Oriola Corporation's Interim Report 1 January – 31 March 2018

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Financial performance January–March 2018, continuing operations

- Invoicing increased by 6.4 % (decreased 2.7%) to EUR 848.3 (797.5) million
- Net sales increased by 5.6% (decreased 5.2%) to EUR 388.1 (367.4) million
- Adjusted EBITDA decreased by 22.8% (decreased 9.1%) to EUR 13.8 (17.9) million
- Adjusted EBIT was EUR 6.2 (11.0) million
- Profit for the period totalled EUR 3.5 (7.5) million and earnings per share was EUR 0.02 (0.04)

Business outlook for 2018

Oriola keeps the previously given guidance unchanged: Adjusted EBIT of continuing operations on constant currency basis is estimated to increase from the 2017 level.

President and CEO Robert Andersson:

"In the first quarter of the year, our operations progressed as planned despite challenges in many areas. In the Services Business Area, we succeeded in improving our efficiency and stabilising our operations in Finland, which had been weakened by the introduction of the new ERP and warehouse management system. There is still need for improvement and we expect to normalise deliveries and efficiency in Finland in the second quarter of 2018, and further increase efficiency by the end of the year. Our Consumer business was still challenged by the increasing competition in the pharmacy market in Sweden, and the intensive start-up phase of the new Hehku chain during the first quarter. Despite all this, we managed to increase the Group's net sales by 5.6% and invoicing by 6.4% compared to the corresponding period last year.

We are competing in the tightening Swedish pharmacy market, where consumers are increasingly moving to use online pharmacy services. By the end of the first quarter, online sales had risen to 9% (6%) of total pharmacy sales in Sweden. Oriola's online sales continued to grow faster than the market. During the reporting period online sales accounted for 2.4% (1.9%) of Oriola's Consumer sales in Sweden. Net sales of Consumer business in constant currency grew by almost 4%. However, the weak exchange rate negatively affected our comparable sales and result. In Finland, our joint venture Hehku launched 17 Hehku stores and an online store in the first quarter of the year. The Hehku chain, co-founded with Kesko, is a comprehensive wellbeing chain founded in response to the growing health and wellbeing market in Finland. The establishment of the chain will negatively affect the result of our Consumer business operations this year.

The operative result of our Services Business Area continued to suffer from the difficulties experienced with our new ERP and warehouse management system, implemented in the third quarter of 2017. The system's delivery capability and efficiency have now improved considerably, and we have implemented many development projects that are important to the customer experience. With these restored capabilities, we have also been able to once again take over distribution of products that had been placed in multichannel distribution. Despite this, the deployment of the new system and the new processes resulted in additional costs of around EUR 2 million for the Services business area for the first quarter of 2018.

In the first quarter, our operations developed well in the Services Business Area in Sweden, helped by both growth in the pharmaceuticals market and the distribution agreements that were concluded last year. To maintain growth in Sweden, we are investing in expanding and automating our distribution centre in Enköping. The project is proceeding as planned, and the new distribution centre is expected to start deliveries in the fourth quarter of 2018.

There were also positive developments during the first quarter of 2018 in expert services as part of the Services Business Area. We provide our customers the widest range of services in the industry, throughout the medicine’s path from research to pharmaceutical guidance for consumers.

Our Healthcare business grew strongly in the first quarter, making a positive result after four loss-making quarters. Net sales grew by 61% compared to corresponding period last year. Growth was particularly driven by the progress with dose dispensing in Sweden. Despite growing competition, business continued to be stable in Finland. Our dose dispensing services currently cover almost 70,000 patients. Ageing population and the society’s need to increase the proportion of home care are speeding up the development of dose dispensing operations in both Sweden and Finland.

We have made major changes to our Group Management Team during the first quarter of the year. At the beginning of January, Anders Torell started as Vice President of the Consumer business area, and I started as CEO in February. In March Helena Kukkonen took up the position of CFO for the Group and Charlotta Nyström was appointed CIO of the Group. I am confident that with this Group Management Team we can respond to the changing challenges of our operating environment.

The market is rapidly becoming more digital. This is especially evident in Sweden, with fast changes in the pharmaceuticals market both in online stores and in the service offerings of conventional pharmacies. In Finland, we are in the middle of both the debate around the pharmacy market regulations and the comprehensive reforms of the social and healthcare systems.

We have made it through a difficult time, one that placed heavy demands on our customers and our staff. I want to warmly thank our customers for their loyalty and patience. I also want to thank all of our employees for their valuable work especially in maintaining and improving Finland’s pharmaceutical service capabiliity. Your commitment is tremendously valuable”.

Key figures, continuing operations EUR million	2018 1-3	2017 1-3	Change %	2017 1-12
Invoicing	848.3	797.5	6.4	3,336.3
Net sales	388.1	367.4	5.6	1,527.7
Adjusted EBITDA	13.8	17.9	-22.8	67.6
Adjusted EBITDA %	3.6	4.9		4.4
Adjusted EBIT [1)]	6.2	11.0	-43.4	39.9
EBIT	5.6	10.5	-47.1	37.8
Adjusted EBIT %	1.6	3.0		2.6
EBIT %	1.4	2.9		2.5
Profit for the period	3.5	7.5	-52.8	25.9
Earnings per share, EUR, continuing operations	0.02	0.04	-52.8	0.14
Earnings per share, EUR, discontinued operations	-	0.00		0.00
Net cash flow from operating activities [2)]	32.7	-14.7		23.7
Gross capital expenditure	8.8	13.5		46.1
Total assets [2)]	926.6	908.4		922.4
Net interest-bearing debt [2)]	84.4	100.7		110.2
Gearing, % [2)]	48.9	53.5		55.7
Net debt / 12-month EBITDA [2)]	1.4	1.1		1.7
Equity per share, EUR [2)]	0.95	1.04		1.09
Equity ratio, % [2)]	18.9	21.2		21.8
Return on equity (ROE), % [2)]	7.8	17.2		13.0
Return on capital employed (ROCE), % [2)]	7.4	14.3		11.7
Average number of shares, 1000 pcs [3)]	181,293	181,389		181,328
Average number of personnel	2,646	2,698		2,686
Number of personnel at the end of the period	2,687	2,708		2,619

[1)] Adjustment items are specified in table "Adjusting items included in EBIT"

[2)] Figures in 2017 include discontinued operations

[3)] Treasury shares held by the company not included

Disclosure procedure

This stock exchange release is a summary of Oriola Corporation's Interim Report January–March 2018. The complete report is attached to this release in pdf format and is also available on Oriola's website at www.oriola.com/investors.

Analyst and investor meeting

Oriola Corporation will organize a meeting for investors, analysts and the press on Friday, 27 April 2018 at 10.00 a.m. at Hotel Scandic Simonkenttä, meeting room Ateljee 3, Simonkatu 9, 00100 Helsinki, Finland.

A teleconference on the financial information will be held by Oriola Corporation on the same day starting at 2.00 p.m. Finnish time, tel. +44 20 3936 2999, confirmation code "58 68 01". The event can be followed live as a webcast accessible at www.oriola.com/investors. The language of the teleconference will be English.

Next financial report

Oriola Corporation will publish its half year financial report on 18 July 2018.

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Oriola Corporation's Interim Report 1 January–31 March 2018

The commentary of this Interim Report comprises of the continuing operations of the Company unless otherwise stated. From June 2017 onwards the Baltic businesses were classified as discontinued operations. Accordingly the Group also reclassified the comparative periods of the consolidated statement of comprehensive income. The sale of the Baltic business was completed on 18 October 2017. The consolidated statement of financial position for comparative periods includes the assets and liabilities of discontinued operations.

The Group's net sales and result for January–March 2018

Oriola's net sales increased by 5.6% (decreased 5.2%) to EUR 388.1 (367.4) million and adjusted EBIT decreased by 43.4% (decreased 18.7%) to EUR 6.2 (11.0) million. The adjusting items were EUR -0.7 (-0.5) million, and EBIT was EUR 5.6 (10.5) million.

Invoicing increased by 6.4% (decreased 2.7%), at comparable currencies invoicing increased by 10.0%. Invoicing increased mainly in the Services Business Area due to impact from changes in pharmaceutical distribution agreements in Sweden in 2017.

January–March net sales at comparable exchange rate EUR/SEK were EUR 402.3 million. The depreciation of the Swedish krona from the corresponding period impacted the euro denominated EBIT by EUR -0.4 million, and the adjusted EBIT at comparable currency rate was EUR 6.7 million.

Oriola's net financial expenses were EUR 0.6 (0.9) million. Profit for the period was EUR 3.5 (7.5) million. Income taxes for January–March were EUR 1.4 (2.2) million, which corresponds to effective tax rate of 28.6% (22.6%). Earnings per share were EUR 0.02 (0.04).

Reporting segments

Oriola's operating and reporting segments consist of the following business areas: Consumer, Services and Healthcare.

Consumer

The Consumer Business Area focuses on the needs of the consumers' for health and wellbeing related products and services. The business consists of retail business in Sweden and Finland.

Key Figures EUR million	2018 1-3	2017 1-3	Change %	2017 1-12
Invoicing	193.9	196.5	-1.3	780.5
Net Sales	189.5	191.9	-1.2	762.0
Adjusted EBIT	4.0	5.3	-24.4	25.2
Adjusted EBIT %	2.1	2.7		3.3
Number of personnel at the end of period	1,591	1,640		1,581

January–March 2018

The pharmacy market in Sweden grew by 8.2% (3.3%) in Swedish krona in January–March 2018 (source: Apoteksförening). Parallel imports' share of the Swedish pharmaceutical market was 12.7% (12.0%) (source: IQVIA). The number of pharmacies in Sweden increased by one pharmacy in January–March 2018. At the end of March there were 1,425 (1,396) pharmacies, including 8 online pharmacies, in Sweden.

Oriola's market share in the pharmaceutical retail market in Sweden in January–March 2018 was 17.1% (17.8%) (source: Apoteksförening). The relative share of OTC and traded goods from the net sales was 25.6% (26.3%). At the end of the reporting period, Oriola had 327 (325) pharmacies in Sweden. Oriola established one new pharmacy during the reporting period.

Online sales in the Swedish pharmacy market continued to grow at a fast pace and reached approximately 9% (6%) of the pharmacy market by the end of March 2018. Oriola's online sales has developed well, and has continued to grow faster than the market in the first quarter of 2018. The growth has been strongest in OTC and traded goods products. The online sales accounts for 2.4% (1.9%) of Oriola's Consumer sales in Sweden.

The net sales of the Consumer business decreased by 1.2% (decreased 1.0%) to EUR 189.5 (191.9) million, on a constant currency basis net sales increased by 3.6%. Adjusted EBIT decreased by 24.4% (decreased 30.9%) to EUR 4.0 (5.3) million. The cost of online development as well as share of result in Hehku weakened the profitability. The adjusted EBIT impact of Hehku in Consumer Business Area was EUR -1.3 million during the reporting period.

Oriola and Kesko announced in March 2017 the establishment of a new store chain Hehku in Finland, specialising in comprehensive wellbeing. The first stores were opened in January 2018. By the end of March a total of 17 stores and online shop were opened. The investment in total is estimated to be EUR 25 million and the business is estimated to be loss-making during the build-up phase. Oriola's share is 50% of the investment and the result. During the first quarter of 2018 Oriola invested EUR 3.5 million in Hehku Kauppa Oy.

Services

The Services Business Area offers tailored services to pharmaceutical companies, pharmacies, hospital pharmacies, veterinaries and veterinary clinics, as well as other health and wellbeing industry operators and grocery trade in Sweden and Finland.

Key Figures EUR million	2018 1-3	2017 1-3	Change %	2017 1-12
Invoicing	729.5	670.7	8.8	2,832.6
Net Sales	273.8	245.4	11.6	1,042.9
Adjusted EBIT	4.8	7.7	-38.2	22.6
Adjusted EBIT %	1.7	3.2		2.2
Number of personnel at the end of period	929	880		868

January–March 2018

The pharmaceutical market at wholesale prices in Sweden grew by 2.0% (4.7%) in Swedish krona in January–March 2018 (source: Reveal). Oriola's share of the Swedish pharmaceutical wholesale market was approximately 41% (34%) (Oriola estimate).

The Finnish pharmaceutical market at wholesale prices grew by 10.1% (1.8%) in January–March 2018 (source: LTK). Oriola's share of the Finnish pharmaceutical wholesale market was approximately 43% (47%) (Oriola estimate).

The invoicing of the Services business increased from the previous year by 8.8% (decreased 5.3%) to EUR 729.5 (670.7) million. On a constant currency basis invoicing increased by 12.2%. Net sales increased by 11.6% (decreased 12.6%) to EUR 273.8 (245.4) million, and on a constant currency basis, net sales increased by 15.1 per cent. This was driven by the Meda distribution agreement in Sweden. Adjusted EBIT decreased by 38.2% (decreased 5.3%) to EUR 4.8 (7.7) million. The profitability was impacted in Finland by the increased costs in logistics and distribution services due to not yet adequate efficiency. The total impact of the additional costs related to this was EUR -2 million.

Healthcare

The Healthcare Business Area offers services to hospitals, healthcare centres and other healthcare sector operators. The business offers pharmaceutical delivery and dose dispensing services for public and private sector customers in Sweden, and dose dispensing services for Finnish pharmacies.

Key Figures EUR million	2018 1-3	2017 1-3	Change %	2017 1-12
Invoicing	22.8	14.2	60.3	71.2
Net Sales	22.6	14.1	60.8	70.7
Adjusted EBIT	0.2	-0.5	143.6	-1.7
Adjusted EBIT %	0.9	-3.3		-2.4
Number of personnel at the end of period	109	142		125

January–March 2018

The net sales of Healthcare business were EUR 22.6 (14.1) million. On a constant currency basis net sales increased by 67.5%. Adjusted EBIT was EUR 0.2 (-0.5) million. Amortisation related to acquisition of Svensk Dos and Pharmaservice affected Healthcare EBIT by EUR -0.2 (-0.5) million.

The net sales of the Healthcare Business Area continued to grow driven by increased number of dose dispensing patients in Sweden. The number of dose dispensing patients in Sweden was approximately 50,000. The profitability in Sweden was positively impacted by improved sourcing.

In Finland the number of dose dispensing patients declined slightly and was approximately 20,000. The profitability of the Finnish dose dispensing business remained at a good level.

Balance sheet, cash flow and financing

Oriola's total assets at 31 March 2018 were EUR 926.6 (908.4) million. Equity attributable to the equity holders was EUR 172.6 (188.3) million. Cash and cash equivalents totalled EUR 36.4 (26.0) million. Net cash flow from operations in January–March 2018 was EUR 32.7 (-14.7) million, of which changes in working capital accounted for EUR 23.5 (-22.9) million. Net cash flow from investing activities was EUR -8.3 (-13.9) million. Net cash flow from financing activities was EUR -4.9 (-6.2) million.

At the end of March 2018, interest-bearing debt was EUR 120.7 (126.8) million. The long-term interest-bearing liabilities were EUR 59.6 (84.5) million and short-term interest-bearing liabilities were EUR 61.2 (42.2) million. Short-term liabilities mainly consist of commercial paper issues of EUR 46.0 (9.0) million and advance payments from Finnish pharmacies EUR 14.2 (21.2) million. Short term liabilities at the end of

March 2017 included also syndicated loans EUR 10.5 million. Interest-bearing net debt was EUR 84.4 (100.7) million, and gearing 48.9% (53.5%).

The non-recourse trade receivables sales programmes were continued in Sweden. At the end of March 2018, a total of EUR 108.0 (105.7) million in trade receivables had been sold. The average interest rate on the interest bearing liabilities was 0.98% (1.35%).

During the second quarter of 2017 Oriola Corporation rearranged its long-term revolving credit facility and term loan agreement. The revolving credit facility of EUR 100 million will mature in five years from the signing of the agreement. The agreement includes financial covenants that are maximum Net Debt to EBITDA -ratio of 3.0 and maximum Net Debt to Equity ratio of 100 per cent. In the same context, the company paid off the loan of SEK 550 million, which was due in 2018, and raised a new three-year SEK 290 million bilateral loan. At the end of the reporting period the financial covenants were clearly fulfilled.

The committed long-term revolving credit facility of EUR 100.0 million and EUR 14.9 million of short-term credit limit were unused at the end of March 2018.

At the end of March 2018 Oriola's equity ratio was 18.9% (21.2%). Return on capital employed was 7.4% (14.3%), and return on equity 7.8% (17.2%).

Investments and depreciation

Gross investments in January–March 2018 totalled EUR 8.8 (13.5) million and consisted mainly of investments into improvements in logistics efficiency as well as investments in Hehku. Investments in Hehku amounted to EUR 3.5 million during the reporting period. Depreciation, amortisation and impairment amounted to EUR 6.3 (6.9) million.

The capital expenditure in 2018 excluding acquisitions is estimated to be approximately EUR 35 million.

Personnel

At the end of March 2018, Oriola had 2,687 (2,708) employees, 59% (61%) of whom worked in the Consumer Business Area, 35% (33%) in Services Business Area, and 4% (5%) in Healthcare Business Area. The group administration employed 2% (2%) of the total number of employees. The average number of personnel in January-March 2018 was 2,646 (2,698). Personnel numbers consist of members of staff in active employment in continuing operations.

Corporate Governance

The Annual General Meeting (AGM), held on 19 March 2018 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 2017.

The AGM resolved that a dividend of EUR 0.09 per share would be paid on the basis of the balance sheet adopted for the financial year ending 31 December 2017. The dividend was paid to shareholders registered in the company's shareholders register held by Euroclear Finland Ltd on the dividend record date 21 March 2018. The payment date of the dividend was 11 April 2018.

The AGM confirmed that the Board of Directors is composed of seven members. Ms Anja Korhonen, Ms Mariette Kristenson, Ms Eva Nilsson Bågenholm, Ms Lena Ridström, Mr Staffan Simberg and Mr Anssi

Vanjoki were re-elected to the Board of Directors and Mr.Juko-Juho Hakala elected new member of the Board of Directors. Mr Anssi Vanjoki was re-elected 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 48,400, 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 30,250 and the fee for the term of office of other members of the Board of Directors is EUR 24,200. Of the annual fee, 60% shall be paid in cash and 40% 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 2018 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 members of Board and company committees. Travel expenses are compensated in accordance with the travel policy of the company.

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), Ms Lena Ridström and Mr Staffan Simberg to the Board’s Audit Committee, and Ms Eva Nilsson Bågenholm (Chairman), Mr Juko-Juho Hakala and Ms Mariette Kristenson to the Board’s Remuneration Committee.

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.

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

The AGM resolved to establish a Shareholders' Nomination Board in accordance with the proposal of the Board of Directors. The Annual General Meeting confirmed the rules of procedure of the Shareholders’ Nomination Board in the format proposed by the Board of Directors.

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

The Corporate Governance Statement and the Remuneration Statement for 2017 have been prepared as part of the Report of the Board of Directors, in accordance with the Finnish Corporate Governance Code 2015. The statements can be viewed on the company's website at:
http://www.oriola.com/CorporateGovernance.

Authorizations

The AGM authorised the Board of Directors to decide on a share issue against payment in one or more issues. The authorisation comprises the right to issue new shares or assign treasury shares held by the company. The authorisation covers a maximum of 5,650,000 Class A shares and 12,500,000 Class B shares representing approximately 10.00 per cent of all shares in the company. The authorisation given to the Board of Directors includes the right to derogate from the shareholders' pre-emptive subscription right, provided that there is, in respect of the company, a weighty financial reason for the derogation. Subject to the above restrictions, the authorisation may be used i.a. to develop the capital structure. Pursuant to the authorisation, shares held by the company as treasury shares may also be sold through trading on regulated market organised by Nasdaq Helsinki Ltd. The authorisation includes the right for the Board of Directors to decide on the terms of the share issue in the manners provided for in the Companies Act including the right to decide whether the subscription price is credited in part or in full to the invested unrestricted equity reserves or to the share capital. The authorization is in effect for a period of eighteen (18) months from the decision of the Annual General Meeting. The authorisation revokes all previous share issue authorisations given to the Board of Directors.

The AGM authorised the Board of Directors to decide on a share issue against payment in one or more issues. The authorisation comprises 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, representing approximately 9.92% of all shares in the company. The authorisation given to the Board of Directors includes the right to derogate from the shareholders' pre-emptive subscription right provided that there is, in respect of the company, a weighty financial reason for the derogation. Subject to the above restrictions, the authorisation may be used as payment of consideration when financing and executing corporate acquisitions or other business arrangements and investments. Pursuant to the authorisation, class B shares held by the company as treasury shares may also be sold through trading on regulated market organised by Nasdaq Helsinki Ltd. The authorisation includes the right for the Board to decide on the terms of the share issue in the manners provided for in the Companies Act including the right to decide whether the subscription price is credited in part or in full to the invested unrestricted equity reserves or to the share capital. The authorisation is in effect for a period of eighteen (18) months from the decision of the AGM. The authorisation revokes all previous share issue authorisations given to the Board of Directors except for such given earlier during the Annual general Meeting.

The AGM authorised the Board of Directors to decide on the issuance 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. In addition to the authorizations presented above, the Board of Directors was granted the following authorizations in order to execute the share-based incentive plan for the Oriola Group's key personnel and the share savings plan for the Oriola Group’s key personnel:

i. The Board of Directors was authorized to decide on a share issue without payment to the Company in one or more instalments. The maximum number of new class B shares to be issued under this authorization is 1,715,000, which represents of 0.94 % of all shares in the Company. The Board of Directors decides upon all other matters related to the issuing of class B shares. The purpose of the authorization is to enable the creation of own shares to be used in the new share-based the share-based incentive plan for Oriola Group's executives and the share savings plan for Oriola Group's key personnel, as follows.

ii. In deviation from the shareholders' pre-emptive right, the Board of Directors was authorized to issue the Company's class B shares in one or more instalments. The class B shares to be issued can be either new shares or own class B treasury shares. The total amount of the authorization is 1,715,000 class B shares. The share issue may be without payment. The shares concerned represent approximately 0.94 % of all shares in the Company. The Board of Directors may exercise this authorization in the share-based incentive plan for Oriola Group's executives and in the share savings plan for Oriola Group's key personnel.

The Board of Directors decides upon all other matters related to share issues and incentive plan for the key personnel. Deciding upon a directed share issue without payment requires that there is a particularly weighty financial reason for the deviation in respect of the Company and taking into account the interest of all of its shareholders. The authorization revokes all other share issue authorisations granted to the Board of Directors with the exception of those decided earlier during this Annual General Meeting.
The authorizations in accordance with this section shall be valid eighteen (18) months from the decision of the AGM.

The AGM also authorised the Board of Directors to decide on repurchasing of the company's own class B shares. The authorisation entitles the Board of Directors to decide on the repurchase of no more than 18,000,000 representing approximately 9.92% of all shares in the company. The authorisation may only be used in such a way that in total no more than one tenth (1/10) of all shares in the company may from time to time be in the possession of the company and its subsidiaries. Shares may be repurchased in accordance with the resolution of the Board of Directors also in a proportion other than in which shares are owned by the shareholders, using funds belonging to the company's unrestricted equity and at the market price of class B shares quoted on regulated market organized by Nasdaq Helsinki Ltd or otherwise established on the market at the time of the repurchase. The Board of Directors decides how shares will be repurchased. Among other means, derivatives may be used in acquiring the shares. The acquisition of shares reduces the company's distributable unrestricted equity. Shares may be repurchased to develop the company's capital structure, to execute corporate transactions or other business arrangements, to finance investments, to be used as a part of the company's incentive schemes or to be otherwise relinquished, held by the company or cancelled. According to the authorisation, the Board of Directors decides on all other matters related to the repurchase of class B shares. The authorisation to repurchase own shares is in force for a period of not more than eighteen (18) months from the decision of the AGM. This authorisation revokes the authorisation given to the Board of Directors by the AGM on 14 March 2017 in respect of repurchase of the company's own class B shares.

Changes in the Group Management Team

Robert Andersson, who was appointed President and CEO on 18 December 2017, assumed the position on 12 February 2018.

Anders Torell, who was appointed Vice President, Consumer Business area and member of the Group Management Team on 7 July 2017, started in his position on 2 January 2018.

Sari Aitokallio, CFO and a member of the Group Management Team, left the company on 12 February 2018. Helena Kukkonen was appointed CFO and member of the Group Management Team on 12 February 2018, and started in her position on 12 March 2018.

Jukka Mäkelä, Vice President, Development and Information Management and member of the Group Management Team, left the company at the end of March 2018. Charlotta Nyström was appointed Oriola Corporation’s Chief Information Officer and member of the Group Management Team on 14 March 2018. She will start in the position on 11 June 2018 at the latest.

After these changes Oriola’s Group Management Team consisted of six members at the end of March 2018: Robert Andersson, President and CEO; Thomas Gawell, Vice President, Healthcare Business Area; Helena Kukkonen, CFO; Teija Silver, Vice President, HR; Anders Torell, Vice President, Consumer Business Area; Kimmo Virtanen, Executive Vice President, Services Business Area.

Oriola Corporation shares

Trading volume of the Oriola Corporation’s class A and B shares in January–March 2018:

Trading volume	Jan-Mar 2018 class A	Jan-Mar 2018 class B	Jan-Mar 2017 class A	Jan-Mar 2017 class B
Trading volume, million	0.7	13.8	0.8	6.8
Trading volume, EUR million	2.3	37.8	3.1	27.7
Highest price, EUR	3.38	3.12	4.53	4.43
Lowest price, EUR	2.71	2.40	3.90	3.85
Closing quotation, end of period, EUR	2.78	2.46	4.00	3.97

Oriola Corporation's market capitalisation on 31 March 2018 was EUR 464.2 (722.2) million.

In the review period, the traded volume of Oriola Corporation shares, excluding treasury shares, corresponded to 8.0% (4.1%) of the total number of shares.

At the end of March 2018, the company had a total of 181,486,213 (181,486,213) shares, of which 55,434,273 (55,434,273) were class A shares and 126,051,940 (126,051,940) were class B shares. The company holds a total of 103,773 (96,822) treasury shares, all of which are class B shares. They account for 0.06% (0.05%) of the company's shares and 0.01% (0.01%) 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 1 January–31 March 2018, no class A shares were converted into class B shares (50,375).

Share–based incentive plans

On 19 December 2012, Oriola Corporation's Board of Directors decided on a share incentive scheme for the Group's senior management for the years 2013-2015. The scheme covered four persons. The reward for the 2015 earning period was based on the Oriola Group's earnings per share (EPS) calculated from the adjusted earnings excluding taxes. The rewards paid in February 2018 on the basis of the performance period 2015 corresponded to the value of 148,524 Oriola Corporation class B shares, including the proportion paid in cash.

On 4 December 2015 the Board of Directors of Oriola Corporation established a share-based incentive plan directed to the Group key personnel. The plan covers three performance periods, 2016–2018, and three vesting periods, 2017–2019. The essential precondition for participation in the plan is that a key person has enrolled in the share saving plan, OKShares, and makes monthly saving from his or her fixed gross monthly salary. The reward from the performance period 2016 was based on the Group's EPS. The rewards paid in February 2018 on the basis of the performance period 2016 corresponded to the value of 119,803 Oriola Corporation class B shares, including the proportion paid in cash. The potential reward from the performance period 2017 was based on the Group´s EPS. There will be no payment based on the performance period 2017 as the EPS target for 2017 was not reached. Similarly the potential reward from performance period 2018 will be based on the Group's EPS.

Approximately 45 key employees participated in the Oriola Corporation key personnel share savings plan, OKShares, during savings period 1 October 2015–31 December 2016. The matching shares transferred to eligible participants in February 2018 on the basis of the savings period 1 October 2015–31 December 2016 corresponded to the value of 46,024 Oriola Corporation class B shares, including the portion paid in cash.

Approximately 45 key employees participated in the Oriola Corporation key personnel share savings plan for the savings period 1 January–31 December 2017. The matching shares will be transferred to eligible participants in 2019 on the basis of the savings period 1 January–31 December 2017. The estimated number of matching shares, including the portion to be paid in cash, is 55,000.

Approximately 60 key employees participate in the Oriola Corporation key personnel share savings plan for the savings period 1 January–31 December 2018. The accumulated savings will be used for purchasing Oriola's class B shares for the participants at market prices. In return, each participant will receive two free class B matching shares for every three acquired savings shares. Matching shares will be paid partly in Oriola's class B shares and partly in cash. The matching shares will be transferred to eligible participants in 2020.

Changes in Group structure in January–March 2018

There were no changes in the Group structure during the period.

Flagging announcements

Oriola Corporation received on 13 March 2018 a disclosure under Chapter 9, Section 5 of the Securities Markets Act, according to which the total percent of shares of Mariatorp Oy has exceeded the threshold of 10% of Oriola Corporation's share capital and total number of voting rights of Mariatorp Oy has exceeded the threshold of 10% of voting rights of Oriola Corporation.

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. The main trends impacting Oriola's business environment are aging of the population, increased spending on health and well-being, growth in specialty pharmaceuticals, the efforts to control the growth in the costs of the public healthcare, and the digitalization of the retail trade and services.

Oriola has identified the following principal strategic risks that can have significant impact on the results: Changes in the pharmaceutical market regulation, pricing, parallel import and public reimbursement; increased competition through growing number of pharmacies and companies in e-commerce; loss of several key pharmaceutical company agreements; and decreasing share of single channel distribution in public healthcare.

The main financial risks for Oriola involve currency rate, liquidity, interest rate and credit risks. Changes in the value of the Swedish krona have an impact on Oriola's net sales, earnings and consolidated statement of financial position. Changes in cash flow forecasts can cause impairment of goodwill

More information of Oriola's risks and risk management can be found from Oriola's webpages: 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. The commissioning of the new Group IT platform in Finland took place in September 2017 and led to disruptions and lower efficiency in operations. The corresponding ERP and warehouse management system implementation in Sweden is on hold, and subject to separate decision. The start-up of the Enköping automated warehouse is planned for the fourth quarter 2018. The production will be started in phases and a detailed risk management plan has been prepared.

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.

Market outlook

Oriola's outlook for 2018 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments. The Finnish pharmaceutical market is expected to grow during 2017–2022, at an average rate of 1.5%. The Swedish pharmaceutical market is expected to grow an average rate of 5.0% per year in the local currency (source: IQVIA).

Business Outlook for 2018

Oriola keeps the previously given guidance unchanged: Adjusted EBIT of continuing operations on constant currency basis is estimated to increase from the 2017 level.

Events after the period

There were no reportable events after the reporting period.

Espoo, 26 April 2018

Oriola Corporation
Board of Directors

Oriola's Interim Report January–March 2018

Consolidated statement of comprehensive income (IFRS)

EUR million	2018 1-3	2017 1-3	2017 1-12
Net sales	388.1	367.4	1,527.7
Other operating income	2.8	2.9	13.8
Material purchases	-300.1	-279.0	-1,174.2
Employee benefit expenses	-42.7	-41.9	-166.1
Other operating expenses	-34.9	-32.0	-136.5
EBITDA	13.2	17.4	64.6
Depreciation, amortisation and impairments	-6.3	-6.9	-25.7
Share of results in joint venture	-1.3	-	-1.1
EBIT	5.6	10.5	37.8
Financial income and expenses	-0.6	-0.9	-3.9
Profit before taxes	4.9	9.7	33.9
Income taxes	-1.4	-2.2	-7.9
Profit for the period from continuing operations	**3.5**	**7.5**	**25.9**
Profit for the period from discontinued operations	-	0.5	0.3
Profit for the period	**3.5**	**8.0**	**26.3**
Other comprehensive income			
Items which may be reclassified subsequently to profit or loss:			
Translation differences recognised in comprehensive income during the reporting period	-10.2	0.5	-7.4
Translation differences reclassified to profit and loss during the reporting period	-	-	0.3
Cash flow hedge	-0.0	-0.1	0.4
Income tax relating to other comprehensive income	-0.0	0.0	-0.1
	-10.2	**0.4**	**-6.7**
Items which will not be reclassified to profit or loss:			
Actuarial gains/losses on defined benefit plans	-	-	-1.6
Income tax relating to other comprehensive income	-	-	0.3
	0.0	**0.0**	**-1.2**
Total comprehensive income for the period	**-6.6**	**8.4**	**18.3**
Profit attributable to			
Parent company shareholders	3.5	8.0	26.3
Total comprehensive income attributable to			
Parent company shareholders	-6.6	8.4	18.3
Earnings per share attributable to parent company shareholders, EUR:			
Basic and diluted:			
Continuing operations	0.02	0.04	0.14
Discontinued opearations	-	0.00	0.00
Group total	0.02	0.04	0.14

Consolidated statement of financial position (IFRS)

EUR million	31 Mar 2018	31 Mar 2017	31 Dec 2017
Non-current assets			
Property, plant and equipment	76.4	76.0	79.0
Goodwill	273.7	287.3	282.7
Other intangible assets	78.0	78.5	81.2
Investments in joint ventures	2.7	-	0.5
Other non-current assets	0.3	0.3	0.3
Deferred tax assets	2.7	2.7	2.4
Non-current assets total	**433.9**	**444.7**	**446.1**
Current assets			
Inventories	209.7	196.9	207.8
Trade receivables	222.4	206.9	220.5
Income tax receivables	4.4	10.1	3.9
Other receivables	19.9	23.7	27.2
Cash and cash equivalents	36.4	26.0	17.0
Current assets total	**492.8**	**463.6**	**476.3**
Assets total	**926.6**	**908.4**	**922.4**

EUR million	31 Mar 2018	31 Mar 2017	31 Dec 2017
Equity			
Share capital	36.2	36.2	36.2
Hedging reserve	-0.3	-0.7	-0.3
Contingency fund	19.4	19.4	19.4
Invested unrestricted equity reserve	74.8	74.8	74.8
Other reserves	0.1	0.1	0.1
Translation differences	-29.4	-8.1	-19.2
Retained earnings	71.9	66.5	86.8
Equity attributable to the parent company shareholders	**172.6**	**188.3**	**197.7**
Non-current liabilities			
Deferred tax liabilities	14.5	15.6	15.3
Pension obligations	11.9	10.7	12.3
Borrowings	59.6	84.5	61.0
Other non-current liabilities	3.6	3.7	3.5
Non-current liabilities total	**89.5**	**114.6**	**92.2**
Current liabilities			
Trade payables	535.5	480.7	525.5
Provisions	0.8	-	0.4
Borrowings	61.2	42.2	66.3
Income tax payables	0.8	10.7	0.7
Other current liabilities	66.3	71.8	39.6
Current liabilities total	**664.5**	**605.4**	**632.6**
Equity and liabilities total	**926.6**	**908.4**	**922.4**

Consolidated statement of changes in equity (IFRS)

EUR million	Share capital	Funds	Translation differences	Retained earnings	Equity total
Equity 1 Jan 2017	**36.2**	**93.7**	**-8.6**	**83.8**	**205.2**
Comprehensive income for the period					
Net profit for the period	-	-	-	8.0	**8.0**
Other comprehensive income:					
Cash flow hedge	-	-0.1	-	-	**-0.1**
Income tax relating to other comprehensive income	-	0.0	-	-	**0.0**
Translation difference	-	-	0.5	-0.0	**0.5**
Comprehensive income for the period total	-	-0.1	0.5	8.0	**8.4**
Transactions with owners					
Dividend distribution	-	-	-	-25.4	**-25.4**
Share-based incentive	-	-	-	0.1	**0.1**
Transactions with owners total	-	-	-	-25.3	**-25.3**
Equity 31 Mar 2017	**36.2**	**93.7**	**-8.1**	**66.5**	**188.3**
Equity 1 Jan 2018	**36.2**	**94.0**	**-19.2**	**86.8**	**197.7**
Adjustment of adoption of IFRS 15 [1)]	-	-	-	-2.2	-2.2
Adjustment of adoption of IFRS 9 [1)]	-	-	-	-0.1	-0.1
Restated equity 1 Jan 2018	**36.2**	**94.0**	**-19.2**	**84.5**	**195.5**
Comprehensive income for the period					
Net profit for the period	-	-	-	3.5	**3.5**
Other comprehensive income:					
Cash flow hedge	-	-0.0	-	-	**-0.0**
Income tax relating to other comprehensive income	-	-0.0	-	-	**-0.0**
Translation difference	-	-	-10.2	-	**-10.2**
Comprehensive income for the period total	-	-0.0	-10.2	3.5	**-6.6**
Transactions with owners					
Dividend distribution	-	-	-	-16.3	**-16.3**
Share-based incentive	-	-	-	0.1	**0.1**
Transactions with owners total	-	-	-	-16.2	**-16.2**
Equity 31 Mar 2018	**36.2**	**94.0**	**-29.4**	**71.9**	**172.6**

[1)] Net of tax

Condensed Consolidated Statement of Cash Flows (IFRS)

EUR million	2018 1-3	2017[1)] 1-3	2017[1)] 1-12
EBIT	5.6	11.1	38.7
Depreciation and amortisation	6.3	7.0	25.8
Impairment	-	-	0.7
Share of result in joint venture	1.3	-	1.1
Change in working capital	23.5	-22.9	-18.2
Cash flow from financial items and taxes	-3.7	-9.1	-23.5
Other adjustments	-0.3	-0.7	-1.0
Net cash flow from operating activities	32.7	-14.7	23.7
Net cash flow from investing activities	-8.3	-13.9	-37.7
Net cash flow from financing activities	-4.9	-6.2	-29.7
Net change in cash and cash equivalents	19.5	-34.8	-43.7
Cash and cash equivalents at the beginning of the period	17.0	60.8	60.8
Translation differences	-0.1	0.0	-0.1
Net change in cash and cash equivalents	19.5	-34.8	-43.7
Cash and cash equivalents at the end of the period	**36.4**	**26.0**	**17.0**

1) Includes the cash flows from discontinued operations

Notes to the Interim Report January–March 2018

Principal accounting policies as of 1 January 2018 (IFRS)

This Interim Report 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 2017. The accounting policies and calculation methods applied in the report are the same as those in the 31 December 2017 Annual Financial Statements, however with the addition of the standards and interpretations applied as of 1 January 2018 presented below. This Interim Report does not include all of the information and notes presented in the Annual Financial Statements. The figures in this Interim Report are unaudited.

In 2018 the group has adopted the following new standards issued by the IASB:

IFRS 9 Financial Instruments: IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. In accordance with the transitional provisions in IFRS 9 the comparative figures have not been restated and the cumulative impact of the adoption was recognised in retained earnings as of 1 January 2018.The impacts of IFRS 9 adoption are described below.

Under IFRS 9, financial assets are classified according to their cash flow characteristics and the business model they are managed in. The financial assets of the Group consist of trade and other receivables and cash and cash equivalents previously classified to loans and other receivables and measured at amortised cost which meet the conditions for classification at amortised cost under IFRS 9 and derivatives previously classified and measured at fair value through profit and loss which are measured on the same basis under IFRS 9. The reclassification of the financial assets of the Group did not have any impact on equity. The new standard did not have impact on the group's accounting for financial liabilities.

Under IFRS 9 more risk positions qualify for hedge accounting as hedge accounting is allowed for separate risk components and IFRS 9 relaxes the requirements for hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually uses for risk management purposes. Group's hedging process and hedge accounting continue under IFRS 9 as earlier.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. Majority of the Group's financial assets subject to IFRS 9's new expected credit loss modell are trade receivables. The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The group uses a provision matrix for loss allowance provision. In calculating the expected credit loss rates, the Group considers historical observed default rates and incorporates forward looking information. Considering this, the Group has made an adjustment of EUR -0.1 million in retained earnings and trade receivables as of 1 January 2018. Figures in the comparison periods have not been restated.

On the date of initial application, 1 January 2018, the financial instruments of the Group were as follows, with any reclassifications noted:

EUR million	Measurement category IAS 39	Measurement category IFRS 9	Carrying amount IAS 39	Carrying amount IFRS 9	Change
Financial assets					
Trade and other receivables	Loans and other receivables	Amortised cost	224.4	178.6	-45.8
Cash and cash equivalents	Loans and other receivables	Amortised cost	17.0	17.0	-
Derivatives	Loans and other receivables	Fair value through profit and loss	0.2	0.2	-
Trade receivables for sale	Fair value through profit and loss	Fair value through profit and loss	-	45.8	45.8
Financial assets total			**241.7**	**241.6**	**-0.1**
Financial liabilities					
Non-current interest bearing liabilities	Amortised cost	Amortised cost	61.0	61.0	-
Current interest bearing liabilities	Amortised cost	Amortised cost	66.3	66.3	-
Trade and other payables	Amortised cost	Amortised cost	564.7	564.7	-
Derivatives	Fair value through profit and loss	Fair value through profit and loss	0.6	0.6	-
Contingent consideration	Fair value through profit and loss	Fair value through profit and loss	2.5	2.5	-
Financial liabilities total			**695.0**	**695.0**	**-**

IFRS 15 Revenue from contracts with customers: As of 1 January, 2018 the Group has adopted IFRS 15 Revenue from Contracts with Customers. The Group has adopted the standard using the modified retrospective approach which means that the cumulative impact of the adoption was recognised in retained earnings as of 1 January 2018 and that comparatives were not restated.The impact of IFRS 15 adoption is described below.

The Group has made an assessment of the impact of IFRS 15 in a project, which started in 2015. The main customer contracts and different revenue streams have been identified, reviewed and documented. The Group's revenue consists mainly of contracts, which include sale of pharmaceutical products or services to customers. The Group has not identified any significant changes in the revenue recognition. According to IFRS 15 revenue is recognised when the customer obtains control of the goods. The revenue is recognised to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The change of control in the sale of pharmaceutical products or services is at the point of time when the goods or services are transferred to the customer and performance obligation is satisfied. The recognition of revenue is therefore based on delivery terms, when the goods or services have been delivered to the customer. IFRS 15 does not change the timing of the revenue. At the same time with the sale of pharmaceutical products the Group provides also delivery and handling services. In accordance with IFRS 15 these delivery and handling services are not distinct products and therefore they are considered as one performance obligation with sale of pharmaceutical products and revenue is recognised at the same time.

The Group has such distribution and warehousing agreements with pharmaceutical manufacturers, which are categorized as consignment stock agreements. A significant share of the sales of pharmaceutical products is done in relation to consignment stock agreements. In case of consignment stock agreement the Group considers that the performance obligation is sale of warehousing services to pharmaceutical manufacturers and in such cases the Group is acting as an agent and the revenue is recognised on a net basis as a fee or commission. The assessment of IFRS 15 did not result material changes to the previous practise.

Due to the operational and regulation framework in the Group's main market area, Finland and Sweden, the Group has significantly more control and responsibility over the availability and distribution of the pharmaceutical products than distributors in other markets. The Group is obligated to deliver goods and services to the end customers in 24 hours and to follow Good distribution practice, which is a quality system for warehousing and distribution of pharmaceutical products endorsed by EU.

In the Consumer business area the Group has a customer loyalty bonus discount program. The Group's net sales are adjusted with estimated future bonus discounts of customer loyalty program. According to IFRS 15 the total consideration must be allocated to the goods based on the relative stand-alone selling prices. As a result of the adoption of IFRS 15 timing of the recognition of customer loyalty bonus discounts is slightly changed. Accordingly the Group has made an adjustment of EUR 2.2 million (net of tax) in retained earnings and EUR 2.8 million in contract liabilities.

The following table summarises the impacts of adopting IFRS 15 on the Group's consolidated statement of financial position as at 31 March 2018 and on the Group's consolidated statement of comprehensive income for the period of January-March 2018:

EUR million	As reported	Adjustments	Amounts without adoption of IFRS 15
Consolidated statement of financial position			
Income tax receivables	4.4	-0.6	3.8
Retained earnings	71.9	2.2	74.0
Other current liabilities	66.3	-2.8	63.5
Consolidated statement of comprehensive Income			
Net sales	388.1	-0.0	388.1
Income taxes	-1.4	0.0	-1.4

Earnings per share

EUR million	2018 1-3	2017 1-3	2017 1-12
Profit attributable to equity owners of the parent			
Continuing operations	3.5	7.5	25.9
Discontinued operations	-	0.5	0.3
Group total:	3.5	8.0	26.3
Average number of outstanding shares (1000 shares)			
Basic	181,293	181,389	181,328
Diluted	181,397	181,389	181,412
Earnings per share (EUR)			
Basic and diluted:			
Continuing operations	0.02	0.04	0.14
Discontinued opearations	-	0.00	0.00
Group total	0.02	0.04	0.14

Business combinations

2018

There were no business combinations in January–March 2018.

2017

Oriola acquired the Swedish services company ICTHS Health Support AB on 31 August 2017. ICTHS Health Support AB, founded in 2007, provides services to pharmacies, pharmaceutical companies and healthcare operators. In 2016, the company's net sales were approximately 5 million euros, and the company employs around 60 people. The acquisition of ICTHS Health Support is in line with Oriola's strategy to offer a wide range of services to pharmacies, pharmaceutical companies and healthcare operators in Sweden and Finland. The statement of profit and loss and the statement of financial position have been consolidated into the Services segment as of 1 September 2017. The acquisition cost calculation was based on the company's statement of financial position as at 31 August 2017, the essential parts of which have been prepared in accordance with IFRS's accounting principles.

Discontinued operations

Oriola announced on 13 July 2017 its decision to divest its businesses in the Baltic countries. From June 2017 onwards the Baltic businesses were classified as discontinued operations. Accordingly the Group also reclassified the comparative periods of the consolidated statement of comprehensive income. The sale of the Baltic business was completed on 18 October 2017.

Profit for the period from discontinued operations EUR million	2017 1-3	2017 1-12
Net sales	14.5	48.9
EBITDA	0.6	1.8
EBIT	0.5	1.6
Profit for the period, ordinary activities	**0.5**	**1.3**
Impairment loss on assets classified as held for sale	-	-0.7
Loss on sale of business	-	-0.3
Profit for the period from discontinued operations	**0.5**	**0.3**

Assets and liabilities disposed EUR million	2017 1-12
Inventories	8.7
Trade and other receivables	10.3
Cash and cash equivalents	2.1
Total assets	**21.1**
Trade and other payables	13.3
Total liabilities	**13.3**
Net assets disposed of	**7.8**

Cash flows from discontinued operations EUR million	2017 1-3	2017 1-12
Net cash flow from operating activities	0.0	2.2
Net cash flow from investing activities	-0.0	-0.1
Net cash flow from financing activities	0.0	-0.2
Total cash flows	**0.0**	**1.9**
Cash consideration received	-	8.1
Cash and cash equivalents disposed of	-	-2.1
Impact on cash flows	**-**	**6.1**

Loss on the sale of the discontinued operations EUR million	2017 1-12
Cash consideration received	8.1
Net assets disposed of	-7.8
Costs to sell	-0.2
Total	**0.1**
Translation differences reclassified from other comprehensive income	-0.3
Loss on the sale of the discontinued operations	**-0.3**

Tangible and intangible assets

Changes in property, plant and equipment, EUR million	2018 1-3	2017 1-3	2017 1-12
Carrying amount at the beginning of the period	79.0	71.5	71.5
Business combinations	-	-	0.0
Increases	3.5	8.8	25.4
Decreases	-0.2	0.0	-0.3
Reclassifications	-	-0.5	-0.5
Depreciation, continuing operations	-3.5	-3.8	-15.2
Depreciation, discontinued operations	-	-0.1	-0.1
Impairments, discontinued operations [1]	-	-	-0.5
Foreign exchange rate differences	-2.5	0.1	-1.3
Carrying amount at the end of the period	**76.4**	**76.0**	**79.0**

Changes in goodwill, EUR million	2018 1-3	2017 1-3	2017 1-12
Carrying amount at the beginning of the period	282.7	286.8	286.8
Increases	-	-	2.6
Impairments, discontinued operations [1]	-	-	-0.3
Foreign exchange rate differences	-9.1	0.5	-6.5
Carrying amount at the end of the period	**273.7**	**287.3**	**282.7**

Changes in other intangible assets, EUR million	2018 1-3	2017 1-3	2017 1-12
Carrying amount at the beginning of the period	81.2	76.2	76.2
Increases	1.8	4.7	16.5
Decreases	-0.0	-0.0	-0.1
Reclassifications	-	0.5	0.5
Amortisation, continuing operations	-2.8	-3.1	-10.5
Amortisation, discontinued operations	-	-0.0	-0.0
Impairments, discontinued operations [1]	-	-	-0.0
Foreign exchange rate differences	-2.1	0.1	-1.5
Carrying amount at the end of the period	**78.0**	**78.5**	**81.2**

[1] Net assets related to Baltic business measured at fair value

Derivatives

31 Mar 2018 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	0.6	50.6
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	0.1	0.1	36.0

31 Mar 2017 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	1.0	96.5
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	0.1	-	73.3

Derivatives measured at fair value through profit and loss are mainly related to hedging of 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.

Fair value hierarchy

31 Mar 2018 EUR million	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	0.6	-	**0.6**
Liabilities				
Derivatives designated as hedges	-	0.4	-	**0.4**
Derivatives measured at fair value through profit and loss	-	0.2	-	**0.2**
Contingent consideration	-	-	2.5	**2.5**

31 Mar 2017 EUR million	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	0.1	-	**0.1**
Liabilities				
Derivatives designated as hedges	-	1.0	-	**1.0**
Contingent consideration	-	-	2.7	**2.7**

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 liabilities recognised at fair value through profit and loss according to the level 3

EUR million	2018 1-3	2017 1-3	2017 1-12
Book value at the beginning of the period	**2.5**	**2.7**	**2.7**
Recognised in financial expenses	0.1	0.0	0.0
Decrease in the fair value of financial liabilities	-	-	-0.2
Book value at the end of the period	**2.5**	**2.7**	**2.5**

Financial liabilities recognised at fair value through profit and loss (level 3) include estimated value of contingent and deferred considerations for acquisitions.

Commitments and Contingent Liabilities

EUR million	31 Mar 2018	31 Mar 2017	31 Dec 2017
Commitments for own liabilities			
Guarantees on behalf of own companies	7.2	8.2	7.5
Mortgages on company assets	3.2	3.4	3.3
Other guarantees and liabilities	1.2	0.9	1.2
Total	**11.7**	**12.5**	**12.1**
Leasing liabilities	0.9	0.8	1.0
Rent liabilities	60.9	54.1	54.7

The most significant guarantees are bank guarantees against trade payables in Sweden. In addition, Oriola Corporation has granted parent company guarantees of EUR 2.0 (2.7) million against other subsidiaries' trade payables.

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 Group Management Team of the Oriola Group, the immediate family of the aforementioned persons and the companies controlled by the aforementioned persons, the Group's subsidiaries and joint ventures.

Oriola's and Kesko Corporation's joint health and wellbeing store chain was approved by the competition authorities in June 2017, and the joint venture agreement was finalized on 30 June 2017. Oriola reports 50% of the joint venture Hehku Kauppa Oy in the Consumer segment EBIT. The transactions with Hehku Kauppa Oy are presented in the table below. The Group has no significant business transactions with other related parties.

Transactions with joint venture EUR million	2018 1-3	2017 1-3	2017 1-12
Sales	4.6	-	0.1
Purchases	-0.1	-	-
Trade and other receivables	3.2	-	0.9

Segment information

1-3/2018 EUR million	Consumer	Services	Healthcare	Group items	Total
External Invoicing	193.7	631.8	22.8	-	**848.3**
Internal Invoicing	0.2	97.6	-	-97.8	**-**
Invoicing	**193.9**	**729.5**	**22.8**	**-97.8**	**848.3**
External Net Sales	189.3	176.1	22.6	-	**388.1**
Internal Net Sales	0.2	97.6	-	-97.8	**-**
Net Sales	**189.5**	**273.8**	**22.6**	**-97.8**	**388.1**
EBIT	3.8	4.8	0.2	-3.2	**5.6**
Adjusted EBIT	4.0	4.8	0.2	-2.7	**6.2**
Assets	408.4	398.8	47.7	71.7	**926.6**
Liabilities	54.1	550.0	7.9	142.1	**754.0**
Investments	1.1	2.8	0.1	4.8	**8.8**
Depreciation, amortisation and impairments	4.2	1.4	0.6	0.1	**6.3**
Average number of personnel	1,544	933	116	53	**2,646**

1-3/2017 EUR million	Consumer	Services	Healthcare	Group items	Total
External Invoicing	196.5	586.8	14.2	-	**797.5**
Internal Invoicing	-	83.9	-	-83.9	**-**
Invoicing	**196.5**	**670.7**	**14.2**	**-83.9**	**797.5**
External Net Sales	191.9	161.5	14.1	-	**367.4**
Internal Net Sales	-	83.9	-	-83.9	**-**
Net Sales	**191.9**	**245.4**	**14.1**	**-83.9**	**367.4**
EBIT	5.1	7.7	-0.5	-1.8	**10.5**
Adjusted EBIT	5.3	7.7	-0.5	-1.5	**11.0**
Assets [1)]	447.9	337.2	48.5	74.7	**908.4**
Liabilities [1)]	69.8	476.0	7.8	166.5	**720.1**
Investments	2.9	3.8	3.7	3.1	**13.5**
Depreciation, amortisation and impairments	4.5	1.4	0.9	0.1	**6.9**
Average number of personnel	1,629	891	133	46	**2,698**

[1)] Discontinued operations included in Group items

Geographical information

1-3/2018 EUR million	Sweden	Finland	Other countries	Total
Net Sales	270.2	96.7	21.2	**388.1**
Assets	665.2	261.4	0.0	**926.6**
Investments	3.0	5.8	-	**8.8**
Average number of personnel	1,929	716	2	**2,646**

1-3/2017 EUR million	Sweden	Finland	Other countries	Total
Net Sales	262.1	86.1	19.1	**367.4**
Assets [1)]	671.6	219.0	17.7	**908.4**
Investments	9.7	3.7	-	**13.5**
Average number of personnel	1,978	718	2	**2,698**

[1)] Includes discontinued operations

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.

1-3/2018 EUR million	Consumer	Services	Healthcare	Total
Wholesale	-	161.1	6.3	**167.4**
Retail sale	189.3	-	-	**189.3**
Services	-	15.0	16.4	**31.4**
Net sales total	**189.3**	**176.2**	**22.6**	**388.1**

1-3/2017 EUR million	Consumer	Services	Healthcare	Total
Wholesale	-	146.6	1.0	**147.5**
Retail sale	191.9	-	-	**191.9**
Services	-	14.9	13.1	**28.0**
Net sales total	**191.9**	**161.5**	**14.1**	**367.4**

Alternative performance measurement reconciliation table

Invoicing EUR million	2018 1-3	2017 1-3	2017 1-12
Net sales	388.1	367.4	1,527.7
+ Acquisition cost of consignment stock	455.7	425.3	1,789.6
+ Cash discounts	4.5	4.7	19.0
Invoicing	**848.3**	**797.5**	**3,336.3**

Adjusted EBITDA EUR million	2018 1-3	2017 1-3	2017 1-12
EBIT	5.6	10.5	37.8
Depreciations and impairments	6.3	6.9	25.7
Share of results in joint venture	1.3	-	1.1
EBITDA	13.2	17.4	64.6
Adjusting items included in EBITDA	0.7	0.5	3.0
Adjusted EBITDA	**13.8**	**17.9**	**67.6**

Adjusting items

Adjustments to EBITDA and EBIT exclude 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	2018 1-3	2017 1-3	2017 1-12
Restructuring costs	-0.7	-0.2	-0.3
Costs of termination of the CEO service contract	-	-	-0.4
Revaluation of contingent consideration	-	-	0.2
Contractual liabilities due to delivery failures in Finland	-	-	-1.2
Other	-	-0.3	-0.4
Adjusting items total	**-0.7**	**-0.5**	**-2.1**

Adjusting items in 2018 include restructuring charges mainly related to changes in the Group Management Team. Adjusting items in January–March 2017 included restructuring charges, and preparation costs incurred before the joint venture with Kesko was established in the Consumer Business Area. In addition to these the adjusting items in 2017 included the costs of termination of the CEO service contract, the contractual liabilities due to delivery failures in Finland and costs of major business development projects, as well as an adjustment to the valuation of non-current assets in the Swedish Consumer business.