

ORIOLA CORPORATION'S FINANCIAL STATEMENTS RELEASE 1 JANUARY – 31 DECEMBER 2021

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Oriola January 1– December 31, 2021

Q4 2021: Turnaround progressing – profitability continued to improve

October–December 2021 highlights

- Invoicing increased by 7.6% to EUR 1,062.0 (986.6) million. On a constant currency basis invoicing increased by 6.5% and was EUR 1,050.9 million.
- Net sales increased by 7.0% to EUR 499.0 (466.2) million. On a constant currency basis net sales increased by 5.9% and were EUR 493.7 million.
- Adjusted EBIT was EUR 11.6 (8.0) million. On a constant currency basis the adjusted EBIT was EUR 11.7 million.
- Profit for the period totalled EUR 5.3 (4.1) million and earnings per share were EUR 0.03 (0.02).

January–December 2021 highlights

- Invoicing increased by 5.2% to EUR 3,959.1 (3,764.9) million. On a constant currency basis invoicing increased by 2.7% and was EUR 3,868.3 million.
- Net sales increased by 4.5% to EUR 1,882.4 (1,800.8) million. On a constant currency basis net sales increased by 1.9% and were EUR 1,835.9 million.
- Adjusted EBIT was EUR 26.3 (21.0) million. On a constant currency basis the adjusted EBIT was EUR 25.6 million.
- Profit for the period totalled EUR 11.3 (11.3) million and earnings per share were EUR 0.06 (0.06).
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.04 (0.03) per share would be paid for 2021.

Key figures	2021	2020	Change	2021	2020	Change
EUR million	10-12	10-12	%	1-12	1-12	%
Invoicing	1,062.0	986.6	7.6	3,959.1	3,764.9	5.2
Net sales	499.0	466.2	7.0	1,882.4	1,800.8	4.5
Adjusted EBIT ¹	11.6	8.0	45.1	26.3	21.0	25.5
EBIT	8.1	6.8	18.7	20.5	20.4	0.5
Adjusted EBIT %	2.3	1.7		1.4	1.2	
EBIT %	1.6	1.5		1.1	1.1	
Profit for the period	5.3	4.1	29.5	11.3	11.3	0.5
Earnings per share, EUR	0.03	0.02	29.5	0.06	0.06	0.5
Net cash flow from operating activities	42.2	45.7		40.0	58.3	
Gearing, %				46.5	75.0	
Equity ratio, %				20.1	14.8	
Return on capital employed (ROCE), %				4.6	5.0	

¹ Adjusting items are specified in note 12. Adjusting items.

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 “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 11. Alternative performance measures in the notes to this Financial Statements Release.

Outlook for 2022

The adjusted EBIT is estimated to increase from the 2021 level.

The COVID-19 pandemic continues and severity as well as duration of the pandemic remain unclear in Oriola's operating environment. Furthermore, the recent overall inflationary increases and related cost pressures may have a significant impact on Oriola's profitability.

The outlook is based on current group structure.

CEO Elisa Markula:

"For Oriola, year 2021 was the beginning of a transformation. We defined turnaround activities and initiated the first actions. Consequently, Oriola improved its full year adjusted EBIT to EUR 26.3 million, which is 25% higher than in 2020. Increased profitability was driven by rigorous turnaround actions during the year and positive market demand during the second half of the year.

In the fourth quarter the adjusted EBIT increased to EUR 11.6 million, which was 45% above 2020. The biggest contributor was Retail thanks to the good performance in dose dispensing and the sales increase of health and wellbeing products. In addition, Consumer improved its profitability driven by increased sales both in physical pharmacies and in e-commerce. In Pharma, underlying performance in distribution business was improving but partly set off by lower sales in Expert Services.

During the second half of the year Oriola's performance was accelerated thanks to new turnaround actions. We executed strict cost control and improved operational efficiency at Mankkaa and Enköping distribution centres. Furthermore, we implemented the new country-based operating model to reduce complexity and fulfil customers' needs better. This organisational restructuring will bring us an annual cost saving of at least EUR 7 million. These savings will materialise from the first quarter of 2022 onwards. We will continue the planned turnaround measures consisting of four key elements: cost savings, efficient net working capital management, excellent customer relationship management and commercial excellence. The impact of these actions will gradually become visible during 2022.

Year 2021 ended with the new pandemic wave challenging again our operations due to the increased absence rates of our personnel. As a critical supplier of the pharmaceuticals, we have done our utmost to secure deliveries to the pharmacies and hospitals as well as to the Swedish consumers through our pharmacies. I want to thank all our employees for taking the extra mile as well as customers and business partners for the good cooperation during these extraordinary times."

Oriola Corporation's Financial Statements Release for 1 January–31 December 2021

Operating environment

In the first quarter of 2021, the COVID-19 pandemic amplified in Finland and Sweden, which significantly impacted Oriola's operating environment. In the second quarter, the negative impacts from the pandemic were smaller and the market started to recover, which continued during the third quarter.

In the fourth quarter, the market growth continued and the volume demand for pharmaceuticals and other health and wellbeing products were already slightly above 2019 levels.

Throughout the year, market remained volatile and cost pressures accelerated towards the end of the year.

Oriola estimates that majority of the market impacts related to pandemic will be temporary, except for accelerated channel shift to online. In the Swedish pharmacy market, e-commerce is a fast-growing area with tight competition of market shares. Price attraction and significant online marketing spend are typical mechanisms to grow market shares in e-commerce. Moreover, the pandemic has increased the societies' need to be better prepared for emergency conditions, for instance through enhanced pharmaceutical reserve. Furthermore, the need for high-quality pharmaceutical availability compliant with regulations, and particularly expertise in cold chain management, has increased during the pandemic.

Turnaround highlights

Due to the significant and amplified COVID-19 driven impacts in the market environment and their increased temporary effects on Oriola's business, Oriola started a short-term initiative, which progressed rapidly during the first half of 2021 to drive profitability and efficiency across business areas. Oriola also sold 50% of its ownership of Doktor.se, a leading Swedish e-health provider.

During the second half of the year, Oriola continued its short-term action plan activities to ensure company's successful turnaround.

The short-term action plan for turnaround consists 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 to superior customer experience with one-touch point to customers.
- Commercial excellence through service portfolio crystallisation, pricing models and enhanced margin management.

By taking these measures, Oriola streamlines processes to improve operational efficiency and reduces cost to increase profitability and cost-competitiveness.

The first measures of the turnaround action plan were completed 19 December 2021. Oriola announced results from the cooperation negotiations and operating model restructuring. The new operating model and country-based organisational structure has been effective as of 1 January 2022. The estimated annual savings are approximately EUR 7 million and the savings will materialise from the first quarter of 2022 onwards. The adjusting items related to the personnel reductions are estimated to be approximately EUR 2.9 million.

The company continues to seek further measures to improve its profitability, and furthermore, assesses possibilities for the structural arrangements. Oriola has also initiated a strategy process and will present its new business strategy at its Capital Markets Day on 5 May 2022.

Sustainability

In line with its purpose 'Health for life', Oriola improves the prerequisites for a healthier life – in the context of society, employees and environment. The company's highest priority and the most societally 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 employs around 4,300 pharmaceutical 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.

Wellbeing of the planet is an integral element of people's health and creating a healthier tomorrow. Therefore, our ambition is to reach carbon neutrality by 2030.

Oriola's sustainability programme is aligned with UN's Sustainable Development Goals and integrated in the Group strategy. To measure 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 2021

During the COVID-19 pandemic, Oriola focused on securing the distribution of the pharmaceuticals and safeguarding the health and safety of employees. Moreover, the company developed new services related to pandemic, such as vaccination service in Oriola's pharmacies Sweden.

In June, Oriola signed new revolving credit facility and the margin of the facility was linked also to the performance of sustainability targets. The key performance indicators are the reduction in carbon dioxide emissions in Oriola's own operations and increase in recycling rate.

In September, Oriola achieved the silver medal in the EcoVadis Sustainability rating. EcoVadis assesses companies' sustainability performance in the areas of environment, labour and human rights, ethics, and sustainable procurement. Oriola was rated among the top 15% of all companies worldwide.

In 2021, Oriola took decisive steps towards its environmental targets. The change for renewable electricity continued and as a result, 100% of the electricity purchased in Oriola Group comes from the renewable sources. As much as 95% of Oriola's total energy consumption is now coming from the renewable or carbon-neutral sources (92% in 2020). Also, company's recycling rate increased to 79% (74% in 2020) due to, for example, the collection of the plastic packages and the cardboard boxes in company's dose dispensing units in Finland and Sweden. In December, Oriola received ISO 14001 environmental management standard for its sites in Finland – now all company's distribution and warehouses are certified in both operating countries.

Group financial performance October–December 2021

Invoicing and net sales

Invoicing increased by 7.6% to EUR 1,062.0 (986.6) million. On a constant currency basis invoicing increased by 6.5%. Net sales increased by 7.0% to EUR 499.0 (466.2) million. On a constant currency basis net sales increased by 5.9%, mainly driven by the improving market demand.

Profitability

Adjusted EBIT increased to EUR 11.6 (8.0) million, mainly driven by good performance of Retail business area. Also, business area Consumer improved adjusted EBIT from the comparison period. Adjusting items totalled EUR -3.5 (-1.2) million, mainly related to restructuring, and the EBIT was EUR 8.1 (6.8) million. The adjusted EBIT on a constant currency basis was EUR 11.7 million.

Oriola estimates that the COVID-19 pandemic did not have significant impact to adjusted EBIT in the fourth quarter.

Net financial expenses were EUR 1.3 (1.8) million. Profit for the period was EUR 5.3 (4.1) million. Earnings per share were EUR 0.03 (0.02).

Group financial performance January–December 2021

Invoicing and net sales

Invoicing increased by 5.2% to EUR 3,959.1 (3,764.9) million. On a constant currency basis invoicing increased by 2.7%. Net sales increased by 4.5% to EUR 1,882.4 (1,800.8) million. On a constant currency basis net sales increased by 1.9%. In the first quarter the net sales declined, driven by decreased demand and low volumes due to amplified COVID-19 pandemic. In the second, third and fourth quarter the net sales grew as the markets were growing.

Profitability

Adjusted EBIT increased to EUR 26.3 (21.0) million. This was driven by improved market environment in both operating countries and the continued good performance of Retail business area. Adjusting items totalled EUR -5.9 (-0.6) million, and the EBIT was EUR 20.5 (20.4) million. The adjusted EBIT on a constant currency basis was EUR 25.6 million.

The COVID-19 pandemic had around EUR 5 million negative impact on Oriola's operations and profitability during the first half of the year, however there was no significant impact during the second half of the year.

Net financial expenses were EUR 5.8 (6.0) million. Profit for the period was EUR 11.3 (11.3) million. Income taxes for January–December were EUR 3.4 (3.1) million, which corresponds to an effective tax rate of 22.9% (21.3%). Profit for the period includes an impairment charge of goodwill totalling EUR 0.9 million. Earnings per share were EUR 0.06 (0.06).

Consumer Q4: Increased sales and improved profitability

Consumer business area offers products and services for health and wellbeing for customers through Kronans Apotek, the third largest pharmacy chain in Sweden.

Key figures	2021	2020	Change	2021	2020	Change
	EUR million	10-12	10-12	%	1-12	1-12
Invoicing	216.7	208.6	3.9	839.4	798.2	5.2
Net sales	210.0	203.0	3.5	817.5	780.7	4.7
Adjusted EBIT	5.0	4.4	13.9	11.4	14.4	-20.5
EBIT	3.7	4.4	-14.7	9.8	15.3	-35.9
Adjusted EBIT %	2.4	2.2		1.4	1.8	
EBIT %	1.8	2.2		1.2	2.0	
Number of personnel at the end of the period ¹	1,598	1,621	-1.4	1,598	1,621	-1.4

¹ Full-time equivalents

Market environment

The pharmacy market in Sweden grew by 2.3% (+4.6%) in 2021 and 4.1% (+4.5%) in October-December in Swedish krona (source: Apoteksförning). The market seems to have now recovered from COVID-19 and, as a result, physical pharmacy market was growing in the fourth quarter. However, the number of pharmacies decreased by 22 in January–December 2021 to 1,411 pharmacies.

Total online pharmacy market grew by 19% in January-December, slower than in the comparison period in 2020 (+59%). In the fourth quarter the online pharmacy market grew by 6% (+66%). Online pharmacies' share of the total market was approximately 17% (18%) by the end of December 2021.

Oriola's market share in the Swedish pharmacy market in 2021 was 16.3% (16.6%) and 16.1% (16.5%) in the fourth quarter (source: Apoteksförning). The relative share of over-the-counter (OTC) pharmaceuticals and traded goods from the net sales was 25.8% (25.0%) in 2021 and 26.2% (25.6%) in the fourth quarter. At the end of December, Oriola had 319 (325) pharmacies in Sweden. Oriola opened three new pharmacies and closed nine pharmacies.

October–December 2021

The net sales increased by 3.5% to EUR 210.0 (203.0) million. On a constant currency basis net sales increased by 2.0%. This was driven by the growth in online sales and market growth.

Adjusted EBIT increased to EUR 5.0 (4.4) million driven by increased sales and improved efficiency. Oriola continued to invest in e-commerce business growth during the fourth quarter. New automated packaging machines improved production efficiency, increased capacity and enhanced the customer experience. Adjusting items totalled EUR -1.3 (-0.0) million, mainly related to restructuring, and EBIT was EUR 3.7 (4.4) million.

January–December 2021

The net sales increased by 4.7% to EUR 817.5 (780.7) million. On a constant currency basis net sales increased by 1.3%. Pandemic-driven lower demand burdened the first quarter. Market demand improved in the second, third and fourth quarter. Oriola's online sales grew by 31%, faster than the market (+19%), and it accounts for 8.5% (6.6%) of Oriola's Consumer sales. To support the e-commerce business growth, Oriola is investing in a new warehouse dedicated for e-commerce in Enköping, Sweden. The warehouse is expected to be ready during the second half of 2022.

Adjusted EBIT decreased to EUR 11.4 (14.4) million. This was due to market driven lower volumes in the first quarter, fewer customer visits in pharmacies as well as accelerated channel shift to online. Online continues to be a strategic development area for Oriola. Adjusting items totalled EUR -1.6 (0.9) million, mainly related to restructuring, and EBIT was EUR 9.8 (15.3) million.

Pharma Q4: Increased sales, focus on securing deliveries

Pharma business area provides advanced logistics, expert and advisory services for pharmaceutical companies, distributing a wide range of pharmaceutical products for pharmacies, hospital pharmacies and veterinarians, and among other customer groups.

Key figures	2021	2020	Change	2021	2020	Change
EUR million	10-12	10-12	%	1-12	1-12	%
Invoicing	827.6	763.7	8.4	3,050.0	2,906.0	5.0
Net sales	271.8	249.4	9.0	996.3	961.2	3.7
Adjusted EBIT	4.1	4.1	0.3	12.4	12.8	-2.8
EBIT	3.6	4.1	-12.3	11.9	12.4	-4.0
Adjusted EBIT %	1.5	1.6		1.2	1.3	
EBIT %	1.3	1.6		1.2	1.3	
Number of personnel at the end of the period ¹	436	448	-2.7	436	448	-2.7

¹ Full-time equivalents

Market environment

The pharmaceutical distribution market value at wholesale prices in Sweden grew by 3.1% (+5.1%) in Swedish krona in 2021 and grew by 4.6% (+3.0%) in the fourth quarter (source: IQVIA). In Finland, the market value grew by 3.0% (+2.1%) in 2021 and grew by 4.3% (+1.9%) in the fourth quarter (source: LTK).

According to Oriola's estimate, Oriola's share of the pharmaceutical wholesale market was approximately 46% (47%) in Sweden in 2021 and 46% (47%) in the fourth quarter and approximately 43% (42%) in Finland in 2021 and 44% (42%) in the fourth quarter.

October–December 2021

Invoicing increased by 8.4% to EUR 827.6 (763.7) million. On a constant currency basis invoicing increased by 7.3%. Net sales increased by 9.0% to EUR 271.8 (249.4) million, and on a constant currency basis, net sales increased by 8.1%. This was driven by growing pharmaceutical market and new customer agreements.

Adjusted EBIT was on the same level EUR 4.1 (4.1) million, driven by lower performance in Expert Services, as well as an asset impairment. Underlying performance in distribution business was improving but operative efficiency was challenged by new COVID-19 wave as Oriola focused on securing pharmaceutical deliveries. Adjusting items totalled EUR -0.5 (-0.0) million, mainly related to restructuring, and EBIT was EUR 3.6 (4.1) million.

January–December 2021

Invoicing increased by 5.0% to EUR 3,050.0 (2,906.0) million. On a constant currency basis invoicing increased by 2.8%. Net sales increased by 3.7% to EUR 996.3 (961.2) million, and on a constant currency basis, net sales increased by 1.6%. This was driven mainly by the growing pharmaceutical market.

Adjusted EBIT decreased to EUR 12.4 (12.8) million. This was driven by lower volumes in both countries in the first quarter and the related volatility of pharmaceutical volumes which had a negative impact on operational efficiency. Adjusting items totalled EUR -0.5 (-0.4) million, mainly related to restructuring, and EBIT was EUR 11.9 (12.4) million.

Retail Q4: Continued strong performance

Retail business area offers a wide range of health and wellbeing products to healthcare and retail operators, as well as services for pharmacies, including staffing and dose-dispensing services.

Key figures	2021	2020	Change	2021	2020	Change
	EUR million	10-12	10-12	%	1-12	1-12
Invoicing	127.9	124.4	2.8	507.7	486.7	4.3
Net sales	127.4	124.0	2.8	506.7	484.9	4.5
Adjusted EBIT	4.6	0.7	604.2	11.3	2.0	454.7
EBIT	3.5	-0.5	790.1	9.3	0.9	894.7
Adjusted EBIT %	3.6	0.5		2.2	0.4	
EBIT %	2.8	-0.4		1.8	0.2	
Number of personnel at the end of the period ¹	538	583	-7.6	538	583	-7.6

¹ Full-time equivalents

Market environment

In retail business, Oriola offers a wide range of healthcare products both in traded goods and in OTC pharmaceuticals. In Sweden, the traded goods and OTC pharmaceuticals market grew by 5.4% (+7.7%) in 2021 and 9.0% (+8.9%) in the fourth quarter. Oriola's market share in the supply of these products for pharmacies in Sweden was approximately 24% (25%) in 2021 and approximately 24% (25%) in the fourth quarter (Source: Apoteksförening).

In dose-dispensing business, Oriola offers pharmaceuticals and dose dispensing for private and public healthcare sectors. The total market size for dose dispensing is approximately 250,000 patients (230,000) in Sweden and 90,000 patients (75,000) in Finland. Oriola is the market leader in Sweden serving approximately 103,000 patients. In Finland, Oriola serves approximately 29,000 patients.

Out of the total 822 pharmacies in Finland, 271 pharmacies used Oriola's staffing services during the reporting period and 142 pharmacies during the fourth quarter.

October–December 2021

Net sales increased by 2.8% to EUR 127.4 (124.0) million. On a constant currency basis net sales increased by 1.5%, driven by growth in the number of dose dispensing patients and increased demand for health and wellbeing products in Sweden.

Adjusted EBIT increased to EUR 4.6 (0.7) million, which was mainly due to the continued strength of the dose dispensing business as well as improvements in pricing and product mix in health and well-being product category in Sweden. Adjusting items during the reporting period totalled EUR -1.1 (-1.2) million, mainly related to restructuring, and EBIT was EUR 3.5 (-0.5) million.

January–December 2021

Net sales increased by 4.5% to EUR 506.7 (484.9) million. On a constant currency basis net sales increased by 1.5%, driven by growth in dose dispensing business and demand for health and wellbeing products in Sweden.

Adjusted EBIT increased to EUR 11.3 (2.0) million, mainly due to the positive development of dose-dispensing business. Also, improved customer pricing and product mix in health and wellbeing product category in Sweden impacted the result positively. Adjusting items during the reporting period totalled EUR -1.9 (-1.1) million, mainly related to restructuring, and EBIT was EUR 9.3 (0.9) million.

Balance sheet, cash flow and financing

Oriola's total assets at the end of December 2021 were EUR 1,093.2 (1,165.6) million. Equity attributable to the equity holders was EUR 216.8 (169.6) million. In June 2021, Oriola sold approximately 50% of its shareholding in Doktor.se. The profit from the sale of shares increased the equity by EUR 21.7 million. In addition, an increase of EUR 23.1 million was recognised to the value of the remaining investment. The impact of translation differences on the equity was EUR -5.4 million. The equity was decreased by the dividend of EUR 5.4 million paid in June 2021.

Cash and cash equivalents totalled EUR 109.1 (168.2) million. Net cash flow from operating activities in January–December 2021 was EUR 40.0 (58.3) million, of which changes in working capital accounted for EUR -17.1 (4.0) million. Strong fluctuation in working capital is typical to Oriola's industry. Net cash flow from investing activities was EUR 9.6 (-31.4) million. The impact of the sales of shares in Doktor.se on net cash flow from investing activities was EUR 32.8 million. Net cash flow from financing activities was EUR -108.5 (70.4) million.

At the end of December 2021, interest-bearing debt was EUR 209.9 (295.3) million. The non-current interest-bearing liabilities amounted to EUR 123.5 (127.8) million and current interest-bearing liabilities amounted to EUR 86.4 (167.4) million. Non-current interest-bearing liabilities mainly consist of loans from financial institutions totalling EUR 63.3 (65.9) million and non-current lease liabilities totalling EUR 60.2 (61.9) million. Current interest-bearing liabilities mainly consist of commercial paper issues of EUR 49.8 (78.6) million, advance payments from Finnish pharmacies totalling EUR 16.0 (17.0) million, loans from financial institutions totalling EUR 2.0 (52.0) million and current lease liabilities totalling EUR 18.6 (19.8) million. Interest-bearing net debt was EUR 100.8 (127.1) million and gearing 46.5% (75.0%).

The large fluctuation in cash flow from financing activities, in cash and cash equivalents and in short-term interest-bearing liabilities between the reporting period and the comparison period is explained by the preparations for the uncertainty during the COVID-19 pandemic in the comparison period. During the reporting period, the situation has normalised in this respect.

The non-recourse trade receivables sales programmes are in use in Sweden. At the end of December 2021, a total of EUR 183.1 (179.6) million in trade receivables had been sold. The average interest rate on the interest-bearing liabilities excluding lease liabilities was 0.96% (1.09%).

In June 2021, Oriola signed a new unsecured revolving credit facility agreement for a total of EUR 140 million for three years. The facility is committed and includes an option to be extended by two years. The new revolving credit facility replaced the existing EUR 100 million agreement that was signed in June 2017. 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 2021.

At the end of the reporting period Oriola's equity ratio was 20.1% (14.8%). Return on capital employed was 4.6% (5.0%) and return on equity 5.9% (6.9%).

Investments and depreciation

Gross investments in January–December 2021 totalled EUR 22.8 (32.8) million and consisted mainly of investments in logistics, information systems, and renewal of pharmacies.

Depreciation, amortisation and impairment amounted to EUR 44.9 (41.6) million. In the second quarter of 2021, an impairment of goodwill totalling EUR 0.9 million was recognised relating to the close down of the service centre in Swedish Retail business. Impairment of property, plant and equipment totalling EUR 0.9 million were related to the closure of pharmacies and to the IT solutions in Sweden.

Changes in the Group structure

The Group's parent company Oriola Corporation established a new subsidiary Farenta Oy in December 2021, to which it transferred the staffing services business from Oriola Finland Oy. Farenta Oy provides personnel services for pharmacies.

Personnel

At the end of 2021, Oriola had 2,645 (2,730) employees, 60% (59%) of whom worked in Consumer, 16% (16%) in Pharma, and 20% (21%) in Retail. The Group administration employed 3% (3%) of the total number of employees. The average number of personnel in January–December 2021 was 2,760 (2,687). Personnel numbers consist of members of staff in active employment calculated as full-time equivalents.

Corporate Governance

Annual General Meeting

The Annual General Meeting (AGM), held on 16 March 2021, 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 2020.

The AGM resolved that a dividend of EUR 0.03 per share shall be paid on the basis of the balance sheet adopted for the financial year ending 31 December 2020. The dividend is paid to shareholders registered in the company's shareholders register held by Euroclear Finland Ltd on the dividend record date 18 March 2021. The payment date of the dividend was 10 June 2021. In addition, the AGM authorised the Board of Directors to decide at its discretion on the payment of dividend up to a maximum of EUR 0.03 per share.

The AGM confirmed that the Board of Directors is composed of six members. Current members of the Board of Directors Mr Juko Hakala, Ms Anja Korhonen, Ms Eva Nilsson Bågenholm, Mr Harri Pärssinen, Ms Lena Ridström and Mr Panu Routila were re-elected to 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 2021 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 invoice approved by the company.

All decisions of the Annual General Meeting are available on the company's website 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 Ms Anja Korhonen (Chairman), Mr Harri Pärssinen, Ms Lena Ridström and Mr Panu Routila to the Board's Audit Committee, and Ms Eva Nilsson Bågenholm (Chairman), Ms Lena Ridström and Mr Panu Routila to the Board's Compensation and Human Resources Committee.

Juko Hakala, was not a member of the Audit Committee or the Compensation and Human Resources Committee for the time when he was serving as President and CEO of Oriola.

The Board of Directors has assessed the independence of the members of the Board of Directors, and determined, that all members of the Board of Directors are independent of the company and its significant shareholders. Juko Hakala was during the time of his interim CEO position (1 February – 9 August 2021) determined to dependent of the company, but independent of its significant shareholders.

Changes in Board Committees

Oriola announced on 1 September 2021, that member of the Board of Directors Juko Hakala replaced member of the Board of Directors Lena Ridström in the Compensation and Human Resources Committee of the Board of Directors. Lena Ridström continues as member of the Audit Committee of the Board of Directors.

Shareholders' Nomination Board

On 22 December 2021, the Shareholders' Nomination Board submitted its proposal to the 2022 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, Juko-Juho Hakala, Harri Pärssinen, Lena Ridström and Panu Routila would be re-elected. Nina Mähönen would be elected as a new member of the Board of Directors. Panu Routila would be re-elected as a Chairman of the Board of Directors. Anja Korhonen, member of the Board of Directors since 2014, has informed the Nomination Board that she is not available for re-election of the Board of Directors.

The Corporate Governance Statement

The Corporate Governance Statement for 2021 will be published as part of the Report of the Board of Directors, in accordance with the Finnish Corporate Governance Code 2020. The statement can be viewed on the company's website at: <https://www.oriola.com/investors/corporate-governance>.

Authorisations

The Annual General Meeting authorised the Board of Directors to decide at its discretion on the payment of dividend up to a maximum of EUR 0.03 per share. The authorisation shall be valid until the beginning of the next Annual General Meeting of the company. The authorisation is valid until the beginning of the next Annual General Meeting of the company. The Board of Directors of Oriola decided on 26 October 2021 that it will not use the authorisation and no additional dividend for 2020 will be paid.

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 of 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. Shares may be repurchased also in a proportion other than in which 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 2021 are available on the company's website www.oriola.com.

Changes in the Oriola Management Team

Oriola announced on 1 February 2021, that Robert Andersson would leave his position as President and CEO as of 1 February 2021. He continued as an advisor to the Board of Directors until 31 July 2021. Juko Hakala, member of Oriola's Board of Directors, was appointed CEO on an interim basis for the period between 1 February 2021 and 9 August 2021. On 14 June 2021 Oriola announced, that Oriola's Board of Directors appointed Elisa Markula as Oriola Corporation's President and CEO as of 9 August 2021.

Oriola announced on 17 June 2021, that Helena Kukkonen, Oriola Corporation's CFO and member of the Oriola Management Team, had resigned and Antti Elevuori, M. Sc. Econ, was appointed interim CFO of Oriola Corporation as of 1 August 2021. Oriola announced on 13 September 2021, that Sari Pohjonen, M. Sc. (Econ) was appointed Oriola Corporation's CFO and member of the Oriola Management Team as of 8 November 2021.

Oriola announced on 20 July 2021, that Teija Silver, Oriola Corporation's Vice President, Human Resources and member of the Oriola Management Team, had resigned and Elina Niemelä, Ph.D. HR mgmt, was appointed Vice President, People and Transformation of Oriola Corporation and member of the Oriola Management Team as of 9 August 2021.

Oriola announced on 30 August 2021, that Anders Torell, Oriola Corporation's Vice President of the Business Area Consumer, Managing Director of Kronans Apotek and member of Oriola's Management Team, had resigned. On 13 September 2021, Oriola announced, that Oriola's President and CEO Elisa Markula would act as an interim leader of Business Area Consumer as of 13 September 2021.

Oriola announced on 29 November 2021, that Hannes Hasselrot has been appointed Oriola Corporation's Vice President, Business Area Consumer, Managing Director of Kronans Apotek and member of the Oriola Management Team as of 1 December 2021.

Oriola's Oriola Management Team consisted of ten members at the end of December 2021: Elisa Markula, President and CEO; Sari Pohjonen, CFO; Katarina Gabrielson, Vice President, Retail business area; Hannes Hasselrot, Vice President, Consumer business area; Anne Kariniemi, Vice President, Operations; Tuula Lehto, Vice President, Communications and Sustainability; Elina Niemelä, Vice President, People and Transformation; Charlotta Nyström, CIO; Fredrik Pamp, Vice President, Pharma business area; Petter Sandström, General Counsel.

Oriola Corporation shares

Trading of shares	Jan–Dec 2021		Jan–Dec 2020	
	class A	class B	class A	class B
Trading volume, million	8.1	50.7	3.3	48.6
Trading volume, EUR million	16.1	98.9	6.7	92.6
Highest price, EUR	2.37	2.20	2.25	2.27
Lowest price, EUR	1.78	1.73	1.62	1.52
Closing quotation, end of period, EUR	1.99	2.01	1.99	1.90

Oriola Corporation's market capitalisation on 31 December 2021 was EUR 362.8 (349.9) million.

In January–December 2021, the traded volume of Oriola Corporation shares, excluding treasury shares, corresponded to 32.5% (28.6%) of the total number of shares.

At the end of December 2021, 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 138,201 (173,206) treasury shares, of which 63,650 (63,650) were class A shares and 74,551 (109,556) were class B shares. The treasury shares held by the company account for 0.08% (0.10%) 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 2021, no class A shares were converted into class B shares (1,685,960 class A shares were converted into class B shares during the corresponding period in 2020).

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 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 from Oriola's website:

www.oriola.com/investors/corporate-governance/risks/.

Near-term risks and uncertainty factors

Oriola's strategic development projects involve operational risks which may have an effect on the profitability when realised. Oriola has several significant IT system projects ongoing. The company has defined separate risk management plans for all IT projects and aims to ensure the seamless go-lives of the systems through planning. The automation improvements of the distribution centre in Sweden have been mostly taken into use during 2021. Improvements in cold chain automation will continue during first half of 2022. The process optimisation and efficiency improvements will continue in this area.

Since the first quarter of 2020, the COVID-19 pandemic has impacted significantly Oriola's operating environment as the restrictions set by the authorities and consumer caution impacted the consumer behaviour. The measures caused by the pandemic have led to the decrease of healthcare services as well as affected the demand for pharmaceuticals and health and wellbeing products. This has inevitably also had an impact on Oriola's business. As the pandemic continues, Oriola's business environment stays volatile, which still can have a significant impact on Oriola's net sales and profitability. Severity and duration of the pandemic, however, remain unclear in Oriola's operating environment. The impacts of the pandemic on the valuation of Oriola's assets are closely monitored. Based on the assessments, COVID-19 pandemic is 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.

Oriola has prepared its operations for the risks caused by the COVID-19 pandemic. In the contingency planning, the company has considered especially securing the health of its personnel, availability of workforce, safety in distribution centres and pharmacies as well as growing need for pharmaceutical stocking. In addition, Oriola is actively discussing with both customers and authorities about quickly changing requirements and their management.

Oriola's operations and profitability are impacted by price volatility in key cost categories. Especially, changes in energy prices, labour and freight costs may have impact on Oriola's profitability.

Oriola is from time to time 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, the legal actions, claims and other proceedings are not expected to have material impact on the financial position of the Group.

Outlook for 2022

The adjusted EBIT is estimated to increase from the 2021 level.

The COVID-19 pandemic continues and severity as well as duration of the pandemic remain unclear in Oriola's operating environment. Furthermore, the recent overall inflationary increases and related cost pressures may have a significant impact on Oriola's profitability.

The outlook is based on current group structure.

Events after the reporting period

Oriola announced on 9 February 2022 that Oriola Corporation and the Euroapothecca group ("Euroapothecca") have signed a framework merger agreement for combining the respective pharmacy businesses in Sweden: Oriola's Consumer business area comprising Kronans Apotek ("Kronans Apotek" or "Oriola Consumer") and Euroapothecca's Apoteksgruppen into a new company (the "New Company").

The New Company to be established will have over 470 pharmacies and full online pharmacy operations, over 2,300 full-time employees and an illustrative combined revenue of EUR 1,140 million as of 2020 in Sweden. The New Company is expected to be the third largest player in the Swedish pharmacy market by revenue, with an estimated combined market share of 25 percent.

Euroapothecca is an international group of companies in the Northern Europe region managing pharmacy chains, online pharmacies and wholesale companies in Estonia, Latvia, Lithuania and Sweden. The group employs altogether nearly 4,000 people. Euroapothecca acquired Apoteksgruppen in 2018.

Oriola and Euroapothecca will combine the respective pharmacy businesses in Sweden into a 50 percent and 50 percent equally owned New Company to be established. In the arrangement, Oriola contributes its Consumer business area (Kronans Apotek) into the New Company, for an enterprise value of approximately EUR 400 million. At the closing of the arrangement, Oriola Consumer's liabilities (IFRS 16 leases and factoring liabilities) of approximately EUR 134 million will be transferred to the New Company. Additionally, Oriola will receive a cash consideration of approximately EUR 24 million from Euroapothecca. Euroapothecca contributes its Swedish business, Apoteksgruppen, into the New Company for an enterprise value of approximately EUR 300 million and transfers net debt of EUR 82 million into the New Company.

The transaction is subject to competition authorities' approval and is expected to close at the latest during the second half of 2022.

The transaction is expected to have a negative impact of approximately EUR 10 million on consolidated net profit of Oriola Group including as a result of realised translation differences and transaction related costs. For the parent company, there will be a negative impact of approximately EUR 100 million on net profit as a result of loan receivables that are not transferred to the New Company, decreasing the parent company's distributable funds by an equal amount. At the end of December 2021 Oriola Corporation's distributable funds were EUR 265.3 million.

As a consequence of transferring EUR 134 million of Oriola Consumer's liabilities to the New Company consisting mainly of IFRS 16 related leasing liabilities as well as factoring, Oriola Group's net debts will be decreasing.

Oriola will report the New Company as an associated company under the equity method and present the share of associated company's result above EBIT in the consolidated financial statements.

Net assets and liabilities of Consumer business area at the end of December 2021 is presented below:

EUR million	31 Dec 2021
Assets	426.6
Liabilities	120.3
Net assets and liabilities total	306.3

Profit distribution proposal

Oriola Group's parent company is Oriola Corporation, whose distributable funds according to the balance sheet as of 31 December 2021 were EUR 265.3 (325.6) million. Oriola Corporation's result for the financial year 2021 was EUR -54.8 (6.9) million. Earnings per share of the Oriola Group were EUR 0.06 (0.06).

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.04 (0.03) per share would be paid for 2021. The Board of Directors further proposes that the remaining non-restricted equity, EUR 258,075,212.87 be retained and carried forward.

Annual General Meeting

Oriola Corporation's Annual General Meeting will be held on 15 March 2022. 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 22 February 2022 at the latest.

Publication of the Financial Statements

Oriola Corporation will publish its 2021 Financial Statements by 22 February 2022.

Financial calendar 2022

Annual General Meeting, Tuesday, 15 March 2022
 Interim Report 1-3/2022, Thursday, 28 April 2022
 Half Year Financial Report 1-6/2022, Friday, 22 July 2022
 Interim Report 1-9/2022, Thursday, 27 October 2022

Espoo, 17 February 2022

Oriola Corporation
 Board of Directors

Consolidated statement of comprehensive income (IFRS)

EUR million	Note	2021 10-12	2020 10-12	2021 1-12	2020 1-12
Net sales	9, 10	499.0	466.2	1,882.4	1,800.8
Other operating income		2.6	2.6	11.1	9.5
Materials and supplies		-396.8	-371.8	-1,498.2	-1,438.7
Employee benefit expenses		-48.8	-43.3	-185.3	-172.3
Other operating expenses		-36.5	-35.9	-144.6	-137.2
Depreciation, amortisation and impairments	3	-11.4	-11.0	-44.9	-41.6
EBIT	9	8.1	6.8	20.5	20.4
Financial income and expenses		-1.3	-1.8	-5.8	-6.0
Profit before taxes		6.8	5.1	14.7	14.3
Income taxes		-1.5	-1.0	-3.4	-3.1
Profit for the period		5.3	4.1	11.3	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		-2.1	12.5	-5.4	9.8
Cash flow hedge		0.4	0.1	0.9	-0.2
Income tax relating to other comprehensive income		-0.1	-0.0	-0.2	0.0
		-1.8	12.6	-4.6	9.6
Items which will not be reclassified to profit or loss:					
Financial assets recognised at fair value through other comprehensive income	6	-	-	44.8	8.0
Actuarial gains/losses on defined benefit plans		1.3	-0.4	1.3	-0.4
Income tax relating to other comprehensive income		-0.3	0.0	-0.3	0.0
		1.0	-0.4	45.9	7.6
Total comprehensive income for the period		4.6	16.4	52.6	28.6
Profit attributable to					
Parent company shareholders		5.3	4.1	11.3	11.3
Total comprehensive income attributable to					
Parent company shareholders		4.6	16.4	52.6	28.6
Earnings per share attributable to parent company shareholders:					
EUR					
Basic	2	0.03	0.02	0.06	0.06
Diluted	2	0.03	0.02	0.06	0.06

Consolidated statement of financial position (IFRS)

EUR million	Note	31 Dec 2021	31 Dec 2020
Non-current assets			
Property, plant and equipment	3	155.9	162.2
Goodwill	3	273.5	278.7
Other intangible assets	3	71.0	69.8
Other non-current assets	6	34.9	22.3
Deferred tax assets		3.9	4.4
Non-current assets total		539.3	537.3
Current assets			
Inventories		229.2	250.1
Trade receivables		194.7	188.6
Income tax receivables		2.7	3.4
Other receivables		18.2	18.1
Cash and cash equivalents		109.1	168.2
Current assets total		553.9	628.3
Assets total		1,093.2	1,165.6

EUR million	Note	31 Dec 2021	31 Dec 2020
Equity			
Share capital		36.2	36.2
Fair value reserve		26.5	7.7
Contingency fund		19.4	19.4
Invested unrestricted equity reserve		74.8	74.8
Other reserves		0.1	0.1
Translation differences		-28.5	-23.1
Retained earnings		88.3	54.5
Equity attributable to the parent company shareholders		216.8	169.6
Non-current liabilities			
Deferred tax liabilities		11.8	13.9
Pension obligations		18.0	18.9
Interest-bearing liabilities		123.5	127.8
Other non-current liabilities		0.5	0.9
Non-current liabilities total		153.8	161.6
Current liabilities			
Trade payables		591.7	620.3
Provisions	4	-	0.8
Interest-bearing liabilities		86.4	167.4
Income tax payables		1.4	-
Other current liabilities		43.1	45.9
Current liabilities total		722.6	834.5
Equity and liabilities total		1,093.2	1,165.6

Consolidated statement of changes in equity (IFRS)

EUR million	Share capital	Funds	Translation differences	Retained earnings	Equity total
Equity 1 Jan 2020	36.2	94.2	-32.9	59.7	157.2
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	-	8.0	-	-	8.0
Cash flow hedge	-	-0.2	-	-	-0.2
Actuarial gains and losses	-	-	-	-0.4	-0.4
Income tax relating to other comprehensive income	-	0.0	-	0.0	0.1
Translation difference	-	-	9.8	-	9.8
Comprehensive income for the period total	-	7.8	9.8	10.9	28.6
Transactions with owners					
Dividend distribution	-	-	-	-16.3	-16.3
Share-based incentive	-	-	-	0.2	0.2
Purchase of own shares	-	-	-	-0.1	-0.1
Transactions with owners total	-	-	-	-16.2	-16.2
Equity 31 Dec 2020	36.2	102.0	-23.1	54.5	169.6
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

Condensed consolidated statement of cash flows (IFRS)

EUR million	2021 1-12	2020 1-12
Profit for the period	11.3	11.3
Depreciation, amortisation and impairments	44.9	41.6
Financial income and expenses	5.8	6.0
Income taxes	3.4	3.1
Other adjustments	0.1	-1.4
Change in working capital	-17.1	4.0
Cash flow from financial items and taxes	-8.4	-6.4
Net cash flow from operating activities	40.0	58.3
Net cash flow from investing activities	9.6	-31.4
Net cash flow from financing activities	-108.5	70.4
Net change in cash and cash equivalents	-59.0	97.3
Cash and cash equivalents at the beginning of the period	168.2	70.8
Translation differences	-0.0	0.1
Net change in cash and cash equivalents	-59.0	97.3
Cash and cash equivalents at the end of the period	109.1	168.2

Notes to the Financial Statements Release January–December 2021

1. 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 annual consolidated financial statements as at and for the year ended 31 December 2020. The accounting policies and calculation methods applied in the report are the same as those in the 31 December 2020 annual 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 2021. 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. This Interim report does not include all of the information and notes presented in the annual financial statements. The figures in this Financial Statements Release are based on audited 2021 Financial Statements.

IFRS IC finalised its agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets) in April 2021. In this agenda decision IFRS IC considered, whether applying IAS 28, an intangible asset in relation to configuration or customisation of the application software is recognised, and if an intangible asset is not recognised, are they recognised as an expense or are they recognised as advance payments in the consolidated statement of financial position. The Group clarified its accounting policies applied to the implementation costs in cloud computing arrangements. The change does not have any material impact on Oriola's consolidated financial statements and no reclassifications were done to the consolidated financial statements because of the agenda decision.

In the first quarter of 2021, the COVID-19 pandemic amplified in Finland and Sweden, which significantly impacted Oriola's operating environment. In the second quarter, the negative impacts from the pandemic were smaller and the market started to recover, which continued during the third quarter.

In the fourth quarter, the market growth continued and the volume demand for pharmaceuticals and other health and wellbeing products were already slightly above 2019 levels.

The impacts of the pandemic on the valuation of Oriola's assets have been closely monitored during the reporting period. Based on the assessments, COVID-19 pandemic is 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.

2. Earnings per share

	2021	2020	2021	2020
EUR million	10-12	10-12	1-12	1-12
Profit attributable to equity owners of the parent	5.3	4.1	11.3	11.3
Average number of outstanding shares (1000 shares)				
Basic	181,348	181,420	181,341	181,389
Diluted	181,423	181,478	181,423	181,464
Earnings per share (EUR)				
Basic	0.03	0.02	0.06	0.06
Diluted	0.03	0.02	0.06	0.06

3. Tangible and intangible assets

Changes in property, plant and equipment, EUR million	2021 1-12	2020 1-12
Carrying amount at the beginning of the period	81.0	75.6
Increases	10.4	15.7
Decreases	-0.2	-0.2
Reclassifications	-0.2	-0.1
Depreciation	-12.2	-12.2
Impairments	-0.9	0.1
Foreign exchange rate differences	-1.3	2.0
Carrying amount at the end of the period	76.6	81.0

Changes in right-of-use assets EUR million	2021 1-12	2020 1-12
Carrying amount at the beginning of the period	81.2	82.7
Increases	20.1	14.9
Decreases	-0.1	-0.0
Depreciation	-20.3	-18.8
Impairments	-0.0	-
Foreign exchange rate differences	-1.5	2.5
Carrying amount at the end of the period	79.4	81.2

Changes in goodwill, EUR million	2021 1-12	2020 1-12
Carrying amount at the beginning of the period	278.7	270.5
Impairments	-0.9	-
Foreign exchange rate differences	-4.4	8.2
Carrying amount at the end of the period	273.5	278.7

Changes in other intangible assets, EUR million	2021 1-12	2020 1-12
Carrying amount at the beginning of the period	69.8	66.9
Increases	12.4	12.3
Decreases	-0.0	-
Reclassifications	0.2	0.1
Amortisation	-10.6	-10.1
Impairments	-	-0.6
Foreign exchange rate differences	-0.8	1.3
Carrying amount at the end of the period	71.0	69.8

4. Provisions

At the end of the reporting period the Group did not have any provisions in the consolidated statement of financial position (0.8 EUR million).

The provisions in 2020 consist of restructuring provisions relating to the cooperation negotiations in 2019 aiming to improve operational efficiency and continue re-organising operations in Finland and in Sweden as well as to changes in the Oriola Management Team.

5. Derivatives

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 and loss			
Foreign currency forward and swap contracts	0.0	0.2	59.5

31 Dec 2020 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	0.4	71.9
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	0.1	0.1	12.8

Derivatives measured at fair value through profit and loss are mainly related to hedging of the Group's internal transactions. Fair values of the derivatives have been recognised to 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.

6. Fair value hierarchy

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 and 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 and loss	-	0.2	-	0.2

31 Dec 2020 EUR million	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	0.1	-	0.1
Other investments measured at fair value through OCI	-	-	22.2	22.2
Trade receivables for sale	-	15.1	-	15.1
Liabilities				
Derivatives designated as hedges	-	0.4	-	0.4
Derivatives measured at fair value through profit and loss	-	0.1	-	0.1

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

	2021	2020
Financial assets on level 3, EUR million	1-12	1-12
Carrying amount at the beginning of the period	22.2	9.4
Acquisition of shares	-	4.8
Disposal of shares	-11.1	-
Change in fair value	23.1	8.0
Carrying amount at the end of the period	34.2	22.2

Financial assets recognised at fair value through other comprehensive income (level 3) include Oriola's holding in Swedish online medical centre Doktor.se. In June 2021, Oriola sold approximately 50% of its shareholding in Doktor.se and recognised an increase of EUR 23.1 million to the value of the remaining investment. Oriola has been investing in Doktor.se since 2018 and the ownership has enabled a tight strategic cooperation in the Swedish market. The accelerating international growth programme of Doktor.se is a natural moment for Oriola to decrease its ownership and that way contribute to other types of investors being able to invest in Doktor.se. The applied valuation method for the shares in Doktor.se is based on realised transactions.

7. Commitments and Contingent Liabilities

EUR million	31 Dec 2021	31 Dec 2020
Commitments for own liabilities		
Guarantees on behalf of own companies	7.1	7.3
Mortgages on company assets	2.0	2.1
Other guarantees and liabilities	8.0	9.9
Total	17.2	19.3
Committed future minimum lease liabilities	0.9	1.1

The most significant guarantees are bank guarantees against Swedish wholesale company's trade payables. In addition, Oriola Corporation has granted parent company guarantees of EUR 0.4 (0.3) 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.

Oriola invests in a new e-commerce warehouse in Enköping, Sweden. The new warehouse will cover around 15,000 square meters. Oriola is renting the facility and the building project has started in the autumn 2021 and the new warehouse will be ready during the second half of 2022. The lease contract is for ten years and will add right-of-use assets and lease liabilities with EUR 7.4 million in the second half of 2022.

8. 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.

9. Segment information

Oriola's operations are divided into three business areas: Consumer, Pharma and Retail. These three business areas are also Oriola's financial reporting segments.

1-12/2021					
EUR million	Consumer	Pharma	Retail	Group items	Total
External invoicing	839.5	2,801.6	318.0	-	3,959.1
Internal invoicing	-0.1	248.4	189.7	-438.0	-
Invoicing	839.4	3,050.0	507.7	-438.0	3,959.1
External net sales	817.5	747.9	317.0	-	1,882.4
Internal net sales	-0.1	248.4	189.7	-438.0	-
Net sales	817.5	996.3	506.7	-438.0	1,882.4
EBIT	9.8	11.9	9.3	-10.6	20.5
Adjusted EBIT	11.4	12.4	11.3	-8.8	26.3
Assets	426.6	378.1	120.4	168.1	1,093.2
Liabilities	120.3	557.3	63.1	135.7	876.4
Investments	13.5	5.3	3.8	0.2	22.8
Depreciation, amortisation and impairments	28.3	9.9	6.3	0.4	44.9
Average number of personnel	1,683	452	547	78	2,760

1-12/2020					
EUR million	Consumer	Pharma	Retail	Group items	Total
External invoicing	798.1	2,662.8	304.0	-	3,764.9
Internal invoicing	0.1	243.2	182.7	-426.0	-
Invoicing	798.2	2,906.0	486.7	-426.0	3,764.9
External net sales	780.6	718.0	302.2	-	1,800.8
Internal net sales	0.1	243.2	182.7	-426.0	-
Net sales	780.7	961.2	484.9	-426.0	1,800.8
EBIT	15.3	12.4	0.9	-8.2	20.4
Adjusted EBIT	14.4	12.8	2.0	-8.2	21.0
Assets	442.3	374.1	132.5	216.7	1,165.6
Liabilities	123.4	586.6	67.0	219.1	996.0
Investments	13.0	9.1	4.9	5.9	32.8
Depreciation, amortisation and impairments	26.7	8.4	6.5	0.1	41.6
Average number of personnel	1,596	451	562	77	2,687

Segment information quarterly

Invoicing EUR million	2021 10-12	2021 7-9	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3
Consumer	216.7	205.3	213.1	204.3	208.6	194.5	189.0	206.1
Pharma	827.6	745.0	753.3	724.0	763.7	706.8	690.0	745.5
Retail	127.9	126.9	130.5	122.6	124.4	119.1	121.5	121.6
Group items	-110.3	-107.0	-112.4	-108.4	-110.1	-105.2	-102.7	-108.0
Group total	1,062.0	970.2	984.5	942.5	986.6	915.3	897.7	965.3

Net sales EUR million	2021 10-12	2021 7-9	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3
Consumer	210.0	200.2	207.5	199.7	203.0	190.5	184.8	202.4
Pharma	271.8	245.7	242.2	236.5	249.4	234.7	232.9	244.2
Retail	127.4	126.7	130.2	122.3	124.0	118.8	120.9	121.2
Group items	-110.3	-107.0	-112.4	-108.4	-110.1	-105.2	-102.7	-108.0
Group total	499.0	465.7	467.5	450.2	466.2	438.9	435.8	459.8

Adjusted EBIT EUR million	2021 10-12	2021 7-9	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3
Consumer	5.0	5.0	2.0	-0.6	4.4	4.3	0.3	5.4
Pharma	4.1	4.1	2.2	2.0	4.1	3.0	2.1	3.6
Retail	4.6	3.6	2.0	1.1	0.7	1.5	-0.3	0.2
Group items	-2.1	-2.3	-2.2	-2.2	-1.1	-2.4	-2.4	-2.3
Group total	11.6	10.4	4.1	0.3	8.0	6.3	-0.3	6.9

EBIT EUR million	2021 10-12	2021 7-9	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3
Consumer	3.7	4.7	1.9	-0.5	4.4	4.2	0.4	6.3
Pharma	3.6	4.1	2.2	2.0	4.1	3.0	2.1	3.2
Retail	3.5	3.6	1.1	1.1	-0.5	1.5	-0.3	0.3
Group items	-2.7	-2.5	-2.2	-3.1	-1.1	-2.4	-2.4	-2.3
Group total	8.1	9.8	3.0	-0.5	6.8	6.3	-0.2	7.5

Number of personnel at the end of the period, FTE's	2021 10-12	2021 7-9	2021 4-6	2021 1-3	2020 10-12	2020 7-9	2020 4-6	2020 1-3
Consumer	1,598	1,814	1,677	1,603	1,621	1,711	1,631	1,715
Pharma	436	457	462	447	448	454	451	440
Retail	538	546	548	590	583	550	563	541
Group items	72	78	81	82	78	78	78	73
Group total	2,645	2,895	2,768	2,722	2,730	2,794	2,722	2,769

Geographical information

1-12/2021			Other	
EUR million	Sweden	Finland	countries	Total
Net sales	1,331.4	431.1	119.9	1,882.4
Assets	744.8	348.4	-	1,093.2
Investments	19.3	3.5	-	22.8
Average number of personnel	2,184	576	-	2,760

1-12/2020			Other	
EUR million	Sweden	Finland	countries	Total
Net sales	1,275.6	404.7	120.5	1,800.8
Assets	784.6	381.1	-	1,165.6
Investments	21.9	10.9	-	32.8
Average number of personnel	2,084	603	-	2,687

10. Disaggregation of revenue

In the following table, the Group's external revenue is disaggregated by the Group's major revenue streams and reconciled with the Group's reportable segments.

1-12/2021				
EUR million	Consumer	Pharma	Retail	Total
Wholesale	-	684.0	164.4	848.5
Retail sale	817.5	-	-	817.5
Services	-	63.9	152.5	216.4
Net sales total	817.5	747.9	317.0	1,882.4

1-12/2020				
EUR million	Consumer	Pharma	Retail	Total
Wholesale	-	658.0	166.3	824.3
Retail sale	780.6	-	-	780.6
Services	-	60.0	135.9	195.9
Net sales total	780.6	718.0	302.2	1,800.8

11. Alternative performance measures

Key figures EUR million	2021 10-12	2020 10-12	Change %	2021 1-12	2020 1-12	Change %
Invoicing	1,062.0	986.6	7.6	3,959.1	3,764.9	5.2
Net sales	499.0	466.2	7.0	1,882.4	1,800.8	4.5
Adjusted EBIT ¹	11.6	8.0	45.1	26.3	21.0	25.5
EBIT	8.1	6.8	18.7	20.5	20.4	0.5
Adjusted EBIT %	2.3	1.7		1.4	1.2	
EBIT %	1.6	1.5		1.1	1.1	
Profit for the period	5.3	4.1	29.5	11.3	11.3	0.5
Earnings per share, EUR	0.03	0.02	29.5	0.06	0.06	0.5
Net cash flow from operating activities	42.2	45.7		40.0	58.3	
Gross capital expenditure				22.8	32.8	
Net interest-bearing debt				100.8	127.1	
Gearing, %				46.5	75.0	
Equity per share, EUR				1.20	0.94	
Equity ratio, %				20.1	14.8	
Return on equity (ROE), %				5.9	6.9	
Return on capital employed (ROCE), %				4.6	5.0	
Average number of shares, 1000 pcs ²				181,341	181,389	
Average number of personnel ³				2,760	2,687	
Number of personnel at the end of the period ³				2,645	2,730	

¹ Adjusting items are specified in note 12. Adjusting items.

² Treasury shares held by the company not included.

³ Full time equivalents

Reconciliation of alternative performance measures to IFRS

Invoicing	2021	2020	2021	2020
EUR million	10-12	10-12	1-12	1-12
Net sales	499.0	466.2	1,882.4	1,800.8
+ Acquisition cost of consignment stock	556.3	514.5	2,054.9	1,945.9
+ Cash discounts	6.7	5.7	22.0	18.1
+ Exchange rate differences on sales	-0.1	0.1	-0.2	0.1
Invoicing	1,062.0	986.6	3,959.1	3,764.9

Adjusted EBIT	2021	2020	2021	2020
EUR million	10-12	10-12	1-12	1-12
EBIT	8.1	6.8	20.5	20.4
- Adjusting items included in EBIT	3.5	1.2	5.9	0.6
Adjusted EBIT	11.6	8.0	26.3	21.0

Alternative performance measures calculated on a constant currency basis	2021	2020	2021	2020
EUR million	10-12	10-12	1-12	1-12
Invoicing	1,062.0	986.6	3,959.1	3,764.9
Translation difference	-11.1	-24.5	-90.8	-26.3
Invoicing calculated on a constant currency basis	1,050.9	962.1	3,868.3	3,738.6
Net sales	499.0	466.2	1,882.4	1,800.8
Translation difference	-5.4	-12.7	-46.6	-13.7
Net sales calculated on a constant currency basis	493.7	453.5	1,835.9	1,787.1
Adjusted EBIT	11.6	8.0	26.3	21.0
Translation difference	0.0	-0.1	-0.7	-0.2
Adjusted EBIT calculated on a constant currency basis	11.7	7.9	25.6	20.8

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), %	= $\frac{\text{EBIT}}{\text{Total assets} - \text{Non-interest-bearing liabilities (average between the beginning and the end of the year)}} \times 100$
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, %	= $\frac{\text{Equity total}}{\text{Total assets} - \text{Advances received}} \times 100$

12. 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	2021 10-12	2020 10-12	2021 1-12	2020 1-12
Restructuring costs	-2.6	0.1	-3.4	0.8
Impairments and write-downs	-0.3	-	-1.6	-
Costs and impairment charges relating to onerous contract	-	-1.2	-	-1.2
Other	-0.6	-0.1	-0.8	-0.2
Adjusting items total	-3.5	-1.2	-5.9	-0.6

Adjusting items in 2021 consist mainly of organizational restructuring costs, impairment of goodwill related to closing of the service centre in Retail business in Sweden, impairment charges related to the closing of pharmacies in Consumer business in Sweden and write-down of inventories related to the discontinued product category in Retail business. Adjusting items in 2020 consist mainly of changes in restructuring provisions and costs relating to an onerous contract in Retail business area.