with Mehiläinen. Considering the ownership structures, also Asclepios Holdings S.à r.l. is considered related party of the Group. The following companies merged with Mehiläinen Konserni Oy during the financial year have been considered as related parties: Asclepios Luxembourg S.à r.l., Asclepios Management 2 S.A. and Asclepios Management 3 S.A.. Additionally, the Group's related parties include subsidiaries and associated companies. The Group companies are listed in note 6.1.

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

The parties that own directly or indirectly more than 20 per cent of Mehiläinen Konserni Oy are also considered as related parties. On 31 December 2020 these companies were CVC Capital Partners funds and holdings 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.

Mehiläinen's group structure has been simplified at the end of the financial year. At the same time, personnel ownership of Mehiläinen was transferred to the level of parent company Mehiläinen Konserni Oy. In the merger process Asclepios Management 3 S.A. merged with Asclepios Luxemburg S.à r.l., and at the same time Asclepios Luxemburg S.à r.l. merged with Mehiläinen Konserni Oy. Both companies were subsidiaries of Mehiläinen. In addition, Mehiläinen's related party Asclepios Management 2 S.A. merged with Mehiläinen Konserni Oy. The mergers were completed on 30 November 2020, and as a result the changes in non-controlling interests increased the equity of the parent company's owners by EUR 3.5 million. Group's related parties accounted for 5,583,429 A-shares, 441,398 B-shares and 16,588,847 C-shares of the total shares issued as consideration for the merger. Equity transactions are described more in note 5.2.

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.

Salaries and other short-term employee benefits consists of salaries and benefits and performance bonuses. Key management personnel salaries and other short-term employee benefits include Group's CEO salaries amounting to EUR 0.4 (0.4) million. In addition, the Group CEO performance bonus paid totalled EUR 0.4 (0.2) million. The CEO is a Board Member but was not paid a separate Board remuneration.

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

Management Remuneration

	2020			
EUR million	Board of Directors	Group CEO	Executive Committee	Total
Salaries and other short-term employee benefits	0.2	0.8	4.4	5.4
Post-employment benefits		0.0	0.0	0.0
Total	**0.2**	**0.8**	**4.4**	**5.4**

	2019			
EUR million	Board of Directors	Group CEO	Executive Committee	Total
Salaries and other short-term employee benefits	0.3	0.6	4.0	4.9
Post-employment benefits		0.0	0.0	0.0
Total	**0.3**	**0.7**	**4.0**	**4.9**

7.4 Events after the balance sheet date

Mehiläinen has been selected as a service provider in the tender for the central social services of the Päijät-Häme Welfare Association (PHHYKY). The term of the agreement is ten years and can be extended by PHHYKY's decision with two five-year options. The fixed price in 2021 will total EUR 36 million, and at broadest EUR 63.6 million per year. The joint venture Harjun terveys oy was established on 1 October 2020, and service production begun on 1 January 2021.

As per 18 December 2020, Mehiläinen Terveyspalvelut Oy has signed an agreement according to which on 1 January 2021, Mehiläinen Terveyspalvelut Oy will acquire 100 per cent of the shares of Psykologipalvelu Poiju Oy, a provider of psychological services to municipal customers. In addition, Mehiläinen has closed smaller business acquisitions after the reporting period.

By the completion of the financial statements, Mehiläinen Konserni Oy's shares have been subscribed for a total of EUR 4.5 million. Total 772,375 new A-shares and 3,708,125 new B-shares have been issued in the subscriptions. After the end of the financial year, the parent company has also acquired its own shares for a total of EUR 0.6 million, comprising 144,077 A-shares and 419,642 C-shares. The Board of Directors has decided to cancel the own shares acquired by the company.

Parent Company Income Statement

EUR 1 000	Note	From 1 Jan. to 31 Dec. 2020	From 1 Jan. to 31 Dec. 2019
Revenue		**28**	
Personnel expenses	2.1		
Wages and salaries		-310	-245
Social security expenses			
Pension costs		-12	
Other social security expenses		-1	
Total personnel expenses		**-323**	**-245**
Other operating expenses	2.2	-526	-361
Operating profit/ loss		**-821**	**-606**
Finance income and expenses	2.3		
Interest and other finance income			
From Group companies		57	106
Interest and other finance expenses			
To others		-63	-169
Total finance income and expenses		**-6**	**-64**
Profit/ Loss before appropriations and taxes		**-827**	**-670**
Group contributions		860	1,400
Profit/ Loss before taxes		**33**	**730**
Income taxes		-18	-8
Profit/ Loss for the year		**15**	**722**

Parent Company Balance Sheet

EUR 1 000	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Investments	3.1		
Investments in subsidiaries		975,238	964,959
Total non-current assets		**975,238**	**964,959**
Current assets			
Short-term receivables			
Receivables from Group companies			
Trade receivables		35	
Loan receivables			5,201
Other receivables		860	1,400
Deferred assets			106
Total receivables from Group companies		**895**	**6,707**
Other receivables		63	
Deferred assets		26	3
Total short-term receivables		**983**	**6,709**
Cash and cash equivalents		6,987	23
Total current assets		**7,970**	**6,732**
Total assets		**983,209**	**971,691**

EUR 1 000	Note	31 December 2020	31 December 2019
EQUITY AND LIABILITIES			
Equity	3.2		
Share capital		23	3
Invested unrestricted equity reserve		971,972	971,444
Retained earnings		10,684	-689
Profit/ Loss for the year		15	722
Total equity		**982,694**	**971,480**
Liabilities			
Current liabilities			
Trade payables		259	118
Liabilities to Group companies			
Trade payables		153	
Accrued expenses			74
Total liabilities to Group companies		**153**	**74**
Other liabilities		13	10
Accrued expenses		89	9
Total current liabilities		**514**	**211**
Total liabilities		**514**	**211**
Total equity and liabilities		**983,209**	**971,691**

Parent Company Statement of Cash Flows

EUR 1 000	From 1 Jan. to 31 Dec. 2020	From 1 Jan. to 31 Dec. 2019
Cash flow from operating activities		
Profit/ Loss for the year	15	722
Adjustments		
Taxes	18	8
Appropriations	-860	-1,400
Finance income and expenses	6	64
Other adjustments	-52	
Changes in working capital		
Change in trade and other receivables	-116	-3
Change in trade and other payables	292	-111
Interest received	162	
Interests paid	0	
Taxes paid	-8	
Cash flow from operating activities	**-544**	**-720**
Cash flow from financing activities		
Share issues	885	4,785
Redemption of shares	-355	-117
Share issues expenses	-11	-178
Loans granted to Group companies		-5,950
Repayments of loan receivables from Group companies	5,201	749
Group contributions	1,400	
Cash flow from financing activities	**7,120**	**-711**
Change in cash and cash equivalents	6,576	-1,431
Cash and cash equivalents at 1 Jan.	23	1,454
Cash transferred in business combinations	388	
Cash and cash equivalents at 31 Dec.	**6,987**	**23**

Notes to the parent company financial statements

1. Accounting principles

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

Revenue

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

Investments

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

Financial expenses

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

2.1 Personnel expenses

	2020	2019
Average number of personnel	2	0

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

2.2 Other operating expenses

EUR 1 000	2020	2019
Consultant and professional fees	455	307
Administration costs	58	48
Other expenses	14	6
Total	**526**	**361**

Auditor's fees

EUR 1 000	2020	2019
Ernst & Young Oy		
Audit fees	42	64
Tax advisory	107	90
Other fees	18	1
Total	**166**	**156**

2.3 Financial income and expenses

EUR 1 000	2020	2019
Interest income from Group companies	57	106
Interest expenses to others	0	
Share issues expenses	-62	-169
Total	**-6**	**-64**

3.1 Investments

Investments in subsidiaries

EUR 1 000	2020
Acquisition costs at 1 January	964,959
Additions [1]	10,280
Acquisition costs at 31 December	975,238
Book value at 31 December	**975,238**

EUR 1 000	2019
Acquisition costs at 1 January	964,959
Acquisition costs at 31 December	964,959
Book value at 31 December	**964,959**

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

The ownership structure of Mehiläinen Group and thus the group structure has been simplified at the end of the financial year. Restructring included also transfer of certain personnel ownership to the level of parent company Mehiläinen Konserni Oy. In the merger process, Asclepios Management 3 S.C.A. merged with Asclepios Luxemburg S.à r.l. and at the same time Asclepios Luxemburg S.à r.l. merged with Mehiläinen Konserni Oy. In addition, related party Asclepios Management 2 S.C.A. merged with Mehiläinen Konserni Oy. The mergers were completed on November 30, 2020. The merger of Asclepios Luxemburg S.à r.l. was carried out at fair value and the merger of Asclepios Management 2 S.C.A. was carried out at book values.

3.2 Equity

Changes in equity in 2020

Mehiläinen Konserni Oy has 1,002,060,236 registered shares divided between A-shares 55,222,049, B-shares 924,095,692 and C-shares 22,742,495. The shares are divided into classes that differ according to the order of precedence to the profit sharing in accordance with the articles of association. Otherwise, in accordance with the articles of association, the company's shares give equal rights to the company. Mehiläinen Konserni Oy has no existing stock option programs. The share capital is EUR 22,500.

During the financial year, Mehiläinen Konserni Oy was the receiving party in two cross-border mergers in which Asclepios Management 2 S.A. and Asclepios Luxembourg S.à r.l. merged into the company. Pursuant to the share issue authorization issued on 22 September 2020, the company's Board of Directors has issued to the shareholders of Asclepios Management 2 SA total 6,552,365 new A-shares, 441,398 new B-shares and 19,477,189 new C-shares and to the shareholders of Asclepios Luxembourg S.à.r.l. 1,095,414 new A-shares and 3,265,306 new C-shares of as merger consideration.

A total of EUR 0.9 million has been subscribed under the invested unrestricted equity fund during the financial period as follows:

- On the basis of the share issue authorization dated 4 June 2019 and 16 September 2019 the Company's Board of Directors decided on 14 December 2020 to issue a total of 67,080 new A-shares and 817,920 new B-shares against a total subscription price of EUR 0.9 million.
- On the basis of the share issue authorization dated 21 December 2020, the Company's Board of Directors decided on 30 December 2020 to issue a total of 353,328 new A-shares and 2,196,672 new B-shares against a total subscription price of EUR 2.6 million. The shares have not been registered at the end of the financial year.

The above-mentioned share issues are directed to investors of the company's personnel as part of the expansion of the Company's shareholder base. The above-mentioned shares issued have not been registered at the end of the financial year.

At the end of the financial year, the company held 6,700,896 its own A-shares and 19,583,330 B-shares. Total 6,569,607 A-shares and 19,583,330 B-shares have been acquired by the Mehiläinen Konserni Oy as a result of the merger between Asclepios Management 2 S.A. and Mehiläinen Konserni Oy. On 30 December 2020, the company's Board of Directors has decided to cancel these shares. Cancellation of these shares has not been registered at the end of the financial year. During the financial year, the company also acquired its own shares from private investors who have given up their holdings in the company. A total of 351,289 of the company's own shares have been repurchased, of which 186,553 are A-shares and 164,736 are B-shares. The consideration paid by the company for the shares has been EUR 1 per share. The Board of Directors has decided to cancel the shares immediately after they have taken over the company, but cancellation has not been registered for 131,289 A-shares at the end of the review period. The relative share of shares held by the company in the company's total registered shares at the end of the financial year is 2.62 per cent.

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

- On 21 December 2020, the company's shareholders have authorized the Board of Directors to decide on a share issue. A maximum of 7,622,867 shares, including a maximum of 1,573,353 A-shares and a maximum of 6,049,514 B-shares, may be issued under the authorization. Under the authorization 1,220,025 A-shares and 3,852,842 B-shares were not issued at the end of the financial year.
- On 21 December, 2020, the company's shareholders have authorized the Board of Directors to decide on the repurchase of own shares. Pursuant to the authorization, a maximum of 4,500,000 shares may be repurchased, of which a maximum of 1,500,000 A-shares, a maximum of 1,500,000 B-shares and a maximum of 1,500,000 C-shares. At the end of the financial year, 1,368,711 A-shares, 1,500,000 B-shares and 1,500,000 C-shares were not repurchased at the end of the financial year.

	2020							
EUR 1 000 / No.	No. of A-shares	No. of B-shares	No. of C-shares	No. of total shares	Share capital	Invested unrestricted equity reserve	Retained earnings	Total
Book value, 1 January	47,629,534	923,819,030		971,448,564	3	971,444	33	971,480
Share issues	67,080	817,920		885,000		885		885
Redemption of shares	-186,553	-164,736		-351,289		-357		-357
Shares issued and own shares acquired as a results of the merger	1,078,172	-19,141,932	22,742,495	4,678,735	20		10,596	10,616
Other changes							56	56
Profit for the year							15	15
Book value, 31 December	**48,588,233**	**905,330,282**	**22,742,495**	**976,661,010**	**23**	**971,972**	**10,699**	**982,694**

	2019						
EUR 1 000 / No.	No. of A-shares	No. of B-shares	No. of total shares	Share capital	Invested unrestricted equity reserve	Retained earnings	Total
Book value, 1 January	47,344,526	919,434,038	966,778,564	3	966,776	-689	966,090
Share issues	313,896	4,471,104	4,785,000		4,785		4,785
Redemption of shares	-28,888	-86,112	-115,000		-117		-117
Profit for the year						722	722
Book value, 31 December	**47,629,534**	**923,819,030**	**971,448,564**	**3**	**971,444**	**33**	**971,480**

Statement of distributable equity

EUR 1 000	2020	2019
Retained earnings 1 January	33	-689
Invested unrestricted equity reserve	971,972	971,444
Shares issued as merger consideration	10,596	
Other changes	56	
Profit/ Loss for the year	15	722
Total 31 December	**982,672**	**971,477**

4. Contingent liabilities and commitments

EUR 1 000	2020	2019
Pledged subsidiary shares	33,474	23,195

5. Significant events after the financial year

By the completion of the financial statements Mehiläinen Konserni Oy's shares have been subscribed for a total of EUR 4.5 million. Total 772,375 new A-shares and 3,708,125 new B-shares have been issued in the subscriptions. After the end of the financial year, the company has also acquired its own shares for a total of EUR 0.6 million, comprising 144,077 A-shares and 419,642 C-shares. The Board of Directors has decided on December 30, 2020 to cancel the own shares acquired by the company.

Signatures for the Report of Board of Directors and the Financial Statements

Helsinki, 18 February, 2021

Andreas Tallberg
Chair of the Board of Directors

Harri Aho
Member of the Board of Directors

Lave Beck-Friis
Member of the Board of Directors

Tomas Ekman
Member of the Board of Directors

Eveliina Huurre
Member of the Board of Directors

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

Minna Kohmo
Member of the Board of Directors

The Auditor's Note

A report on the audit performed has been issued today.
Helsinki, 18 February, 2021

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

To the Annual General Meeting of Mehiläinen Konserni Oy

Opinion

We have audited the financial statements of Mehiläinen Konserni Oy (business identity code 2915284-1) for the year ended 31 December, 2020. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

Basis for Opinion

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

Other Reporting Requirements

Other information

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

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

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

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

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

Helsinki 18.2.2021

Ernst & Young Oy
Authorized Public Accountant Firm

Mikko Rytilahti
Authorized Public Accountant

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