

ORIOLA CORPORATION'S FINANCIAL STATEMENTS RELEASE 1 JANUARY – 31 DECEMBER 2022

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Oriola 1 January – 31 December 2022

Demand continued on good level, profitability improved in 2022

Reporting information for 2021 has been restated to reflect Oriola's operating model change announced in October 2021 and the framework merger agreement with Euroapotheca to combine the respective pharmacy businesses in Sweden, announced in February 2022. The restated information, which was published on 26 April 2022, includes the new segment structure. Continuing operations include the old business areas Pharma and Retail combined into one reportable segment, and discontinued operations consist of the Consumer segment, which includes the pharmacy operations in Sweden that were combined with Euroapotheca's Apoteksgruppen on 3 October 2022.

October–December 2022 highlights

Continuing operations

- Invoicing decreased by 3.8% to EUR 906.9 (942.4) million. On a constant currency basis, invoicing increased by 1.1% and was EUR 953.0 million.
- Net sales decreased by 3.1% to EUR 374.2 (386.2) million. On a constant currency basis, net sales increased by 1.9% and were EUR 393.6 million.
- Adjusted EBIT was EUR 0.9 (6.6) million. On a constant currency basis, the adjusted EBIT was EUR 0.9 million.
- EBIT was EUR -9.0 (4.4) million and included adjusting items of EUR -10.0 (-2.3) million mainly related to an impairment of other tangible and intangible assets not yet available for use and which have been development in progress. On a constant currency basis, EBIT was EUR -9.3 million.
- Loss for the period totalled EUR -8.1 (3.8) million and earnings per share were EUR -0.04 (0.02).

January–December 2022 highlights

Continuing operations

- Invoicing increased by 1.7% to EUR 3,568.0 (3,506.9) million. On a constant currency basis, invoicing increased by 4.9% and was EUR 3,678.7 million.
- Net sales increased by 4.4% to EUR 1,515.5 (1,452.2) million. On a constant currency basis, net sales increased by 7.6% and were EUR 1,563.0 million.
- Adjusted EBIT was EUR 17.8 (14.9) million. On a constant currency basis, adjusted EBIT was EUR 18.1 million.
- EBIT was EUR 7.6 (10.7) million and included adjusting items of EUR -10.2 (-4.2) million mainly related to an impairment of other tangible and intangible assets not yet available for use and which have been development in progress. On a constant currency basis, EBIT was EUR 7.7 million.
- Profit for the period totalled EUR 4.8 (8.6) million and earnings per share were EUR 0.03 (0.05).
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.06 (0.04) per share be paid for 2022.

Key figures	2022	2021	Change	2022	2021	Change
EUR million	10-12	10-12	%	1-12	1-12	%
Continuing operations						
Invoicing	906.9	942.4	-3.8	3,568.0	3,506.9	1.7
Net sales	374.2	386.2	-3.1	1,515.5	1,452.2	4.4
Adjusted EBIT ¹	0.9	6.6	-85.7	17.8	14.9	19.1
EBIT	-9.0	4.4	-307.1	7.6	10.7	-29.0
Adjusted EBIT %	0.3	1.7		1.2	1.0	
EBIT %	-2.4	1.1		0.5	0.7	
Profit (loss) for the period	-8.1	3.8	-311.5	4.8	8.6	-44.9
Earnings per share, EUR, continuing operations	-0.04	0.02	-311.5	0.03	0.05	-44.9
Earnings per share, EUR, discontinued operations	-0.16	0.01		-0.04	0.01	
Net cash flow from operating activities ²	36.1	42.2		77.9	40.0	
Gearing, % ²				-10.5	46.5	
Equity ratio, % ²				23.8	20.1	
Return on capital employed (ROCE), % ²				1.9	4.6	

¹ Adjusting items are specified in note Adjusting items.

² Year 2021 includes discontinued operations.

In order to reflect the underlying business performance and to enhance comparability between financial periods, Oriola discloses certain performance measures of historical performance, financial position and cash flows, as permitted in the "Alternative performance measures" guidance issued by the European Securities and Markets Authority (ESMA). These measures should not be considered as a substitute for measures of performance in accordance with the IFRS. The calculation methods of these measures are provided in note Alternative performance measures in the notes to this Financial Statements Release.

Outlook for 2023

Oriola expects the adjusted EBIT, excluding the contribution from the joint venture Swedish Pharmacy Holding AB, to remain on the same level compared to 2022.

The outlook takes into consideration the significant negative impact on Oriola's profitability from the loss of public tenders and consequently of patients in the dose dispensing business in Sweden. The dose dispensing business in Sweden will focus on new customer segments to develop the business. Furthermore, the recent overall inflationary environment and related cost pressures may have an impact on Oriola's profitability.

The adjusted EBIT in 2022 was EUR 19.7 million, excluding the contribution from the joint venture company Swedish Pharmacy Holding AB.

CEO Katarina Gabrielson:

"The year 2022 proved Oriola's capability to adapt to the changing market environment, as we successfully implemented our short-term turnaround plan and initiated a transformation in the company's future direction. This was made possible by the strong support from our employees.

In 2022, Oriola's adjusted EBIT in continuing operations increased by 32% to EUR 19.7 million, excluding the contribution from the joint venture company Swedish Pharmacy Holding AB. The improvement was driven by strict focus on increased efficiency and rigorous cost saving actions related to our turnaround initiatives as well as good market demand. The balance sheet strengthened, partly because of the combination of the pharmacy businesses of Kronans Apotek and Apoteksgruppen. In addition, we had strong cash flow driven by good underlying business performance. This gives us financial strength for developing the company further.

Despite good market demand and a strict focus on lowering our costs, Oriola's financial performance, however, weakened in the fourth quarter of 2022 compared to the tough comparison figure. The severe inflationary environment continued, increasing transportation related costs, which are reflected in our result. In addition, our performance was burdened by the reduction of patients in the dose dispensing business in Sweden. We also booked adjusting items of EUR -10.0 million mainly related to an impairment of other tangible and intangible assets not yet available for use and which have been development in progress, and this was reflected in our earnings per share.

The combination of the pharmacy businesses in Sweden to Swedish Pharmacy Holding AB, completed in October, was a major milestone for Oriola. The transaction strengthened our focus as a service provider to pharmaceutical companies and pharmacies as well as simplified our structure.

During the year 2022, we also progressed in improving our efficiency, portfolio management and product pricing. The impact of these actions was clearly visible in our performance, and this will support us in mitigating the inflation pressures going forward.

Oriola's new operating model, which captures the full value of our cross-market responsibilities, has been implemented and allows us to further improve our operational, commercial and supply chain excellence. I am very pleased that our new management team is complete and is now working to create value to all our stakeholders.

Looking ahead, our focus will be on the longer-term transformation of Oriola, aiming at creating an even more agile, efficient and profitable company. This will reinforce our role as a preferred partner in securing the availability of pharmaceuticals and in providing advisory services to pharmaceutical companies. The past twelve months have convinced me that we are on the right path and given me confidence in our ability to reach our targets in 2023.

To conclude, I would like to thank all our employees for their commitment and our customers for the good cooperation during this eventful year in a somewhat challenging environment, as well as the Board of Directors for their support throughout the year."

Oriola Corporation's Financial Statements Release 1 January – 31 December 2022

Operating environment

Consumer confidence was weakened and inflation was high, which affected consumer behaviour. Energy and fuel prices as well as labour costs in Europe increased during 2022, driven by the geopolitical situation.

The increased economic uncertainty did not impact the pharmaceuticals market, which continued to grow steadily in the fourth quarter in Sweden and Finland. The growth slowed somewhat in Finland in the fourth quarter compared to the previous quarters of 2022. In the first quarter of 2022, consumers prepared for a crisis by hoarding pharmaceuticals especially in Sweden and societies enhanced their pharmaceutical reserves, as well. During the latter part of the year market demand returned to a more normal level.

The availability of raw materials for medical products became tighter during the second half of the year due to the COVID-19 restrictions in China, and this has affected the availability of some medicines in Sweden and Finland.

Market environment

In Sweden, the value of the pharmaceutical distribution market at wholesale prices, measured in Swedish krona, grew by 8.0% (3.1%) in January–December and by 8.3% (4.6%) in the fourth quarter (source: IQVIA). In Finland, the market value grew by 3.9% (3.0%) in January–December and by 1.9% (4.3%) in the fourth quarter (source: LTK). According to Oriola's estimate, Oriola's share of the pharmaceutical wholesale market in Sweden was approximately 45% (46%) in January–December and 44% (46%) in the fourth quarter. According to Oriola's estimate, the company's share of the pharmaceutical wholesale market in Finland was approximately 44% (43%) in January–December and 44% (44%) in the fourth quarter.

In the dose dispensing business, Oriola offers pharmaceuticals and dose dispensing for private and public healthcare sector operators. The total market size for dose dispensing is approximately 260,000 patients (250,000) in Sweden and 100,000 patients (90,000) in Finland. Oriola serves approximately 75,000 (103,000) patients in Sweden and approximately 30,000 (29,000) patients in Finland.

Group financial performance October–December 2022, continuing operations

Invoicing and net sales

Invoicing decreased by 3.8% to EUR 906.9 (942.4) million. On a constant currency basis, invoicing increased by 1.1%. Net sales decreased by 3.1% to EUR 374.2 (386.2) million. On a constant currency basis, net sales increased by 1.9%, mainly driven by the improving market demand.

Profitability

Adjusted EBIT decreased to EUR 0.9 (6.6) million due to higher input costs, such as transportation costs, and a lower number of dose patients in Sweden as well as a loss of some distribution customers in Sweden. Higher costs were partly offset by savings from turnaround initiatives. EBIT was EUR -9.0 (4.4) million. The figure includes Oriola's share of the net profit of EUR -2.0 million in a joint venture. Adjusting items totalled EUR -10.0 (-2.3) million and were mainly related to an impairment of other tangible and intangible assets not yet available for use and which have been development in progress. The impairment is related to several earlier years process automation development, outdated information technology and partially implemented projects that have been discontinued. Adjusted EBIT on a constant currency basis was EUR 0.9 million.

Net financial expenses were EUR 0.8 (-0.2) million. Profit for the period was EUR -8.1 (3.8) million. Earnings per share were EUR -0.04 (0.02).

Group financial performance January–December 2022, continuing operations

Invoicing and net sales

Invoicing increased by 1.7% to EUR 3,568.0 (3,506.9) million. On a constant currency basis, invoicing increased by 4.9%. Net sales increased by 4.4% to EUR 1,515.5 (1,452.2) million. On a constant currency basis, net sales increased by 7.6%, mainly driven by the improving market demand and new customer agreements in the pharmaceutical distribution business. Invoicing and net sales include sales to discontinued operations amounted to EUR 272.6 (387.3) million. In October-December, sales to the joint venture were EUR 130.9 million.

Profitability

Adjusted EBIT increased to EUR 17.8 (14.9) million, mainly driven by net sales growth and turnaround initiatives. EBIT was EUR 7.6 (10.7) million. The figure includes Oriola's share of the net profit of EUR -2.0 million in a joint venture. Adjusting items totalled EUR -10.2 (-4.2) million and were related to an impairment of other tangible and intangible assets not yet available for use and which have been development in progress, the divestment of the staffing services business, costs related to Kronans Apotek combining with Apoteksgruppen and other restructuring costs. Adjusted EBIT on a constant currency basis were EUR 18.1 million.

Net financial expenses were EUR 0.7 (-0.3) million. Profit for the period was EUR 4.8 (8.6) million. Earnings per share were EUR 0.03 (0.05).

Joint venture Swedish Pharmacy Holding AB

On 3 October 2022, Oriola and Euroapotheca finalised the combining of Kronans Apotek and Apoteksgruppen into a new jointly owned company. Accordingly, Oriola informed that starting from the fourth quarter of 2022, Oriola will report the new company as a joint venture under the equity method and present the joint venture's result above the EBIT line in the consolidated financial statements.

In the fourth quarter of 2022, Swedish Pharmacy Holding AB reported net sales of EUR 292.7 (288.6) million. Adjusted EBIT was EUR -2.8 million, synergies during the reporting period totalled to EUR 1.0 million and one-off costs related to the integration of the two companies was EUR 1.9 million. EBITA (Earnings before interest, taxes and amortization) was EUR -1.3 million. At the end of December 2022, net interest-bearing debt was EUR 95.3 million.

In the fourth quarter, 2022, Oriola booked a loss of EUR 2.0 million from Swedish Pharmacy Holding AB. The loss was a result of lower sales, higher operating expenses, and integration related one-off costs.

Reporting segments

At the beginning of 2022, Oriola implemented a country-based organisation, where former Pharma and Retail business areas and the Operations function were transformed into a new organisational structure. Since then, Oriola's continuing operations have included one reportable segment, which includes business areas Oriola Finland and Oriola Sweden. Previous periods have been adjusted to reflect the changes in the management reporting.

Oriola offers advanced distribution, expert and advisory services for pharmaceutical companies and a wide range of health and wellbeing products for pharmacies, veterinarians, other healthcare operators and retail operators in the Finnish and Swedish markets. Additionally, Oriola offers dose dispensing services for pharmacies and healthcare operators.

Turnaround highlights

In 2022, Oriola completed a turnaround initiative started in 2021 to ensure the company's profitability and efficiency.

The short-term action plan for turnaround consisted of four key elements:

- Cost savings through simplified operating model, reduction of operating costs and rigorous cost management.
- Efficient net working capital management through optimised product portfolio, enhanced supplier management & supply chain planning.
- Excellent customer relationship management targeting superior customer experience with one touchpoint for customers.
- Commercial excellence through service portfolio crystallisation, pricing models and enhanced margin management.

By these measures, Oriola streamlined its processes to improve operational efficiency and reduced costs to increase profitability and cost-competitiveness. The impact of these actions became gradually visible during 2022, including the identified EUR 7 million in cost savings in both continuing and discontinued operations. Furthermore, the measures improved the cash flow and net-debt position of the company. In the beginning of October the Group organisation and operating model were changed to support customer relationship management and commercial excellence. More information on the reorganisation can be found in the “New Operating model” section of this report.

Sustainability

In line with its purpose ‘Health for life’, Oriola improves the prerequisites for a healthier life – in the context of society, people and planet. The company’s highest priority and societally the most significant task is to ensure pharmaceutical safety and the availability of pharmaceuticals. Over 40% of the pharmaceuticals used in Finland and in Sweden are delivered by Oriola.

Oriola’s continuing operations employ approx. 830 professionals. Their expertise and know-how are a prerequisite for an excellent customer experience, responsible business and for meeting the strict quality requirements of the pharmaceutical industry.

The wellbeing of the planet is an integral element of people’s health and of creating a healthier tomorrow. Therefore, Oriola’s ambition is to reach carbon neutrality in Oriola’s own operations by 2025 and in indirect emissions from the supply chain in 2030.

Oriola’s sustainability programme is aligned with the UN’s Sustainable Development Goals and integrated in the Group’s strategy. To measure the company’s progress towards the long-term targets, Oriola monitors several key performance indicators. Please see <https://www.oriola.com/sustainability> for further information.

Sustainability highlights in January–December 2022

Oriola is committed to achieving carbon neutrality in its own operations by 2025. The company’s target is that 100% of electricity and heat consumption in its own operations are derived from renewable or carbon-neutral sources, and the figure was 91% (95) in 2022. The decline was due to the divestment of Kronans Apotek. Oriola also continued its systematic work to reduce waste and increase recycling. As a result, the annual recycling rate increased to 83% (79), nearing the company’s target of 85%.

Oriola’s sustainability work received several ratings and recognitions during the year. The company achieved Prime status in ISS ESG Corporate Rating. The rating placed the company among the highest decile in its sector as Oriola excelled especially in society and product responsibility and environmental management. In addition, Oriola renewed its leader rating of AAA (scale of AAA-CCC) in the MSCI ESG Ratings assessment and received recognition for its environmental work by achieving CDP’s best leadership level with score A- (scale of A-D).

Discontinued operations

On 3 October 2022, Oriola announced it had finalized the combination of its pharmacy business Kronans Apotek and Euroapothecca’s Apoteksgruppen into a new jointly owned company in Sweden. The former Consumer business area comprising Kronans Apotek has been reported as discontinued operations until the completion of the divestment on 3 October 2022.

Loss for the period from discontinued operations in October-December 2022 was EUR 29.8 million (profit of 1.5) and in January-December 2022 EUR 7.2 million (profit of 2.7). The figure includes a loss of EUR 29.4 million from the divestment of discontinued operations.

When combining the two operations, the loss for the period from continuing and discontinuing operations in October-December 2022 was EUR 37.9 million (profit of 5.3) and loss in January-December 2022 was EUR 2.4 million (profit of 11.3).

Balance sheet, cash flow and financing

Oriola's total assets at the end of December 2022 were EUR 960.9 (1,093.2) million. Equity attributable to the equity holders was EUR 225.6 (216.8) million.

Cash and cash equivalents totalled EUR 160.6 (109.1) million. Net cash flow from operating activities in January–December 2022 was EUR 77.9 (40.0) million, of which changes in working capital accounted for EUR 27.7 (-17.1) million. Strong fluctuation in working capital is typical for Oriola's industry. Net cash flow from investing activities was EUR 3.0 (9.6) million. Net cash flow from financing activities was EUR -29.3 (-108.5) million.

At the end of December 2022, interest-bearing debt was EUR 136.9 (209.9) million. Non-current interest-bearing liabilities amounted to EUR 69.9 (123.5) million and current interest-bearing liabilities amounted to EUR 67.0 (86.4) million. Non-current interest-bearing liabilities mainly consist of loans from financial institutions totalling EUR 59.1 (63.3) million and non-current lease liabilities totalling EUR 10.9 (60.2) million. Current interest-bearing liabilities mainly consist of commercial paper issues of EUR 49.8 (49.8) million, advance payments from Finnish pharmacies totalling EUR 11.8 (16.0) million, loans from financial institutions totalling EUR 2.0 (2.0) million and current lease liabilities totalling EUR 3.4 (18.6) million. Interest-bearing net debt was EUR -23.7 (100.8) million and gearing -10.5% (46.5%).

Non-recourse trade receivables sales programmes are in use in Sweden. At the end of December 2022, a total of EUR 100.8 (183.1) million in trade receivables had been sold. The average interest rate on the interest-bearing liabilities excluding lease liabilities was 2.59% (0.96%). Interest rate risk relating to the cash flow from selling of trade receivables has been hedged with interest rate swaps.

In June 2021, Oriola signed a new unsecured revolving credit facility agreement totalling EUR 140 million. In February 2022, the maturity of the agreement was extended by one year, and the revolving credit facility will mature in June 2025. The margin of the revolving credit facility is linked to Oriola's financial covenants and the performance of sustainability targets. The committed long-term revolving credit facility of EUR 140.0 million and the credit limits totalling EUR 34.9 million were unused at the end of December 2022.

At the end of December 2022, Oriola's equity ratio was 23.8% (20.1%). Return on capital employed was 1.9% (4.6%) and return on equity was -1.1% (5.9%).

Investments and depreciation, continuing operations

Gross investments in January–December 2022 totalled EUR 3.4 (9.3) million and consisted mainly of investments in logistics and information systems.

Depreciation, amortisation and impairment amounted to EUR 25.2 (16.5) million. Oriola recognized an EUR 9.8 million impairment of other tangible and intangible assets not yet available for use and which have been development in progress. The impairment relates to several earlier years process automation development, outdated information technology and partially implemented projects that have been discontinued.

Changes in the Group structure

Oriola announced on 14 March 2022 that it had decided to sell the entire share capital of its pharmacy staffing service company Farenta Oy to Eezy. The divestment was completed on 1 April 2022 and resulted in a profit of EUR 1.5 million as an adjusted item.

Oriola and Euroapotheca finalised on 3 October 2022 the combining of respective pharmacy businesses in Sweden: Oriola's Consumer business area comprising Kronans Apotek and Euroapotheca's Apoteksgruppen into a new jointly owned company, Swedish Pharmacy Holding AB. The net sales of Consumer business area in 2021 were EUR 817.5 million, the adjusted EBIT was EUR 11.4 million and the number of personnel at the year-end was 1,598. The transaction had a EUR -29.4 million impact on the consolidated net profit of Oriola Group including translation differences and transaction related costs.

Personnel, continuing operations

At the end of December 2022, Oriola had 833 (1,046) employees, of which 402 (573) worked in Finland and 431 (473) in Sweden. The lower number of employees was the result of organizational changes. The average number of personnel in January–December 2022 was 914 (1,077). The reported number of personnel consists of members of staff in active employment, calculated as full-time equivalents.

Corporate Governance

Annual General Meeting

The Annual General Meeting (AGM), held on 15 March 2022, adopted the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial year ending 31 December 2021.

The AGM resolved that a dividend of EUR 0.04 per share shall be paid on the basis of the balance sheet adopted for the financial year ending 31 December 2021. The dividend was paid to shareholders registered in the company's shareholders register held by Euroclear Finland Ltd on the dividend record date 17 March 2022. The payment date of the dividend was 21 April 2022.

The AGM confirmed that the Board of Directors is composed of six members. The current members of the Board of Directors Mr Juko Hakala, Ms Eva Nilsson Bågenholm, Mr Harri Pärssinen, Ms Lena Ridström and Mr Panu Routila were re-elected to the Board of Directors and Ms Nina Mähönen was elected as a new member of the Board of Directors. Mr Panu Routila was re-elected as Chairman of the Board of Directors.

The AGM confirmed that the fee for the term of office of the Chairman of the Board of Directors is EUR 60,000, the fee for the term of office of the Vice Chairman of the Board of Directors and for the Chairman of the Board's Audit Committee is EUR 36,000 and the fee for the term of office of other members of the Board of Directors is EUR 30,000. Of the annual fee, 60 per cent shall be paid in cash and 40 per cent shall be used to acquire Oriola Corporation's class B shares for the Board members on the Nasdaq Helsinki Stock Exchange within two weeks from the release of the Interim Report 1 January - 31 March 2022 of the company. The Chairman of the Board of Directors receives an attendance fee of EUR 1,000 per meeting and the other members EUR 500 per meeting. Attendance fees are correspondingly also paid to the chairmen and the members of the Board and company committees. Travel expenses are compensated in accordance with the travel policy of the company.

Authorised Public Accountants KPMG Oy Ab, who has put forward authorised public accountant Ms Kirsi Jantunen as principal auditor, was re-elected as the auditor of the company. The auditor's fees shall be paid according to an invoice approved by the company.

All decisions of the Annual General Meeting are available on the company's website at www.oriola.com.

The constitutive meeting of the Board of Directors

In its constitutive meeting convening after the AGM, the Board of Directors of Oriola Corporation elected Eva Nilsson Bågenholm as Vice Chairman of the Board of Directors.

The Board appointed Mr Harri Pärssinen (Chairman), Ms Nina Mähönen, Ms Lena Ridström and Mr Panu Routila to the Board's Audit Committee, and Ms Eva Nilsson Bågenholm (Chairman), Mr Juko Hakala and Mr Panu Routila to the Board's Compensation and Human Resources Committee.

The Board of Directors has assessed the independence of its members and determined that all members of the Board of Directors are independent of the company and its significant shareholders.

The Corporate Governance Statement

The Corporate Governance Statement for 2022 will be published as part of the Report of the Board of Directors, in accordance with the Finnish Corporate Governance Code 2020, on 27 February 2023. The statement can be viewed once published on the company's website at <https://www.oriola.com/investors/corporate-governance>.

Authorisations

The Annual General Meeting authorised the Board to decide on a share issue against payment in one or more issues, including the right to issue new shares or to assign treasury shares held by the company. The authorisation covers a combined maximum of 5,500,000 class A shares and 12,500,000 class B shares of the company and includes the right to derogate from the shareholders' pre-emptive subscription right. The authorisation is in force for eighteen (18) months following the decision of the Annual General Meeting.

The Board was also authorised to decide on a share issue against payment of class B shares in one or more issues including the right to issue new class B shares or assign class B treasury shares held by the company. The authorisation covers a combined maximum of 18,000,000 class B shares of the company including the right to derogate from the shareholders' pre-emptive subscription right. The authorisation is in force for a maximum of eighteen (18) months following the decision of the Annual General Meeting.

The Annual General Meeting authorised the Board to decide on a share issue of class B shares without payment to the Company and on a directed share issue of class B shares in order to execute the share-based incentive plan for Oriola Group's executives and the share savings plan for Oriola Group's key personnel. The maximum number of new class B shares to be issued under this authorisation is 250,000, which represents 0.14% of all shares in the Company. The authorisation is in force for eighteen (18) months from the decision of the Annual General Meeting.

The Annual General Meeting authorised the Board to decide on repurchasing up to 18,000,000 of the company's own class B shares. The shares may also be repurchased in a proportion other than in which the shares are owned by the shareholders. The authorisation is in force for a maximum of eighteen (18) months following the decision of the Annual General Meeting.

All decisions of the Annual General Meeting 2022 are available on the company's website at www.oriola.com.

Composition of the Shareholders' Nomination Board

On 22 September 2022, the largest shareholders of Oriola appointed the following persons as members of the Nomination Board:

- Annika Ekman
- Peter Immonen
- Timo Maasilta
- Pekka Pajamo
- Into Ylppö

Pekka Pajamo was elected chairman of the Nomination Board.

Panu Routila, Chairman of the Board of Directors of Oriola, will serve as an expert member of the Nomination Board.

On 12 January 2023, the Shareholders' Nomination Board presented its proposal to the 2023 Annual General Meeting concerning the composition of the Board of Directors as follows:

- The number of members of the Board of Directors would be six
- The present members of the Board of Directors Eva Nilsson Bågenholm, Nina Mähönen and Harri Pärssinen would be re-elected

- Ellinor Persdotter Nilsson, Yrjö Närhinen and Heikki Westerlund would be elected new members of the Board of Directors
- Heikki Westerlund would be elected Chairman of the Board of Directors

The Nomination Board has assessed all candidates to the Board of Directors to be independent of the company and its major shareholders.

Current members of the Board of Directors Panu Routila, Juko Hakala and Lena Ridström have informed the Nomination Board that they are not available for re-election to the Board of Directors.

Changes in the Oriola Management Team

Oriola announced on 23 February 2022 that Oriola Corporation's President and CEO Elisa Markula had given notice of her resignation from the company. Oriola announced on 15 March 2022 that Katarina Gabrielson was appointed as Interim CEO of Oriola. On 10 May 2022, Oriola appointed Katarina Gabrielson as CEO of Oriola.

Oriola announced on 16 May 2022 that Hannes Hasselrot, Vice President, Consumer and Managing Director of Kronans Apotek, was appointed Oriola Corporation's Vice President, Oriola Sweden. Until the pharmacy business combination was completed in Sweden, Hasselrot continued in his previous role. Consequently, Oriola Corporation's CEO Katarina Gabrielson continued to act as interim leader of Oriola Sweden until the pharmacy business combination was completed.

Oriola announced on 27 May 2022 that Sari Pohjonen, the CFO of Oriola Corporation, had resigned and she left Oriola in September 2022. Oriola announced on 19 July 2022 that Timo Leinonen, M. Sc. (Admin) was appointed Oriola Corporation's CFO and member of the Oriola Management Team. Leinonen assumed his position on 1 December 2022.

Oriola announced on 22 June 2022 that Mika Uusitalo, Vice President, Supply Chain and Business Development, had resigned, and he left Oriola at the end of August 2022.

Oriola announced on 19 September 2022 that Petri Boman, M.Sc. (Tech) was appointed Oriola's Chief Supply Chain Officer (CSCO). Boman assumed his position on 3 October 2022.

Anne Kariniemi, Vice President, Oriola Finland, resigned and left Oriola on 19 September 2022.

Oriola announced on 19 September 2022 that Hannes Hasselrot, Vice President, Oriola Consumer, and previously announced Vice President, Oriola Sweden, was appointed as Chief Commercial Officer with a cross-market responsibility. Hasselrot assumed his new position on 3 October 2022.

Oriola announced on 24 November 2022 that Mikael Nurmi, M. Sc. (Industrial Economics) was appointed Oriola Corporation's Chief Digital Officer (CDO) and member of the Oriola Management Team. Nurmi assumed his position on 23 January 2023.

Oriola Management Team consisted of six members at the end of December 2022:

- Katarina Gabrielson, CEO
- Petri Boman, Chief Supply Chain Officer
- Hannes Hasselrot, Chief Commercial Officer
- Timo Leinonen, Chief Financial Officer
- Elina Niemelä, Chief People Officer
- Petter Sandström, General Counsel

New operating model

On 19 September 2022, Oriola announced that it is renewing its operating model to further improve its operational, commercial and supply chain excellence. The company seeks to create synergies and to ensure seamless work across markets by establishing cross-market responsibilities for the members of the management team. With this change, Oriola aims to capture the full value of its core operations: wholesale and distribution of pharmaceuticals

as well as expert services to pharmaceutical companies. The new operating model was also reflected as changes in Oriola's management team and the management team members' responsibilities as described in the section above.

Oriola Corporation shares

Trading of shares	Jan–Dec 2022		Jan–Dec 2021	
	class A	class B	class A	class B
Trading volume, million	6.6	29.9	8.1	50.7
Trading value, EUR million	13.2	59.2	16.1	98.9
Highest price, EUR	2.30	2.31	2.37	2.20
Lowest price, EUR	1.75	1.70	1.78	1.73
Closing quotation, end of period, EUR	1.85	1.74	1.99	2.01

Oriola Corporation's market capitalisation on 31 December 2022 was EUR 321.4 (362.8) million.

In January–December 2022, the traded volume of Oriola Corporation shares, excluding treasury shares, corresponded to 20.1% (32.5%) of the total number of shares.

At the end of December 2022, the company had a total of 181,486,213 (181,486,213) shares, of which 53,748,313 (53,748,313) were class A shares and 127,737,900 (127,737,900) were class B shares. The company held a total of 109,564 (138,201) treasury shares, of which 63,650 (63,650) were class A shares and 45,914 (74,551) were class B shares. The treasury shares held by the company account for 0.06% (0.08%) of the company's shares and 0.11% (0.11%) of the votes.

Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares. During the period January–December 2022, no class A shares were converted into class B shares.

Share-based incentive plans

The Board of Directors of Oriola Corporation decided on 2 June 2022 on the establishment of a new share-based long-term incentive plan for the company's key employees, including the CEO and the Oriola Management Team. At the same time, the Board decided to terminate the previous long-term incentive plan for the years 2019–2023.

The new incentive plan comprises a Performance Share Plan (also "PSP") and a share-based bridge plan to cover the transition phase to the new LTI structure (the "Bridge Plan"). In addition, the long-term incentive scheme comprises a Restricted Share Plan (also "RSP") as a complementary long-term share-based retention plan for individually selected key employees in specific situations.

The Performance Share Plan for the years 2022–2025 consists of annually commencing individual performance share plans, each of which is subject to separate decision of the Board of Directors. Each plan comprises a performance period followed by the payment of the potential share rewards in listed class B shares of Oriola. The length of the performance period of the first plan, PSP 2022, is four calendar years. The possible subsequent plans will include a three-year performance period as separately decided by the Board of Directors. Eligible for participation in the first PSP 2022 are approximately 20 individuals, including the members of the Oriola Management Team. The performance measures based on which the potential share rewards under PSP 2022 will be paid are earnings per share (EPS) and an environment-related target (CO₂). The first plan, PSP 2022, commences effective as of the beginning of 2022. It comprises a performance period covering the calendar years 2022–2025, and the share rewards potentially payable thereunder will be paid during the first half of 2026. The payment of the rewards is conditional on the achievement of the performance targets which the Board of Directors has set for the plan and the individual participant's continued employment or service relationship with Oriola. If all the performance targets for the PSP 2022 are fully achieved, the aggregate maximum number of shares to be paid based on this plan is approximately 2,254,000 class B shares (referring to gross earning, from which the applicable payroll tax is withheld).

The Bridge Plan for the years 2022–2023 covers specific incentive and retention needs during the transition phase to the new LTI structure. Eligible for participation in the Bridge Plan are the same individuals as for PSP 2022. The Bridge Plan is a one-off plan commencing effective for the years 2022–2023. The potential share rewards payable based on the Bridge Plan will be paid in listed class B shares during the first half of 2024. The performance measures based on which the potential share rewards under the Bridge Plan will be paid are the development of share price of Oriola's class B share (excluding dividends and other distribution to shareholders), earnings per share (EPS) and an environment-related target (CO₂). If all the performance targets set for the Bridge Plan are fully achieved, the aggregate maximum number of shares to be paid based on this plan is approximately 1,127,000 class B shares (referring to gross earning, from which the applicable payroll tax is withheld).

The Restricted Share Plan for the years 2022–2024 consists of annually commencing individual restricted share plans which are subject to a separate decision of the Board of Directors. Each plan comprises a restriction period with an overall length of three years, extending to first half of the fourth year of the individual plan. During the plan period, the company may grant fixed share rewards to individually selected key employees. The granted share rewards are paid to the selected participants in one or several tranches latest by the end of the restriction period. The share rewards are paid in listed class B shares. The first plan, RSP 2022, commences effective as of the beginning of 2022. The aggregate maximum number of shares payable as a reward is approximately 225,400 class B shares (referring to gross earning, from which the applicable payroll tax is withheld).

For all three programs, if the individual's employment with Oriola Corporation terminates before the payment of the reward, the individual is, as a main rule, not entitled to any reward. The value of the reward payable to each individual participant based on the plans is limited by a maximum cap linked to a multiplier of the individual's annual salary. Oriola applies a share ownership requirement to the CEO and the members of Oriola Management Team. They are expected to retain ownership at least half of the shares received under the incentive plans until the value of his/her ownership in the company, in the case of the CEO, corresponds to at least his/her annual gross base salary, and in the case of the other the members of the Oriola Management Team, to at least half of his/her annual gross base salary.

Risks and uncertainty factors

Oriola's risk management seeks to identify, measure and manage risks that may threaten Oriola's operations and the achievement of set goals.

Oriola operates in regulated pharmaceutical distribution and retail markets monitored by authorities in both its operating countries. The main megatrends impacting Oriola's business environment are ageing of the population, increased spending on health and wellbeing, growth in speciality pharmaceuticals, the digitalisation of the retail trade and services, sustainability as well as possible pandemics.

More information on Oriola's risks and risk management can be found on Oriola's website at www.oriola.com/investors/corporate-governance/risks/.

Near-term risks and uncertainty factors

Russia's military offensive against Ukraine has impacted the global markets. This has accelerated inflation especially in energy and fuel prices. Labour costs are also expected to increase due to the potential salary inflation and overheated labour market. Furthermore, risks related to instability in financial markets, uncertain product availability due to material and supply chain constraints as well as electricity shortages have been increasing. In addition, cyber-attacks against critical areas of society are expected to increase. These factors may have a significant impact on Oriola's net sales and profitability.

Oriola is deemed as a critical entity under the directive (2022/2557) of the European Parliament on the resilience of critical entities. Recognition of full-service healthcare distributors as critical infrastructure reduces Oriola's risks. The directive has entered into force on 16 January 2023 and will have to be implemented on the national level.

The availability of raw materials for medical products became tighter during the second half of 2022 due to the COVID-19 restrictions in China, and this has affected the availability of some medicines across Europe, including in Sweden and Finland. The shortage of stock may continue in the near-term future.

It is difficult to estimate the severity and duration of Russia's military offensive against Ukraine and of the related inflation in Oriola's operating environment. The potential impacts of these events on the valuation of Oriola's assets have been reviewed. Oriola has no operations nor export or import with Russia. Based on the assessments, Russia's military offensive against Ukraine and higher interest rates are currently not expected to have such long-term impacts on Oriola's financial performance that would require adjustments to the carrying amounts of the assets.

In the regular contingency planning, the company has focused especially on securing the health of its personnel, the availability of workforce, safety in the distribution centres and pharmacies as well as the growing need for pharmaceutical stocking. In addition, Oriola engages in active dialogue with both customers and authorities about the quickly changing requirements and how to manage them. Oriola also aims to actively mitigate cost pressures.

Oriola's strategic development projects involve operational risks which may have an effect on the company's profitability if realised. Oriola has IT system projects underway. The company has defined separate risk management plans for all major IT projects and aims to ensure seamless implementation of the systems through careful planning.

From time to time, Oriola is involved in legal actions, claims and other proceedings. It is Oriola's policy to provide for amounts related to the proceedings if liability is probable and such amounts can be estimated with reasonable accuracy. Taking into account all available information to date, legal actions, claims and other proceedings are not expected to have a material impact on the financial position of the Group.

Outlook for 2023

Oriola expects the adjusted EBIT, excluding the contribution from the joint venture Swedish Pharmacy Holding AB, to remain on the same level compared to 2022.

The outlook takes into consideration the significant negative impact on Oriola's profitability from the loss of public tenders and consequently of patients in the dose dispensing business in Sweden. The dose dispensing business in Sweden will focus on new customer segments to develop the business. Furthermore, the recent overall inflationary environment and related cost pressures may have an impact on Oriola's profitability.

The adjusted EBIT in 2022 was EUR 19.7 million, excluding the contribution from the joint venture company Swedish Pharmacy Holding AB.

Profit distribution proposal

Oriola Group's parent company is Oriola Corporation, whose distributable funds according to the balance sheet as of 31 December 2022 were EUR 208.6 (265.3) million. Oriola Corporation's result for the financial year 2022 was EUR -49.4 (-54.8) million. Earnings per share of the Oriola Group were EUR -0.01 (0.06).

Oriola's aim is to pay out an increasing annual dividend of at least 50 per cent of its earnings per share.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.06 (0.04) per share be paid for 2022. The Board of Directors further proposes that the remaining non-restricted equity, EUR 197,713,682.89 be retained and carried forward.

Annual General Meeting

Oriola Corporation's Annual General Meeting will be held on 21 March 2023. The matters specified in article 10 of the Articles of Association and other proposals of the Board of Directors, if any, will be dealt with at the meeting. The Board of Directors will decide on the notice of the Annual General Meeting and the proposals contained in it at

a later date. The notice to convene will be available on the company's website at www.oriola.com on 27 February 2023 at the latest.

Publication of the Financial Statements

Oriola Corporation will publish its 2022 Financial Statements by 27 February 2023.

Financial calendar 2023

Annual General Meeting, Tuesday 21 March 2023

Interim Report 1-3/2023, Thursday 27 April 2023

Half Year Financial Report 1-6/2023, Friday 21 July 2023

Interim Report 1-9/2023, Friday 27 October 2023

Espoo, 15 February 2023

Oriola Corporation
Board of Directors

Consolidated statement of comprehensive income (IFRS)

EUR million	2022 10-12	2021 ¹ 10-12	2022 1-12	2021 ¹ 1-12
Continuing operations				
Net sales	374.2	386.2	1,515.5	1,452.2
Other operating income	1.1	3.5	5.8	4.5
Materials and supplies	-329.6	-335.2	-1,329.6	-1,264.9
Employee benefit expenses	-14.4	-19.2	-61.1	-71.9
Other operating expenses	-24.4	-26.7	-95.9	-92.6
Depreciation, amortisation and impairments	-14.0	-4.3	-25.2	-16.5
Share of results in joint venture	-2.0	-	-2.0	-
EBIT	-9.0	4.4	7.6	10.7
Financial income and expenses	-0.8	0.2	-0.7	0.3
Profit (loss) before taxes	-9.8	4.6	6.9	11.0
Income taxes	1.7	-1.1	-2.1	-2.3
Profit (loss) for the period from continuing operations	-8.1	3.8	4.8	8.6
Profit (loss) for the period from discontinued operations	-29.8	1.5	-7.2	2.7
Profit (loss) for the period	-37.9	5.3	-2.4	11.3
Other comprehensive income				
Items which may be reclassified subsequently to profit or loss:				
Translation differences recognised in comprehensive income during the reporting period	56.9	-2.1	40.8	-5.4
Translation differences reclassified to profit or loss during the reporting period	-29.0	-	-29.0	-
Cash flow hedge	-0.2	0.4	2.8	0.9
Income tax relating to other comprehensive income	0.0	-0.1	-0.6	-0.2
	27.7	-1.8	13.9	-4.6
Items which will not be reclassified to profit or loss:				
Financial assets recognised at fair value through other comprehensive income	-	-	-	44.8
Actuarial gains/losses on defined benefit plans	5.2	1.3	5.2	1.3
Income tax relating to other comprehensive income	-1.1	-0.3	-1.1	-0.3
	4.2	1.0	4.2	45.9
Total comprehensive income for the period	-6.0	4.6	15.7	52.6
Profit attributable to				
Parent company shareholders	-37.9	5.3	-2.4	11.3
Total comprehensive income attributable to				
Parent company shareholders	-6.0	4.6	15.7	52.6

¹ Comparative information has been restated due to a discontinued operation.

EUR million	Note	2022 10-12	2021 ¹ 10-12	2022 1-12	2021 ¹ 1-12
Earnings per share attributable to parent company shareholders:					
EUR					
Basic					
Continuing operations		-0.04	0.02	0.03	0.05
Discontinued operations		-0.16	0.01	-0.04	0.01
Group total		-0.21	0.03	-0.01	0.06
Diluted					
Continuing operations		-0.04	0.02	0.03	0.05
Discontinued operations		-0.16	0.01	-0.04	0.01
Group total		-0.21	0.03	-0.01	0.06

¹ Comparative information has been restated due to a discontinued operation.

Consolidated statement of financial position (IFRS)

EUR million	Note	31 Dec 2022	31 Dec 2021
Non-current assets			
Property, plant and equipment		57.7	155.9
Goodwill		61.1	273.5
Other intangible assets		20.6	71.0
Investments in joint ventures		240.4	-
Other non-current assets		38.3	34.9
Deferred tax assets		1.2	3.9
Non-current assets total		419.1	539.3
Current assets			
Inventories		148.5	229.2
Trade receivables		226.8	194.7
Income tax receivables		1.1	2.7
Other receivables		4.7	18.2
Cash and cash equivalents		160.6	109.1
Current assets total		541.8	553.9
Assets total		960.9	1,093.2

EUR million	Note	31 Dec 2022	31 Dec 2021
Equity			
Share capital		36.2	36.2
Fair value reserve		28.7	26.5
Contingency fund		19.4	19.4
Invested unrestricted equity reserve		74.8	74.8
Other reserves		0.1	0.1
Translation differences		-16.7	-28.5
Retained earnings		83.2	88.3
Equity attributable to the parent company shareholders		225.6	216.8
Non-current liabilities			
Deferred tax liabilities		4.9	11.8
Pension obligations		11.8	18.0
Interest-bearing liabilities		69.9	123.5
Other non-current liabilities		0.7	0.5
Non-current liabilities total		87.3	153.8
Current liabilities			
Trade payables		557.3	591.7
Interest-bearing liabilities		67.0	86.4
Income tax payables		1.0	1.4
Other current liabilities		22.8	43.1
Current liabilities total		648.0	722.6
Equity and liabilities total		960.9	1,093.2

Consolidated statement of changes in equity (IFRS)

EUR million	Share capital	Funds	Translation differences	Retained earnings	Equity total
Equity 1 Jan 2021	36.2	102.0	-23.1	54.5	169.6
Comprehensive income for the period					
Net profit for the period	-	-	-	11.3	11.3
Other comprehensive income:					
Financial assets recognised at fair value through other comprehensive income:					
Change in fair value	-	23.1	-	-	23.1
Profit from sales of assets	-	-	-	21.7	21.7
Accumulative change in fair value of disposed assets	-	-5.1	-	5.1	-
Financial assets recognised at fair value through other comprehensive income total	-	18.0	-	26.8	44.8
Cash flow hedge	-	0.9	-	-	0.9
Actuarial gains and losses	-	-	-	1.3	1.3
Income tax relating to other comprehensive income	-	-0.2	-	-0.3	-0.5
Translation difference	-	-	-5.4	-	-5.4
Comprehensive income for the period total	-	18.8	-5.4	39.2	52.6
Transactions with owners					
Dividend distribution	-	-	-	-5.4	-5.4
Share-based incentive	-	-	-	0.1	0.1
Purchase of own shares	-	-	-	-0.1	-0.1
Transactions with owners total	-	-	-	-5.4	-5.4
Equity 31 Dec 2021	36.2	120.7	-28.5	88.3	216.8
Equity 1 Jan 2022	36.2	120.7	-28.5	88.3	216.8
Comprehensive income for the period					
Net profit for the period	-	-	-	-2.4	-2.4
Other comprehensive income:					
Cash flow hedge	-	2.8	-	-	2.8
Actuarial gains and losses	-	-	-	5.2	5.2
Income tax relating to other comprehensive income	-	-0.6	-	-1.1	-1.6
Translation difference	-	-	40.8	-	40.8
Translation difference reclassified to profit and loss	-	-	-29.0	-	-29.0
Comprehensive income for the period total	-	2.2	11.7	1.8	15.7
Transactions with owners					
Dividend distribution	-	-	-	-7.3	-7.3
Share-based incentive	-	-	-	0.5	0.5
Purchase of own shares	-	-	-	-0.1	-0.1
Transactions with owners total	-	-	-	-6.9	-6.9
Equity 31 Dec 2022	36.2	122.9	-16.7	83.2	225.6

Condensed consolidated statement of cash flows (IFRS)

EUR million ¹	2022 1-12	2021 1-12
Profit for the period	-2.4	11.3
Adjustments for		
Depreciation, amortisation and impairments	28.1	44.9
Share of results in joint venture	2.0	-
Financial income and expenses	5.5	5.8
Loss on sale of discontinued operations	29.4	-
Income taxes	7.9	3.4
Other adjustments	-0.9	0.1
Cash flow before change in working capital	69.6	65.4
Change in working capital	27.7	-17.1
Cash flow from operating activities before financial items and taxes	97.3	48.4
Financial income received and costs paid	-15.4	-5.1
Taxes paid	-4.0	-3.3
Net cash flow from operating activities	77.9	40.0
Net cash flow from investing activities	3.0	9.6
Net cash flow from financing activities	-29.3	-108.5
Net change in cash and cash equivalents	51.6	-59.0
Cash and cash equivalents at the beginning of the period	109.1	168.2
Translation differences	-0.1	-0.0
Net change in cash and cash equivalents	51.6	-59.0
Cash and cash equivalents at the end of the period	160.6	109.1

¹ Includes continuing and discontinued operations.

Notes to the Financial Statements Release January–December 2022

Principal accounting policies

This Financial Statements Release has been prepared in accordance with IFRS standards (IAS 34 Interim Financial Reporting) and should be read in conjunction with the Group's last consolidated financial statements as at and for the year ended 31 December 2021. The accounting policies and calculation methods applied in the release are the same as those in the 31 December 2021 financial statements, however with the addition of the standards and interpretations published by the International Accounting Standards Board (IASB) that are mandatory as of 1 January 2022. These standards did not have a significant impact on the Group in the current reporting period and they are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions. The consolidated statement of financial position for comparative periods includes the assets and liabilities of discontinued operations. This Financial Statements Release does not include all the information and notes presented in the financial statements. The figures in this Financial Statements Release are unaudited.

The severity and duration of the war in Ukraine and of the related inflation or pandemic are unclear in Oriola's operating environment. The potential impacts of these events on the valuation of Oriola's assets have been reviewed. Oriola has no operations nor export or import with Russia. Based on the assessments, Russia's military offensive against Ukraine or the COVID-19 pandemic are currently not expected to have such long-term impacts on Oriola's financial performance that would require adjustments to the carrying amounts of the assets.

Discontinued operations

Oriola announced on 9 February 2022 that it has signed a framework merger agreement with the Euroapotheca group for combining the respective pharmacy businesses in Sweden: Oriola's Consumer business area comprising Kronans Apotek and Euroapotheca's Apoteksgruppen into a new company. Oriola applies the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in the classification, presentation, and recognition of the sale of the Consumer business area. Oriola reports the Consumer business area as discontinued operations as of the Q1 Interim Report. The discontinued operations are stated separately from continuing operations in the consolidated statement of comprehensive income and the comparison period has been adjusted accordingly. The elimination of transactions between the continuing operations and the discontinued operations is attributed in a way that reflects the continuance of these transactions after the arrangement has been completed. The balance sheet has not been adjusted for the previous periods.

Reporting segments

At the beginning of 2022, Oriola implemented a country-based organisation, where the Pharma and Retail business areas and the Operations function were transformed into a new organisational structure. As of the Q1 Interim Report, Oriola reports these operations as one reportable segment. In segment reporting, the previous periods have been adjusted to reflect changes in the management reporting.

Oriola offers advanced distribution, expert and advisory services for pharmaceutical companies and wide range of health and wellbeing products for pharmacies, veterinarians, other healthcare operators and retail operators in the Finnish and Swedish markets. Additionally, Oriola offers dose dispensing services for pharmacies and healthcare operators.

Earnings per share

EUR million	2022 10-12	2021 10-12	2022 1-12	2021 1-12
Profit attributable to equity owners of the parent				
Continuing operations	-8.1	3.8	4.8	8.6
Discontinued operations	-29.8	1.5	-7.2	2.7
Group total	-37.9	5.3	-2.4	11.3
Average number of outstanding shares (1000 shares)				
Basic	181,377	181,348	181,371	181,341
Diluted	181,423	181,423	181,423	181,423
Earnings per share (EUR)				
Basic				
Continuing operations	-0.04	0.02	0.03	0.05
Discontinued operations	-0.16	0.01	-0.04	0.01
Group total	-0.21	0.03	-0.01	0.06
Diluted				
Continuing operations	-0.04	0.02	0.03	0.05
Discontinued operations	-0.16	0.01	-0.04	0.01
Group total	-0.21	0.03	-0.01	0.06

Discontinued operations

In February 2022, Oriola signed a framework merger agreement with the Euroapothecca group for combining the respective pharmacy businesses in Sweden: Oriola's Consumer business area comprising Kronans Apotek and Euroapothecca's Apoteksgruppen into a new company. Consumer business area has been reported as discontinued operations until the completion of the divestment on 3 October 2022.

The consolidated statement of comprehensive income has been represented to show the discontinued operations separately from continuing operations. The elimination of transactions between the continuing operations and the discontinued operations is attributed in a way that reflects the continuance of these transactions after the arrangement was completed.

The transaction had a one-time negative impact of EUR 29.4 million on the consolidated net profit of Oriola Group including translation differences and transaction related costs, in the fourth quarter of 2022. Cumulative translation differences have been reclassified from equity to profit or loss.

Results of discontinued operations EUR million	2022 1-12	2021 1-12
Net sales	595.5	817.5
Other operating income	10.0	10.1
Materials and supplies ¹	-452.7	-618.7
Employee benefit expenses	-78.4	-113.4
Other operating expenses	-38.6	-57.3
Depreciation, amortisation and impairments	-3.0	-28.3
EBIT	32.8	9.8
Financial income and expenses	-4.7	-6.1
Profit before taxes	28.1	3.7
Income taxes	-5.8	-1.0
Profit for the period	22.3	2.7
Loss on sale of discontinued operations	-29.4	-
Profit (loss) from discontinued operations	-7.2	2.7

¹ Includes intra-group purchases, which are included in the Group's net sales from continuing operations.

The periods presented in the table are not fully comparable, because a non-current asset classified as held for sale were not depreciated and the divestment was completed on 3 October 2022. The positive impact from depreciations in January–December was EUR 16.5 (-) million.

Cash flows from discontinued operations EUR million	2022 1-12	2021 1-12
Net cash flow from operating activities	4.7	36.4
Net cash flow from investing activities	22.4	-19.5
Net cash flow from financing activities	-12.0	-17.2
Total cash flows	15.1	-0.2

Assets and liabilities disposed	2022
EUR million	
Property, plant and equipment	81.6
Goodwill	198.4
Other intangible assets	39.8
Inventories	59.5
Income tax receivables	1.0
Trade and other receivables	26.7
Cash and cash equivalents	15.9
Assets total	423.0
Deferred tax liabilities	8.2
Non-current interest-bearing liabilities	36.5
Current interest-bearing liabilities	12.5
Current trade and other payables	101.5
Liabilities total	158.8
Net assets disposed of	264.2
Cash consideration received	24.3
Cash and cash equivalents disposed of	-15.9
Impact on cash flows	8.3

Loss on sale of discontinued operations	2022
EUR million	1-12
Consideration received in shares	242.3
Consideration received in cash	24.3
Net assets disposed of	-264.2
Costs to sell	-2.7
Total	-0.4
Translation differences reclassified from other comprehensive income	-29.0
Loss on sale of discontinued operations	-29.4

Tangible and intangible assets

Changes in property, plant and equipment, EUR million	2022 1-12	2021 1-12
Carrying amount at the beginning of the period	76.6	81.0
Increases	3.2	10.4
Decreases	-0.1	-0.2
Disposals of operations	-20.9	-
Reclassifications between asset categories	0.4	-0.2
Depreciation, continuing operations	-6.6	-6.9
Depreciation, discontinued operations	-0.5	-5.3
Impairments	-3.7	-0.9
Foreign exchange rate differences	-4.6	-1.3
Carrying amount at the end of the period	43.9	76.6

Changes in right-of-use assets EUR million	2022 1-12	2021 1-12
Carrying amount at the beginning of the period	79.4	81.2
Increases	5.5	20.1
Decreases	-0.6	-0.1
Disposals of operations	-59.3	-
Depreciation, continuing operations	-4.0	-3.8
Depreciation, discontinued operations	-1.7	-16.5
Impairments	-	-0.0
Foreign exchange rate differences	-5.5	-1.5
Carrying amount at the end of the period	13.8	79.4

Changes in goodwill, EUR million	2022 1-12	2021 1-12
Carrying amount at the beginning of the period	273.5	278.7
Disposals of operations	-196.6	-
Impairments	-	-0.9
Foreign exchange rate differences	-15.8	-4.4
Carrying amount at the end of the period	61.1	273.5

Changes in other intangible assets, EUR million	2022 1-12	2021 1-12
Carrying amount at the beginning of the period	71.0	69.8
Increases	5.2	12.4
Decreases	-0.4	-0.0
Disposals of operations	-39.8	-
Reclassifications	-0.4	0.2
Amortization, continuing operations	-4.8	-4.5
Amortization, discontinued operations	-0.8	-6.0
Impairments	-6.4	-
Foreign exchange rate differences	-3.1	-0.8
Carrying amount at the end of the period	20.6	71.0

Derivatives

31 Dec 2022 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	3.3	-	53.9
Derivatives measured at fair value through profit or loss			
Interest rate swaps	0.7	-	10.8
Foreign currency forward and swap contracts	0.1	0.5	115.4

31 Dec 2021 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	0.6	0.1	70.2
Derivatives measured at fair value through profit or loss			
Foreign currency forward and swap contracts	0.0	0.2	59.5

Derivatives measured at fair value through profit or loss are mainly related to hedging of the Group's internal transactions. Fair values of the derivatives have been recognised in the balance sheet in gross amount as the derivatives contracts are related to credit events and cannot be netted in financial statements. The Group has not given nor received collateral to/from derivatives counterparties.

Fair value hierarchy

31 Dec 2022 EUR million	Level 1	Level 2	Level 3	Total
Assets				
Derivatives designated as hedges	-	3.3	-	3.3
Derivatives measured at fair value through profit or loss	-	0.8	-	0.8
Other investments measured at fair value through OCI	-	-	34.2	34.2
Trade receivables for sale	-	91.4	-	91.4
Liabilities				
Derivatives measured at fair value through profit or loss	-	0.5	-	0.5

31 Dec 2021 EUR million	Level 1	Level 2	Level 3	Total
Assets				
Derivatives designated as hedges	-	0.6	-	0.6
Derivatives measured at fair value through profit or loss	-	0.0	-	0.0
Other investments measured at fair value through OCI	-	-	34.2	34.2
Trade receivables for sale	-	16.1	-	16.1
Liabilities				
Derivatives designated as hedges	-	0.1	-	0.1
Derivatives measured at fair value through profit or loss	-	0.2	-	0.2

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

Reconciliation of financial assets recognised at fair value according to the level 3

	2022	2021
Financial assets on level 3, EUR million	1-12	1-12
Carrying amount at the beginning of the period	34.2	22.2
Disposal of shares	-	-11.1
Change in fair value	-	23.1
Carrying amount at the end of the period	34.2	34.2

Financial assets recognised at fair value through other comprehensive income (level 3) include Oriola's holding in the Swedish online medical centre Doktor.se. The applied valuation method for the shares in Doktor.se is based on realised transactions.

Commitments and Contingent Liabilities

EUR million	31 Dec 2022	31 Dec 2021
Commitments for own liabilities		
Guarantees on behalf of own companies	6.5	7.1
Guarantees on behalf of other companies	0.3	-
Mortgages on company assets	1.9	2.0
Other guarantees and liabilities	5.8	8.0
Total	14.5	17.2
Committed future minimum lease liabilities	1.1	0.9

The most significant guarantees are bank guarantees against the Swedish wholesale company's trade payables. In addition, Oriola Corporation has granted parent company guarantees of EUR 0.2 (0.4) million against other subsidiaries' lease liabilities.

Committed future minimum lease liabilities consist of leasing commitments related to low-value assets and short-term leases, to which the Group elected to apply recognition exemptions permitted by IFRS 16.

Related parties

Related parties in the Oriola Group are deemed to comprise the members of the Board of Directors and the President and CEO of Oriola Corporation, the other members of the Oriola Management Team, the immediate family of the aforementioned persons and the companies controlled by the aforementioned persons, the Group's subsidiaries and joint ventures. The Group has transactions between the group companies in the ordinary course of business. The Group has no significant business transactions with other related parties.

Oriola's and Euroapothecca's joint venture was approved by the competition authorities in June 2022 and the transaction was finalized in October 2022. Oriola reports 50 per cent of the result of the joint venture Swedish Pharmacy Holding AB above EBIT. The transactions with the joint venture are presented in the following table:

EUR million	2022 10-12	2021 10-12	2022 1-12	2021 1-12
Sales	130.9	-	130.9	-
Purchases of goods and services	0.1	-	0.1	-
Trade and other receivables	20.7	-	20.7	-
Trade and other payables	0.2	-	0.2	-
Commitments	0.3	-	0.3	-

Quarterly information

EUR million	2022 10-12	2022 7-9	2022 4-6	2022 1-3	2021 10-12	2021 7-9	2021 4-6	2021 1-3
Invoicing	906.9	870.6	903.9	886.7	942.4	858.7	871.6	834.1
Net sales	374.2	373.9	394.6	372.7	386.2	359.3	360.3	346.4
Adjusted EBIT total	0.9	6.6	5.5	4.7	6.6	5.4	2.0	0.9
EBIT total	-9.0	6.3	7.0	3.3	4.4	5.2	1.2	-0.0
Number of personnel at the end of the period, FTE's total	833	853	892	1,031	1,046	1,081	1,091	1,119

Geographical information

1-12/2022 EUR million	Sweden	Finland	Other countries	Total
Net sales	893.7	508.4	113.4	1,515.5
Non-current assets ¹	81.5	332.5	-	414.0
Investments	1.4	2.0	-	3.4
Average number of personnel	466	448	-	914

1-12/2021 EUR million	Sweden	Finland	Other countries	Total
Net sales	901.2	431.1	119.9	1,452.2
Non-current assets ¹	431.1	103.7	-	534.8
Investments	5.8	3.5	-	9.3
Average number of personnel	501	576	-	1,077

¹ Non-current assets exclude financial instruments and deferred tax assets. Comparative information includes discontinued operations.

Disaggregation of revenue

In the following table, the Group's revenue from continuing operations is disaggregated by the Group's major revenue streams. The figures include intra-group sales of EUR 272.6 (387.3) million to discontinued operations. In October – December 2022 the sales to joint venture was EUR 130.9 million.

EUR million	2022 1-12	2021 1-12
Wholesale	1,287.9	1,233.8
Other ¹	227.6	218.4
Net sales total	1,515.5	1,452.2

¹ Other includes sales of logistics services, dose dispensing and other services. Sale of staffing services has been included in other until March 2022.

Alternative performance measures

Key figures EUR million	2022 10-12	2021 10-12	Change %	2022 1-12	2021 1-12	Change %
Invoicing	906.9	942.4	-3.8	3,568.0	3,506.9	1.7
Net sales	374.2	386.2	-3.1	1,515.5	1,452.2	4.4
Adjusted EBIT ¹	0.9	6.6	-85.7	17.8	14.9	19.1
EBIT	-9.0	4.4	-307.1	7.6	10.7	-29.0
Adjusted EBIT %	0.3	1.7		1.2	1.0	
EBIT %	-2.4	1.1		0.5	0.7	
Profit for the period	-8.1	3.8	-311.5	4.8	8.6	-44.9
Earnings per share, EUR	-0.04	0.02	-311.5	0.03	0.05	-44.9
Net cash flow from operating activities ²	36.1	42.2		77.9	40.0	
Gross capital expenditure				3.4	9.3	
Net interest-bearing debt ²				-23.7	100.8	
Gearing, % ²				-10.5	46.5	
Equity per share, EUR ²				1.24	1.20	
Equity ratio, % ²				23.8	20.1	
Return on equity (ROE), % ²				-1.1	5.9	
Return on capital employed (ROCE), % ²				1.9	4.6	
Average number of shares, 1000 pcs ³				181,371	181,341	
Average number of personnel ⁴				914	1,077	
Number of personnel at the end of the period ⁴				833	1,046	

¹ Adjusting items are specified in note Adjusting items.

² Year 2021 includes discontinued operations.

³ Treasury shares held by the company not included.

⁴ Full time equivalents

Reconciliation of alternative performance measures to IFRS, continuing operations

Invoicing	2022	2021	2022	2021
EUR million	10-12	10-12	1-12	1-12
Net sales	374.2	386.2	1,515.5	1,452.2
+ Acquisition cost of consignment stock	532.6	556.3	2,052.5	2,054.9
+ Cash discounts	0.0	0.0	0.1	0.0
+ Exchange rate differences on sales	-0.0	-0.1	0.0	-0.2
Invoicing	906.9	942.4	3,568.0	3,506.9

Comparable adjusted EBIT and Adjusted EBIT	2022	2021	2022	2021
EUR million	10-12	10-12	1-12	1-12
EBIT	-9.0	4.4	7.6	10.7
- Adjusting items included in EBIT	10.0	2.3	10.2	4.2
Adjusted EBIT	0.9	6.6	17.8	14.9

Alternative performance measures calculated on a constant currency basis	2022	2021	2022	2021
EUR million	10-12	10-12	1-12	1-12
Invoicing	906.9	942.4	3,568.0	3,506.9
Translation difference	46.2	-9.3	110.7	-76.2
Invoicing calculated on a constant currency basis	953.0	933.2	3,678.7	3,430.7
Net sales	374.2	386.2	1,515.5	1,452.2
Translation difference	19.4	-3.7	47.5	-32.7
Net sales calculated on a constant currency basis	393.6	382.5	1,563.0	1,419.5
Adjusted EBIT	0.9	6.6	17.8	14.9
Translation difference	-0.0	0.2	0.3	-0.3
Adjusted EBIT calculated on a constant currency basis	0.9	6.8	18.1	14.6

Calculation of alternative performance measures

Alternative performance measure	Definitions
Invoicing	= Net sales + acquisition cost of consignment stock + cash discounts + exchange rate differences on sales
EBIT	= Net sales less material purchases and exchange rate differences on sales and purchases, less employee benefit expenses and other operating expenses, less depreciation, amortisation and impairment plus other operating income plus share of results in joint venture.
Adjusted EBIT	= EBIT excluding adjusting items
Adjusting items	= Adjusting items include gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations, and impairment losses of goodwill and other non-current assets, or other income or expenses arising from rare events, and changes in estimates regarding the realisation of contingent consideration arising from business acquisitions.
Invoicing calculated on a constant currency basis	= Invoicing calculated with the average exchange rate of the corresponding period of the comparative year.
Net sales calculated on a constant currency basis	= Net sales calculated with the average exchange rate of the corresponding period of the comparative year.
Adjusted EBIT calculated on a constant currency basis	= Adjusted EBIT calculated with the average exchange rate of the corresponding period of the comparative year.
Net interest-bearing debt	= Interest-bearing liabilities - cash and cash equivalents
Investments	= Capitalised investments in property, plant and equipment and in intangible assets including goodwill arising from business combinations, as well as investments in associates and joint ventures and in other shares and holdings
Return on capital employed (ROCE), %	= $\frac{\text{EBIT}}{\text{Total assets - Non-interest-bearing liabilities (average between the beginning and the end of the year)}} \times 100$
Return on equity (ROE), %	= $\frac{\text{Profit for the period}}{\text{Equity total (average between the beginning and the end of the year)}} \times 100$
Gearing, %	= $\frac{\text{Net interest-bearing debt}}{\text{Equity total}} \times 100$
Equity ratio, %	= $\frac{\text{Equity total}}{\text{Total assets – Advances received}} \times 100$

Adjusting items

Adjusted EBIT excludes gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations, and impairment losses of goodwill and other non-current assets, or other income or expenses arising from rare events, and changes in estimates regarding the realisation of contingent consideration arising from business acquisitions.

Adjusting items included in EBIT EUR million	2022 10-12	2021 10-12	2022 1-12	2021 1-12
Restructuring costs	-0.2	-1.3	-0.5	-2.3
Impairments and write-downs	-9.8	-0.3	-9.8	-1.2
Other	-	-0.6	0.1	-0.8
Adjusting items from continuing operations	-10.0	-2.3	-10.2	-4.2

Adjusting items in 2022 relate to impairment of other tangible and intangible assets not yet available for use, the combination with Apoteksgruppen, the divestment of the staffing services business and restructuring costs related to the operating model. Adjusting items in 2021 consist mainly of organizational restructuring costs, impairment of goodwill related to closing of the service centre in Sweden and write-down of inventories related to the discontinued product category.