

ORIOLA CORPORATION'S INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2020

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Oriola January 1– September 30, 2020

January–September 2020 highlights

- The COVID-19 pandemic had a significant impact on Oriola's operating environment and operations.
- Invoicing increased by 0.9% (increased 6.4%) to EUR 2,778.3 (2,754.2) million. On a constant currency basis invoicing increased by 0.8% and was EUR 2,776.5 million.
- Net sales increased by 4.7% (increased 10.1%) to EUR 1,334.5 (1,274.6) million. On a constant currency basis net sales increased by 4.6% and were EUR 1,333.6 million.
- Adjusted EBIT was EUR 13.0 (18.4) million. On a constant currency basis the adjusted EBIT was EUR 13.0 million.
- Profit for the period totalled EUR 7.2 (8.2) million and earnings per share were EUR 0.04 (0.05).

July–September 2020 highlights

- The recommendations given by the authorities and their impacts on consumer behaviour were reflected in pharmaceutical volumes. Ongoing pandemic and its acceleration at the end of the reporting period had a negative impact on Oriola's business environment.
- The dose dispensing business developed well during the reporting period.
- Covid-related adjacent services developed positively.
- Invoicing decreased by 0.2% (increased 8.7%) to EUR 915.3 (917.3) million. On a constant currency basis invoicing decreased by 2.4% and was EUR 895.6 million.
- Net sales increased by 2.3% (increased 16.0%) to EUR 438.9 (429.0) million. On a constant currency basis net sales decreased by 0.1% and were EUR 428.6 million.
- Adjusted EBIT was EUR 6.3 (9.1) million. On a constant currency basis the adjusted EBIT was EUR 6.2 million.
- Profit for the period totalled EUR 3.7 (2.0) million and earnings per share were EUR 0.02 (0.01).

Business outlook for 2020

The adjusted EBIT on a constant currency basis stays on the same level or increases from the 2019 level.

Oriola's business outlook for 2020 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments.

President and CEO Robert Andersson on the third quarter of 2020:

“During the review period, Oriola's business continued to be significantly impacted by COVID-19 pandemic. The number of infections increased rapidly towards the end of the reporting period. The usage of pharmaceuticals was lower than usual as healthcare resources were allocated to testing and other pandemic preparedness measures. Especially the volumes of elective care fell below the customary level. Moreover, the changes in buying behaviour - based on the restricted consumer mobility - negatively affected the demand for health and wellbeing products. These phenomena impacted the operating environment globally and increased uncertainty also in both Oriola's markets, Finland and Sweden.

Important milestones were reached in the distribution centre in Sweden. Despite delays caused by the pandemic, the ramp-up phase of the automation will be completed during the last quarter of 2020 and the focus will shift to process optimisation and efficiency improvements. The positive impacts of the

automatisation and the efficiency improvements will contribute to our financial result gradually.

Oriola's invoicing remained at the level of the comparison period and net sales increased slightly. On a constant currency basis, invoicing decreased and net sales remained stable. Adjusted EBIT decreased by 30.1% to EUR 6.3 million.

In Consumer, net sales¹ grew by 1.2% compared to the same period last year. In the strategically important online channel, growth continued at a rate faster than market. In addition, we saw healthy demand for COVID-19-related services, such as antibody tests, offered by our pharmacies. However, sales of our brick-and-mortar pharmacies decreased due to the lower consumer mobility, particularly in shopping centres.

In Pharma, invoicing¹ decreased by 3.1% and net sales¹ decreased by 0.5% compared to the same period last year. Pandemic slowed down pharmaceutical sales, which was further reflected in the lower demand for pharmaceuticals distribution. The business of Expert services developed favourably during the review period. The decline in pharmaceutical volumes, changes in distribution agreements and the increased cost to serve burdened Pharma's financial result.

In Retail, net sales¹ grew by 1.9% compared to the same period last year. Dose dispensing business developed favourably. Moreover, the demand for products related to pandemic, such as face masks, was active. Retail's financial result developed positively, mainly due to the growth in dose dispensing and the improved efficiencies in dose dispensing operations. In Sweden, increased cost to serve burdened the business area's result.

While the market environment has remained tough, we have been capable of safeguarding the health and safety of our employees and executing our societally crucial purpose – Health for life. A warm thank you to our personnel for making this happen.“

¹ On a constant currency basis

Key figures	2020	2019	Change	2020	2019	Change	2019
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Invoicing	915.3	917.3	-0.2	2,778.3	2,754.2	0.9	3,733.1
Net sales	438.9	429.0	2.3	1,334.5	1,274.6	4.7	1,721.3
Adjusted EBIT ¹	6.3	9.1	-30.1	13.0	18.4	-29.5	20.5
EBIT	6.3	3.8	68.1	13.6	14.5	-6.8	15.3
Adjusted EBIT %	1.4	2.1		1.0	1.4		1.2
EBIT %	1.4	0.9		1.0	1.1		0.9
Profit for the period	3.7	2.0	87.1	7.2	8.2	-12.6	8.0
Earnings per share, EUR	0.02	0.01	87.1	0.04	0.05	-12.6	0.04
Net cash flow from operating activities	4.3	12.9		12.6	57.0		84.4
Gearing, %				102.3	86.8		76.1
Equity ratio, %				14.0	15.1		15.5
Return on capital employed (ROCE), %				4.5	5.2		4.1

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

The figures for Q1-Q3 2019 in this Interim report have been restated due to an error related to previous periods. For more information on the correction of the error please refer to the 31 December 2019 annual financial statements.

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 Interim report.

Oriola Corporation's Interim report for 1 January–30 September 2020

Operating environment

During 2020, the COVID-19 pandemic has rapidly changed Oriola's operating environment as the restrictions set by the authorities extensively impacted the functions of the public healthcare and the consumer behaviour. The second wave of the COVID-19 pandemic, which started to accelerate at the end of the reporting period, intensified again these impacts. Due to the pandemic, the operating conditions of healthcare services have weakened and the demand for pharmaceuticals has declined. This phenomenon is seen to be global. In addition, the demand for health and wellbeing products has declined due to the citizens' decreased mobility, and the share of online sales of the market has increased significantly. The continuation of the pandemic increases uncertainty in both Finnish and Swedish markets.

Ageing population and growth in speciality pharmaceuticals are driving the growth of the pharmaceutical market in both of Oriola's operating countries. In January–September 2020, the pharmaceutical wholesale market grew by 5.9% in Sweden (source: IQVIA) and 2.2% in Finland in local currencies (source: LTK), mainly due to the significant increase in pharmaceutical sales in the first quarter. Parallel imports' share of the Swedish pharmaceutical market was 9.6% (6.9%) (source: Apoteksförening).

Health and wellbeing trends, as well as the growth in e-commerce are growing the pharmacy business in Sweden. The pharmacy market is experiencing a digital transformation driven by fast growing e-commerce, accounting already for 16% (11%) of the total pharmacy market in Sweden by the end of September 2020. The pharmacy market in Sweden grew by 4.7% (4.4%) in Swedish krona driven by strong increase of online market (source: Apoteksförening). At the end of September, there were 1,432 (1,429) pharmacies in Sweden.

The pharmacy network in Finland has remained unchanged. There are 819 pharmacy outlets in Finland and 109 service points of pharmacies in remote areas. Pharmacies are owned by approximately 600 proprietary pharmacists and the two Universities of Helsinki and Kuopio.

Strategic programmes

Oriola has published two Group-wide strategic programmes: one focusing on cost savings and operational excellence, and the other one on strengthening and developing customer experience.

The strategic programme 20by20 Excellence focuses on Oriola's efficiency and profitability. Target is to deliver EUR 20 million annualised savings compared to the 2018 cost level. In the programme, all operations and resources are systematically reviewed to ensure efficient and high-quality operations, as well as to reduce costs. The planned actions include improving logistics efficiency, savings in indirect and direct purchasing, product and service portfolio optimisation as well as lean and simplified processes throughout the Group.

The 20by20 Excellence programme has continued systematically throughout the year but it has slowed down due to the COVID-19 pandemic. Based on the current estimate, approximately 75% of the savings target will be reached by the end of 2020. The main savings are coming from logistics operations in Finland, IT costs, direct and indirect purchasing as well as personnel costs. As part of the programme, Oriola has closed 9 pharmacies in Sweden during 2019–2020.

The strategic programme Customer Experience focuses on developing and implementing more customer-oriented processes and tools, organisation and culture. The target for the programme is to strengthen

customer trust and satisfaction. The company's activities are customer-oriented also during the COVID-19 pandemic. Customer communication and collaboration has been lifted as one of the key activities to ensure timely information flow and the influencing opportunities between all stakeholders during the pandemic.

Sustainability

Oriola's sustainability strategy is strongly linked to the company's purpose, "Health for life". As a company operating in health and wellbeing sector, Oriola improves the prerequisites for healthier life especially in the context of three key sustainability themes: society, people and planet. Oriola is committed to the UN Sustainable Development Goals (SDGs) and has defined long-term sustainability goals aligned with the SDGs.

Oriola plays an important role in the society in ensuring safe and on-time deliveries and sustainable usage of pharmaceuticals. Oriola's mission is to bring its customers sustainable products and solutions for health and wellbeing. Oriola's target is to increase the share of sustainable products in the sales of private label products and introduce new services to promote people's health.

According to our vision, Oriola enables a healthier tomorrow for people and societies. Competent and engaged employees are the key success factor and the foundation of sustainable business for Oriola. The Company's goal is high employee engagement and raising the engagement index to an excellent level, as well as optimising employee turnover.

Oriola's Environmental Policy outlines the commitment to reduce environmental impacts of the company's operations. Oriola's goal is to achieve carbon neutrality by 2030. Oriola has set 100% renewable energy and increasing recycling rate to 85% by the end of the 2022 as short-term targets towards this long-term carbon neutrality goal.

Oriola's quality management is founded on the laws and regulatory requirements applicable in the pharmaceutical sector, and on quality management standards. Pharmaceutical distribution and wholesale are regulated by the Good Distribution Practice (GDP) of the European Medicines Agency (EMA).

In the first quarter, Oriola published as part of the Annual Report company's first Global Reporting Initiative (GRI) supplement that was prepared in accordance with GRI Standards. The GRI supplement was limitedly assured by an independent sustainability expert. In addition, Oriola achieved the second best (B) level in Carbon Disclosure Project (CDP) reporting, which is a worldwide initiative for evaluating environmental data and scoring companies' climate and environmental actions.

In the second quarter, Oriola focused on securing the availability of the pharmaceuticals for its part, as well as helping consumers during the COVID-19 pandemic. Oriola both secured the health and safety of its employees, and ensured the availability of pharmaceuticals to the citizens by prioritising pharmaceutical deliveries, as well as by building a national stock in Sweden for certain pharmaceuticals together with four Swedish regions and another wholesaler. The company also introduced new pharmacy services in Sweden, such as COVID-19 antibody tests and the "Call & Collect Outside" service.

In the third quarter, Oriola has continued supporting people and the society through comprehensive pharmaceutical distribution and pharmacy activities. The company has also continued advancing its other sustainability goals. During the reporting period, Oriola took a significant step towards its goal of carbon neutrality by switching to carbon neutral district heating at the Mankkaa site. The change reduces Oriola's CO₂ emissions by 23% and increases the share of renewable energy used in the Group to more than 90%. Additionally, in H1 the company's recycling rate was increased to 74,3% compared to 70,6% in 2019, out of the target of 85% by 2022. During the quarter, Mölnlycke, Enköping and Stockholm sites were audited against ISO 14001 standard's requirements, resulting in renewed certification.

Group financial performance January–September 2020

Invoicing and net sales

Invoicing increased by 0.9% (increased 6.4%). On a constant currency basis invoicing increased by 0.8%, mainly driven by the growth in the pharmaceutical market in January–September.

Net sales increased by 4.7% (increased 10.1%) to EUR 1,334.5 (1,274.6) million. On a constant currency basis net sales increased by 4.6%, driven by the growth in the pharmaceutical market, changes in the distribution agreements for pharmaceuticals and increased sales of the health and wellbeing products.

Profitability

Adjusted EBIT decreased by 29.5% (decreased 37.6%) to EUR 13.0 (18.4) million. The profitability was burdened by changes in customer agreements, decreased volumes in brick-and-mortar as well as operative costs related to the ramp-up phase of the Swedish distribution centre and additional costs caused by the COVID-19 pandemic. In Sweden, Oriola received government compensations for socials costs, sick leaves and short-term lay-offs totalling EUR 1.3 million to cover the negative impacts of the pandemic. The compensations are reported as a reduction of personnel expenses in the consolidated statement of comprehensive income. Adjusting items during the reporting period totalled EUR 0.6 (-3.9) million, and the EBIT was EUR 13.6 (14.5) million. The adjusted EBIT on a constant currency basis was EUR 13.0 million.

Net financial expenses were EUR 4.3 (4.0) million. Profit for the period was EUR 7.2 (8.2) million. Income taxes for January–September were EUR 2.1 (2.3) million, which corresponds to an effective tax rate of 22.6% (21.6%). Earnings per share were EUR 0.04 (0.05).

Group financial performance July–September 2020

Invoicing and net sales

Invoicing decreased by 0.2% (increased 8.7%). On a constant currency basis invoicing decreased by 2.4%, which was mainly due changes in customer agreements and continued weak demand driven by the COVID-19 pandemic.

Net sales increased by 2.3% (increased 16.0%) to EUR 438.9 (429.0) million. On a constant currency basis net sales decreased by 0.1%.

Profitability

Adjusted EBIT decreased by 30.1% (decreased 46.9%) to EUR 6.3 (9.1) million. The profitability was burdened by decreased volumes in brick-and-mortar, changes in customer agreements as well as operative costs related to the ramp-up phase of the Swedish distribution centre and additional costs caused by the COVID-19 pandemic. The dose-dispensing business developed well and had a positive impact on the profitability. In Sweden, Oriola received government compensations for socials costs, sick leaves and short-term lay-offs totalling EUR 0.4 million to cover the negative impacts of the pandemic. The compensations are reported as a reduction of personnel expenses in the consolidated statement of comprehensive income. Adjusting items during the reporting period totalled EUR -0.0 (-5.3) million, and the EBIT was EUR 6.3 (3.8) million. The adjusted EBIT on a constant currency basis was EUR 6.2 million.

Net financial expenses were EUR 1.7 (1.3) million. Profit for the period was EUR 3.7 (2.0) million. Earnings per share were EUR 0.02 (0.01).

Consumer

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	2020	2020	2020	2019	2019	2019	2019	2020	2019	2019
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3	1-9	1-9	1-12
Invoicing	194.5	189.0	206.1	196.3	186.4	193.1	192.2	589.6	571.7	768.1
Net Sales	190.5	184.8	202.4	190.8	182.6	188.8	187.9	577.7	559.3	750.1
Adjusted EBIT	4.3	0.3	5.4	1.1	4.9	2.9	2.8	10.0	10.6	11.7
EBIT	4.2	0.4	6.3	-1.2	0.8	2.9	2.8	10.9	6.5	5.3
Adjusted EBIT %	2.2	0.2	2.7	0.6	2.7	1.5	1.5	1.7	1.9	1.6
EBIT %	2.2	0.2	3.1	-0.6	0.4	1.5	1.5	1.9	1.2	0.7
Number of personnel at the end of period	1,534	1,453	1,553	1,692	1,712	1,698	1,543	1,534	1,712	1,692

Market environment

The pharmacy market in Sweden grew by 4.7% (4.4%) in Swedish krona (source: Apoteksförning) and the number of pharmacies increased by 6 in January–September 2020.

Online sales in the Swedish pharmacy market continued to grow fast and reached approximately 16% (11%) of the pharmacy market by the end of September 2020.

Oriola's market share in the pharmacy market in Sweden in January–September 2020 was 16.6% (16.9%) (source: Apoteksförning). The relative share of OTC and traded goods from the net sales was 24.8% (25.1%). At the end of the reporting period, Oriola had 323 (328) pharmacies in Sweden. Oriola established 3 new pharmacies and closed 4 pharmacies during the reporting period.

January–September 2020

The net sales increased by 3.3% (decreased 0.3%) to EUR 577.7 (559.3) million. On a constant currency basis net sales increased by 3.2%. Oriola's online sales grew by 77%, faster than the market (+57%), and it accounts for 6.1% (3.6%) of Oriola's Consumer sales in Sweden.

Adjusted EBIT decreased by 5.8% (decreased 21.7%) to EUR 10.0 (10.6) million. Decreased volumes in brick-and-mortar as well as increased share of prescription pharmaceuticals of sales impacted the profitability during the reporting period. The restricted consumer mobility caused by the COVID-19 pandemic has impacted the demand especially in shopping centres. The negative impact of the pandemic was partly offset

by government compensations totalling EUR 0.9 million, received in Sweden. Adjusting items during the reporting period totalled EUR 0.9 (-4.1) million, and EBIT was EUR 10.9 (6.5) million.

July–September 2020

The net sales increased by 4.3% (increased 2.1%) to EUR 190.5 (182.6) million. On a constant currency basis net sales increased by 1.2%.

Adjusted EBIT decreased by 13.3% (decreased 8.3%) to EUR 4.3 (4.9) million. The decreased volumes in brick-and-mortar caused by the COVID-19 pandemic had a negative impact on Consumer result. The impact of the pandemic was partly offset by government compensations totalling EUR 0.3 million, received in Sweden. Adjusting items during the reporting period totalled EUR -0.0 (-4.1) million, and EBIT was EUR 4.2 (0.8) million.

Pharma

Pharma business area provides tailored logistics, expert and advisory services for pharmaceutical companies, as well as a wide range of pharmaceutical products for pharmacies, hospital pharmacies and veterinarians.

Key Figures	2020	2020	2020	2019	2019	2019	2019	2020	2019	2019
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3	1-9	1-9	1-12
Invoicing	706.8	690.0	745.5	768.5	715.5	734.3	692.3	2,142.3	2,142.1	2,910.6
Net Sales	234.7	232.9	244.2	242.2	231.4	244.9	199.6	711.8	675.9	918.1
Adjusted EBIT	3.0	2.1	3.6	4.2	5.2	4.7	3.5	8.7	13.5	17.7
EBIT	3.0	2.1	3.2	4.1	4.8	4.7	3.5	8.3	13.0	17.1
Adjusted EBIT %	1.3	0.9	1.5	1.7	2.3	1.9	1.8	1.2	2.0	1.9
EBIT %	1.3	0.9	1.3	1.7	2.1	1.9	1.8	1.2	1.9	1.9
Number of personnel at the end of period	454	451	440	468	469	501	490	454	469	468

Market environment

The pharmaceutical market at wholesale prices in Sweden grew by 5.9% (8.0%) in Swedish krona in January–September 2020 (source: IQVIA).

According to Oriola's estimate, Oriola's share of the Swedish pharmaceutical wholesale market was approximately 47% (43%).

The Finnish pharmaceutical market at wholesale prices grew by 2.2% (5.3%) in January–September 2020 (source: LTK). According to Oriola's estimate, Oriola's share of the Finnish pharmaceutical wholesale market was approximately 43% (46%).

January–September 2020

Invoicing stayed stable at EUR 2,142.3 (2,142.1) million compared to previous year (increased 8.6%). On a constant currency basis invoicing decreased by 0.1%. Net sales increased by 5.3% (increased 21.9%) to EUR 711.8 (675.9) million, and on a constant currency basis, net sales increased by 5.3%. This was driven by the growth in the pharmaceutical markets in January–September, sales growth in expensive prescription pharmaceuticals as well as changes in the distribution agreements for pharmaceuticals.

Adjusted EBIT decreased by 35.4% (decreased 20.9%) to EUR 8.7 (13.5) million. Changes in

customer agreements as well as operative costs related to the ramp-up phase of the Swedish distribution centre and additional costs caused by the COVID-19 pandemic had a negative impact on Pharma's result. The good development in expert services offered to pharmaceutical companies impacted the result positively during the reporting period. Adjusting items during the reporting period totalled EUR -0.4 (-0.5) million, and EBIT was EUR 8.3 (13.0) million.

July–September 2020

Invoicing decreased from the previous year by 1.2% (increased 10.0%) to EUR 706.8 (715.5) million. On a constant currency basis invoicing decreased by 3.1%. Net sales increased by 1.4% (increased 28.3%) to EUR 234.7 (231.4) million. On a constant currency basis, net sales decreased by 0.5%.

Adjusted EBIT decreased by 42.3% (decreased 49.9%) to EUR 3.0 (5.2) million. Changes in customer agreements as well as costs of the Swedish distribution centre had a negative impact on Pharma's third quarter result. Adjusting items during the reporting period totalled EUR -0.0 (-0.5) million, and EBIT was EUR 3.0 (4.8) million.

Retail

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

Key Figures	2020	2020	2020	2019	2019	2019	2019	2020	2019	2019
EUR million	7-9	4-6	1-3	10-12	7-9	4-6	1-3	1-9	1-9	1-12
Invoicing	119.1	121.5	121.6	114.5	114.0	116.5	111.9	362.3	342.4	456.9
Net Sales	118.8	120.9	121.2	114.1	113.6	116.3	111.6	360.9	341.4	455.5
Adjusted EBIT	1.5	-0.3	0.2	-0.8	0.3	0.2	-0.6	1.4	-0.1	-0.9
EBIT	1.5	-0.3	0.3	-0.6	-0.4	0.2	-0.6	1.5	-0.8	-1.4
Adjusted EBIT %	1.2	-0.3	0.2	-0.7	0.3	0.2	-0.5	0.4	-0.0	-0.2
EBIT %	1.2	-0.2	0.2	-0.5	-0.4	0.2	-0.5	0.4	-0.2	-0.3
Number of personnel at the end of period	550	563	541	590	603	576	528	550	603	590

Market environment

In retail business, Oriola offers a wide range of healthcare products both in traded goods and in OTC pharmaceuticals. Traded goods are sold through pharmacies and grocery stores. In Sweden, the traded goods and OTC pharmaceuticals market grew by 7.3% (6.6%) in January–September 2020.

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 230,000 patients in Sweden and 55,000 patients in Finland. Oriola is the market leader in Sweden serving over 97,000 patients. In Finland, Oriola serves approximately 23,000 patients.

In staffing business in Finland, 196 pharmacies out of 819 pharmacies were using Oriola's services at the end of reporting period.

January–September 2020

Net sales increased by 5.7% (increased 5.8%) to EUR 360.9 (341.4) million. On a constant currency basis net sales increased by 5.6%, mainly driven by the growth in dose-dispensing sales in Sweden as well as increase in demand for COVID-19 pandemic related products.

Adjusted EBIT increased to EUR 1.4 (-0.1) million, which was mainly due to the positive development of dose-dispensing business. However, in Sweden the result was burdened by the operative costs related to the ramp-up phase of the Swedish distribution centre and additional costs caused by the COVID-19 pandemic. Adjusting items during the reporting period totalled EUR 0.1 (-0.7) million, and EBIT was EUR 1.5 (-0.8) million.

July–September 2020

Net sales increased by 4.6% (increased 14.4%) to EUR 118.8 (113.6) million. On a constant currency basis net sales increased by 1.9%, mainly driven by the growth in dose-dispensing sales in Sweden as well as increase in demand for COVID-19 pandemic related products.

Adjusted EBIT increased to EUR 1.5 (0.3) million, which was mainly due to the positive development of dose dispensing business. Adjusting items during the reporting period totalled EUR -0.0 (-0.7) million, and EBIT was EUR 1.5 (-0.4) million.

Balance sheet, cash flow and financing

Oriola's total assets at the end of September 2020 were EUR 1,120.0 (1,036.3) million. Equity attributable to the equity holders was EUR 153.5 (153.7) million, which was decreased by the dividend of EUR 16.3 million distributed to the shareholders in April 2020. The change in fair value of the financial assets measured at fair value through other comprehensive income increased the equity during the reporting period by EUR 8.0 million. The impact of translation differences on equity was EUR -2.7 million during the reporting period. Cash and cash equivalents totalled EUR 157.6 (64.7) million. Net cash flow from operating activities in January–September 2020 was EUR 12.6 (57.0) million, of which changes in working capital accounted for EUR -24.9 (15.6) million. Net cash flow from investing activities was EUR -22.8 (-14.2) million. Net cash flow from financing activities was EUR 97.0 (-43.8) million.

At the end of September 2020, interest-bearing debt was EUR 314.5 (198.2) million. During the second quarter of 2020, Oriola Corporation prepared for the instability in the financing markets caused by the COVID-19 pandemic by drawing term-loans totalling EUR 70 million. The non-current interest-bearing liabilities amounted to EUR 126.3 (123.4) million and current interest-bearing liabilities amounted to EUR 188.2 (74.8) million. Non-current interest-bearing liabilities mainly consist of loans from financial institutions totalling EUR 64.4 (57.1) million and non-current lease liabilities totalling EUR 61.9 (66.3) million. Current interest-bearing liabilities mainly consist of commercial paper issues of EUR 87.1 (35.0) million, advance payments from Finnish pharmacies totalling EUR 20.1 (21.8) million, loans from financial institutions totalling EUR 62.0 (0.1) million and current lease liabilities totalling EUR 19.0 (17.9) million. Interest-bearing net debt was EUR 156.9 (133.4) million and gearing 102.3% (86.8%).

The non-recourse trade receivables sales programmes are in use in Sweden. At the end of September 2020, a total of EUR 166.4 (154.6) million in trade receivables had been sold. The average interest rate on the interest-bearing liabilities excluding lease liabilities recognised due to the application of IFRS 16 was 1.07% (0.94%).

The committed long-term revolving credit facility of EUR 100.0 million and the credit limits totalling EUR 34.7 million were unused at the end of September 2020.

At the end of the reporting period Oriola's equity ratio was 14.0% (15.1%). Return on capital employed was 4.5% (5.2%) and return on equity 6.2% (6.8%).

Investments and depreciation

Gross investments in January–September 2020 totalled EUR 22.5 (14.2) million and consisted mainly of investments in logistics, information systems, and renewal of pharmacies as well as an additional investment totalling EUR 5 million in Doktor.se, a leading Swedish e-health provider, in their latest investment round. The new investment does not have a significant effect on Oriola's ownership, which is currently approximately 14% of Doktor.se.

Depreciation, amortisation and impairment amounted to EUR 30.7 (32.2) million.

The capital expenditure in 2020 excluding acquisitions is estimated to be approximately EUR 25 million.

Personnel

At the end of September 2020, Oriola had 2,616 (2,852) employees, 59% (60%) of whom worked in Consumer, 17% (16%) in Pharma, and 21% (21%) in Retail. The Group administration employed 3% (2%) of the total number of employees. The average number of personnel in January–September 2020 was 2,525 (2,784). 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 17 March 2020, 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 2019.

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 2019. The dividend was paid to shareholders registered in the company's shareholders register held by Euroclear Finland Ltd on the dividend record date 19 March 2020. The payment date of the dividend was 15 April 2020.

The AGM confirmed that the Board of Directors is composed of seven members. Current members of the Board of Directors Mr Juko-Juho Hakala, Ms Anja Korhonen, Ms Mariette Kristenson, Ms Eva Nilsson Bågenholm, Mr Harri Pärssinen and Ms Lena Ridström were re-elected to the Board of Directors and Mr Panu Routila elected new member of the Board of Directors. Mr Panu Routila was 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 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 2020 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 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.

The AGM resolved, in accordance with Chapter 3, Section 14 a, subsection 3 of the Finnish Companies Act, on the forfeiture of the rights to all the shares entered in the joint account as well as the rights attached to such shares. This concerned, under Chapter 3, Section 14 a, subsection 3 of the Finnish Companies Act, the rights to all such Oriola Corporation's shares entered in the joint account that had not been requested to be registered in the book-entry system in accordance with Chapter 6, Section 3 of the Act on the Book-Entry System and Settlement Activities prior to the resolution concerning the matter by the AGM. On 24 August 2020, a total of 63,650 class A shares and 59,900 class B shares on the Joint Account became the company's treasury shares. The provisions of the Finnish Companies Act on treasury shares apply to the forfeited shares.

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), Mr Juko-Juho Hakala, Ms Mariette Kristenson and Mr Panu Routila to the Board's Compensation and Human Resources 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.

Composition of Oriola Corporation's Shareholders' Nomination Board

The largest shareholders of Oriola Corporation appointed on 24 September 2020 in accordance with the rules of procedure of the Shareholders' Nomination Board Mr Mikael Aro, Ms Annika Ekman, Mr Peter Immonen, Mr Pekka Pajamo and Mr Into Ylppö to the Nomination Board.

Pekka Pajamo was elected chairman of the Nomination Board. Panu Routila, Chairman of the Board of Directors of Oriola, will serve as an expert member of the Nomination Board.

The Corporate Governance Statement and the Remuneration Statement

The Corporate Governance Statement and the Remuneration Statement for 2019 were published 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>.

Authorisations

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

All decisions of the Annual General Meeting 2020 are available on the company's website www.oriola.com.

Changes in the Group Management Team

Thomas Gawell, Vice President, Pharma business area, left the company on 17 February 2020. Fredrik Pamp, who previously worked as Sales and Marketing director in Pharma business area, was appointed Vice President, Pharma business area as of 17 February 2020.

After these changes Oriola's Group Management Team consists of 10 members: Robert Andersson, President and CEO; Katarina Gabrielson, Vice President, Retail business area; Anne Kariniemi, Vice President, Operations; Helena Kukkonen, CFO; Tuula Lehto, Vice President, Communications and Sustainability; Charlotta Nyström, CIO; Fredrik Pamp, Vice President, Pharma business area; Petter Sandström, General Counsel; Teija Silver, Vice President, HR; Anders Torell, Vice President, Consumer business area.

Oriola Corporation shares

Trading of shares	Jan-Sep 2020		Jan-Sep 2019	
	class A	class B	class A	class B
Trading volume, million	2.6	38.9	2.4	18.3
Trading volume, EUR million	5.3	74.5	5.1	39.0
Highest price, EUR	2.25	2.27	2.56	2.53
Lowest price, EUR	1.62	1.52	1.86	1.86
Closing quotation, end of period, EUR	1.93	1.89	2.06	2.09

Oriola Corporation's market capitalisation on 30 September 2020 was EUR 345.2 (377.6) million.

In the review period, the traded volume of Oriola Corporation shares, excluding treasury shares, corresponded to 22.9% (11.4%) of the total number of shares.

At the end of September 2020, the company had a total of 181,486,213 (181,486,213) shares, of which 53,748,313 (55,434,273) were class A shares and 127,737,900 (126,051,940) were class B shares. The company held a total of 173,206 (84,903) treasury shares, of which 63,650 (-) were class A shares and 109,556 (84,903) were class B shares. The treasury shares held by the company account for 0.10% (0.05%) of the company's shares and 0.11% (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 first quarter of 2020, 306,960 class A shares were converted into class B shares. The conversion was entered into the Trade Register on 3 February 2020. During the second quarter of 2020, 1,379,000 class A shares were converted into class B shares. The conversion was entered into the Trade Register on 11 June 2020. After the conversions there are 53,748,313 class A shares and 127,737,900 class B shares in the company. The total number of shares is 181,486,213 and the total number of votes is 1,202,704,160.

Flagging announcements

Oriola Corporation received on 15 May 2020 from Heikki Herlin a disclosure under Chapter 9, Section 5 of the Securities Markets Act, according to which the control of Mariatorp Oy has been transferred to Heikki Herlin after the distribution of inheritance of Niklas Herlin.

Mariatorp Oy's (business ID 2690035-7) ownership of Oriola Corporation's share capital is 11.0% and total share of voting rights is 10.9% comprising a total of 20,000,000 shares of which 6,000,000 A shares and 14,000,000 B shares.

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.

Oriola has identified the following principal strategic and operational risks that may have an adverse impact on the results: Changes in the pharmaceutical market regulation and related licences, pricing, parallel import and public reimbursement, as well as increased competition through the growing number of companies and pharmacies in e-commerce, the decreasing share of single channel distribution in public healthcare, and the loss of several key pharmaceutical company agreements. In addition, the changes in the resources of public healthcare as well as restrictions set by the authorities on companies' businesses and citizens' mobility caused by the pandemic may have an adverse impact on Oriola's result.

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 may cause impairment of goodwill.

More information of Oriola's 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. The ramp-up of the expansion and automation of the distribution centre in Sweden, which started during the first quarter of 2019, will be completed in the last quarter of 2020. Process optimisation and efficiency improvements will continue, but the continuation of the pandemic might slow down the progress in these. Oriola systematically improves the readiness and compatibility of its IT systems. The company has defined separate risk management plans for all IT projects and aims to ensure the go-lives of the systems through thorough planning.

During 2020, the COVID-19 pandemic has rapidly changed 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 significantly 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 may have an impact on Oriola's net sales and profitability. 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.

Oriola is prepared 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 needs and their management. Oriola has also increased its readiness and competencies related to remote work and meeting customers remotely.

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.

Business outlook for 2020

The adjusted EBIT on a constant currency basis stays on the same level or increases from the 2019 level.

Oriola's business outlook for 2020 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments.

Events after the period

There were no reportable events after the reporting period.

Espoo, 22 October 2020

Oriola Corporation
Board of Directors

Consolidated statement of comprehensive income (IFRS)

EUR million	Note	2020 7-9	2019 7-9	2020 1-9	2019 1-9	2019 1-12
Net sales	9, 10	438.9	429.0	1,334.5	1,274.6	1,721.3
Other operating income		1.8	2.4	6.9	8.3	11.1
Materials and supplies		-349.3	-341.1	-1,067.0	-1,008.6	-1,364.5
Employee benefit expenses		-40.3	-40.5	-129.0	-128.5	-173.4
Other operating expenses		-34.5	-34.6	-101.3	-99.0	-133.9
Depreciation, amortisation and impairments	3	-10.3	-11.4	-30.7	-32.2	-45.3
EBIT	9	6.3	3.8	13.6	14.5	15.3
Financial income and expenses		-1.7	-1.3	-4.3	-4.0	-5.2
Profit before taxes		4.6	2.5	9.3	10.5	10.1
Income taxes		-1.0	-0.5	-2.1	-2.3	-2.1
Profit for the period		3.7	2.0	7.2	8.2	8.0
Other comprehensive income						
Items which may be reclassified subsequently to profit or loss:						
Translation differences recognised in comprehensive income during the reporting period		-1.8	-2.9	-2.7	-9.9	-4.4
Translation differences reclassified to profit and loss during the reporting period		-	-	-	-	0.0
Cash flow hedge		0.0	0.0	-0.4	-0.1	0.2
Income tax relating to other comprehensive income		-0.0	-0.0	0.1	0.0	-0.0
		-1.8	-2.9	-3.0	-10.0	-4.2
Items which will not be reclassified to profit or loss:						
Financial assets recognised at fair value through other comprehensive income	6	-	-	8.0	-	-
Actuarial gains/losses on defined benefit plans		-	-	-	-	-2.8
Income tax relating to other comprehensive income		-	-	-	-	0.6
		-	-	8.0	-	-2.2
Total comprehensive income for the period		1.9	-0.9	12.2	-1.7	1.6
Profit attributable to						
Parent company shareholders		3.7	2.0	7.2	8.2	8.0
Total comprehensive income attributable to						
Parent company shareholders		1.9	-0.9	12.2	-1.7	1.6
Earnings per share attributable to parent company shareholders, EUR:						
Basic	2	0.02	0.01	0.04	0.05	0.04
Diluted	2	0.02	0.01	0.04	0.05	0.04

Consolidated statement of financial position (IFRS)

EUR million	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
Non-current assets				
Property, plant and equipment	3	155.7	155.4	158.3
Goodwill	3	268.2	265.9	270.5
Other intangible assets	3	66.8	68.8	66.9
Other non-current assets	6	22.5	9.7	9.7
Deferred tax assets		4.4	6.5	4.5
Non-current assets total		517.5	506.3	509.9
Current assets				
Inventories		241.3	238.1	234.2
Trade receivables		182.2	200.8	187.4
Income tax receivables		2.7	8.9	6.1
Other receivables		18.8	17.5	22.2
Cash and cash equivalents		157.6	64.7	70.8
Current assets total		602.6	530.1	520.7
Assets total		1,120.0	1,036.3	1,030.6

EUR million	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
Equity				
Share capital		36.2	36.2	36.2
Fair value reserve		7.6	-0.3	-0.1
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		-35.6	-38.5	-32.9
Retained earnings		51.0	62.0	59.7
Equity attributable to the parent company shareholders		153.5	153.7	157.2
Non-current liabilities				
Deferred tax liabilities		13.5	14.3	14.3
Pension obligations		17.1	13.5	17.1
Interest-bearing liabilities		126.3	123.4	123.6
Other non-current liabilities		1.0	1.1	0.7
Non-current liabilities total		157.9	152.3	155.7
Current liabilities				
Trade payables		568.3	609.2	606.7
Provisions	4	0.6	5.5	2.8
Interest-bearing liabilities		188.2	74.8	66.8
Income tax payables		0.4	0.2	1.0
Other current liabilities		51.2	40.7	40.4
Current liabilities total		808.7	730.4	717.7
Equity and liabilities total		1,120.0	1,036.3	1,030.6

Consolidated statement of changes in equity (IFRS)

EUR million	Share capital	Funds	Translation differences	Retained earnings	Equity total
Equity 1 Jan 2019	36.2	94.0	-28.6	76.3	177.9
Adjustment of adoption of IFRS 16 ¹	-	-	-	-6.3	-6.3
Restated equity 1 Jan 2019	36.2	94.0	-28.6	70.0	171.6
Comprehensive income for the period					
Net profit for the period	-	-	-	8.2	8.2
Other comprehensive income:					
Cash flow hedge	-	-0.1	-	-	-0.1
Income tax relating to other comprehensive income	-	0.0	-	-	0.0
Translation difference	-	-	-9.9	-	-9.9
Comprehensive income for the period total	-	-0.1	-9.9	8.2	-1.7
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 30 Sep 2019	36.2	94.0	-38.5	62.0	153.7
Equity 1 Jan 2020	36.2	94.2	-32.9	59.7	157.2
Comprehensive income for the period					
Net profit for the period	-	-	-	7.2	7.2
Other comprehensive income:					
Financial assets recognised at fair value through other comprehensive income	-	8.0	-	-	8.0
Cash flow hedge	-	-0.4	-	-	-0.4
Income tax relating to other comprehensive income	-	0.1	-	-	0.1
Translation difference	-	-	-2.7	-	-2.7
Comprehensive income for the period total	-	7.7	-2.7	7.2	12.2
Transactions with owners					
Dividend distribution	-	-	-	-16.3	-16.3
Share-based incentive	-	-	-	0.5	0.5
Purchase of own shares	-	-	-	-0.1	-0.1
Transactions with owners total	-	-	-	-15.9	-15.9
Equity 30 Sep 2020	36.2	101.9	-35.6	51.0	153.5

¹ Net of tax

Condensed consolidated statement of cash flows (IFRS)

EUR million	2020 1-9	2019 1-9	2019 1-12
EBIT	13.6	14.5	15.3
Depreciation and amortisation	30.7	31.2	41.8
Impairment	-	1.0	3.5
Change in working capital	-24.9	15.6	26.5
Cash flow from financial items and taxes	-5.2	-8.5	-4.4
Other adjustments	-1.5	3.2	1.7
Net cash flow from operating activities	12.6	57.0	84.4
Net cash flow from investing activities	-22.8	-14.2	-21.8
Net cash flow from financing activities	97.0	-43.8	-57.6
Net change in cash and cash equivalents	86.8	-1.0	5.0
Cash and cash equivalents at the beginning of the period	70.8	65.8	65.8
Translation differences	-0.0	-0.1	-0.0
Net change in cash and cash equivalents	86.8	-1.0	5.0
Cash and cash equivalents at the end of the period	157.6	64.7	70.8

Notes to the Interim report January–September 2020

1. Principal accounting policies

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 2019. The accounting policies and calculation methods applied in the report are the same as those in the 31 December 2019 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 2020. These standards are not expected to have a material impact on the Group in the current or 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 Interim report are unaudited.

During 2020, the COVID-19 pandemic has rapidly changed 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 significantly affected the demand for pharmaceuticals and health and wellbeing products. This has inevitably also had an impact on Oriola's business.

In Sweden, Oriola has received government compensations for social costs, sick leaves and short-term lay-offs totalling EUR 1.3 million to cover the negative impacts of the pandemic. The compensations are reported as a reduction of personnel expenses in the consolidated statement of comprehensive income.

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.

During the second quarter of 2020, Oriola Corporation prepared for the instability in the financing markets caused by the COVID-19 pandemic by drawing term-loans totalling EUR 70 million. At the end of the reporting period, the financial covenants included in the agreements with the financial institutions were fulfilled.

2. Earnings per share

EUR million	2020 7-9	2019 7-9	2020 1-9	2019 1-9	2019 1-12
Profit attributable to equity owners of the parent	3.7	2.0	7.2	8.2	8.0

Average number of outstanding shares (1000 shares)

Basic	181,420	181,401	181,414	181,392	181,395
Diluted	181,478	181,486	181,478	181,486	181,486

Earnings per share (EUR)

Basic	0.02	0.01	0.04	0.05	0.04
Diluted	0.02	0.01	0.04	0.05	0.04

3. Tangible and intangible assets

Changes in property, plant and equipment, EUR million	2020 1-9	2019 1-9	2019 1-12
Carrying amount at the beginning of the period	75.6	77.2	77.2
Increases	9.8	8.8	13.4
Decreases	-0.2	-0.0	-0.1
Reclassifications	0.0	-1.1	-1.1
Depreciation	-9.1	-8.5	-11.6
Impairments	-	-1.0	-1.0
Foreign exchange rate differences	-0.7	-2.3	-1.2
Carrying amount at the end of the period	75.5	73.0	75.6

Changes in right-of-use assets EUR million	2020 1-9	2019 1-9	2019 1-12
Carrying amount at the beginning of the period	82.7	97.3	97.3
Increases	12.4	7.8	6.4
Decreases	-0.0	-4.9	-0.4
Depreciation	-14.0	-14.0	-18.7
Foreign exchange rate differences	-0.9	-3.7	-2.0
Carrying amount at the end of the period	80.2	82.4	82.7

Changes in goodwill, EUR million	2020 1-9	2019 1-9	2019 1-12
Carrying amount at the beginning of the period	270.5	274.3	274.3
Foreign exchange rate differences	-2.3	-8.4	-3.7
Carrying amount at the end of the period	268.2	265.9	270.5

Changes in other intangible assets, EUR million	2020 1-9	2019 1-9	2019 1-12
Carrying amount at the beginning of the period	66.9	75.1	75.1
Increases	7.9	4.0	6.7
Decreases	-	-0.1	-0.1
Reclassifications	-0.0	0.2	0.2
Amortisation	-7.6	-8.6	-11.5
Impairments	-	-	-2.5
Foreign exchange rate differences	-0.4	-1.8	-1.0
Carrying amount at the end of the period	66.8	68.8	66.9

4. Provisions

At the end of the reporting period the Group's provisions in the consolidated statement of financial position totalled EUR 0.6 (5.5) 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 Group Management Team.

The provisions at the end of September 2019 consisted 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 of liabilities relating to Hehku, for which Oriola recognised a provision totalling EUR 3.1 million in the financial statements for 2018.

5. Derivatives

30 Sep 2020 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	0.6	68.3
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	0.1	0.1	12.6

30 Sep 2019 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
Derivatives recognised as cash flow hedges			
Interest rate swaps	-	0.6	48.6
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	0.0	0.0	63.0

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

30 Sep 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	-	15.4	-	15.4
Liabilities				
Derivatives designated as hedges	-	0.5	-	0.5
Derivatives measured at fair value through profit and loss	-	0.2	-	0.2

30 Sep 2019 EUR million	Level 1	Level 2	Level 3	Total
Assets				
Derivatives measured at fair value through profit and loss	-	0.0	-	0.0
Other investments measured at fair value through OCI	-	-	9.4	9.4
Trade receivables for sale	-	16.7	-	16.7
Liabilities				
Derivatives designated as hedges	-	0.4	-	0.4
Derivatives measured at fair value through profit and loss	-	0.0	-	0.0

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

	2020 1-9	2019 1-9	2019 1-12
Financial assets on level 3, EUR million			
Book value at the beginning of the period	9.4	9.4	9.4
Acquisition of shares	4.8	-	-
Change in fair value	8.0	-	-
Book value at the end of the period	22.2	9.4	9.4

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

7. Commitments and Contingent Liabilities

EUR million	30 Sep 2020	30 Sep 2019	31 Dec 2019
Commitments for own liabilities			
Guarantees on behalf of own companies	6.9	6.9	7.0
Mortgages on company assets	2.0	2.0	2.0
Other guarantees and liabilities	10.9	1.1	1.1
Total	19.8	10.0	10.1
Committed future minimum lease liabilities	1.0	0.8	0.8

The most significant guarantees are bank guarantees against trade payables in Sweden. In addition, Oriola Corporation has granted parent company guarantees of EUR 0.3 (0.4) million against other subsidiaries' trade payables.

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.

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 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. The Group has no significant business transactions with 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.

1-9/2020	Group				
EUR million	Consumer	Pharma	Retail	items	Total
External invoicing	589.5	1,961.4	227.4	-	2,778.3
Internal invoicing	0.1	180.9	134.9	-315.9	-
Invoicing	589.6	2,142.3	362.3	-315.9	2,778.3
External net sales	577.6	530.9	226.0	-	1,334.5
Internal net sales	0.1	180.9	134.9	-315.9	-
Net sales	577.7	711.8	360.9	-315.9	1,334.5
EBIT	10.9	8.3	-0.0	-7.1	13.6
Adjusted EBIT	10.0	8.7	1.4	-7.1	13.0
Assets	422.7	363.3	128.5	205.5	1,120.0
Liabilities	120.9	549.7	57.8	238.3	966.6
Investments	8.3	5.9	2.9	5.5	22.5
Depreciation, amortisation and impairments	19.9	6.2	4.5	0.1	30.7
Average number of personnel	1,435	451	562	77	2,525

1-9/2019	Group				
EUR million	Consumer	Pharma	Retail	items	Total
External invoicing	571.6	1,971.7	210.9	-	2,754.2
Internal invoicing	0.1	170.4	131.5	-302.0	-
Invoicing	571.7	2,142.1	342.4	-302.0	2,754.2
External net sales	559.2	505.4	210.0	-	1,274.6
Internal net sales	0.1	170.4	131.5	-302.0	-
Net sales	559.3	675.9	341.4	-302.0	1,274.6
EBIT	6.5	13.0	-0.8	-4.2	14.5
Adjusted EBIT	10.6	13.5	-0.1	-5.6	18.4
Assets	421.8	354.3	154.4	105.9	1,036.3
Liabilities	119.5	589.5	55.2	118.5	882.7
Investments	5.5	3.9	4.4	0.4	14.2
Depreciation, amortisation and impairments	22.0	6.0	4.1	0.1	32.2
Average number of personnel	1,661	491	562	71	2,784

Geographical information

1-9/2020	Other			
EUR million	Sweden	Finland	countries	Total
Net sales	945.5	299.4	89.6	1,334.5
Assets	743.5	376.5	-	1,120.0
Investments	13.4	9.1	-	22.5
Average number of personnel	1,920	606	-	2,525

1-9/2019	Other			
EUR million	Sweden	Finland	countries	Total
Net sales	907.4	298.5	68.8	1,274.6
Assets	733.6	302.7	0.0	1,036.3
Investments	11.8	2.4	-	14.2
Average number of personnel	2,070	713	1	2,784

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.

1-9/2020				
EUR million	Consumer	Pharma	Retail	Total
Wholesale	-	486.7	126.0	612.6
Retail sale	577.6	-	-	577.6
Services	-	44.2	100.0	144.3
Net sales total	577.6	530.9	226.0	1,334.5

1-9/2019				
EUR million	Consumer	Pharma	Retail	Total
Wholesale	-	458.0	124.5	582.5
Retail sale	559.2	-	-	559.2
Services	-	47.5	85.4	132.9
Net sales total	559.2	505.4	210.0	1,274.6

11. Alternative performance measures

Key figures EUR million	2020 7-9	2019 7-9	Change	2020 1-9	2019 1-9	Change %	2019 1-12
Invoicing	915.3	917.3	-0.2	2,778.3	2,754.2	0.9	3,733.1
Net sales	438.9	429.0	2.3	1,334.5	1,274.6	4.7	1,721.3
Adjusted EBIT ¹	6.3	9.1	-30.1	13.0	18.4	-29.5	20.5
EBIT	6.3	3.8	68.1	13.6	14.5	-6.8	15.3
Adjusted EBIT %	1.4	2.1		1.0	1.4		1.2
EBIT %	1.4	0.9		1.0	1.1		0.9
Profit for the period	3.7	2.0	87.1	7.2	8.2	-12.6	8.0
Earnings per share, EUR	0.02	0.01	87.1	0.04	0.05	-12.6	0.04
Net cash flow from operating activities	4.3	12.9		12.6	57.0		84.4
Gross capital expenditure				22.5	14.2		21.8
Net interest-bearing debt				156.9	133.4		119.6
Gearing, %				102.3	86.8		76.1
Equity per share, EUR				0.85	0.85		0.87
Equity ratio, %				14.0	15.1		15.5
Return on equity (ROE), %				6.2	6.8		4.9
Return on capital employed (ROCE), %				4.5	5.2		4.1
Average number of shares, 1000 pcs ²				181,414	181,392		181,395
Average number of personnel				2,525	2,784		2,800
Number of personnel at the end of the period				2,616	2,852		2,818

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

² Treasury shares held by the company not included.

Reconciliation of alternative performance measures to IFRS

Invoicing EUR million	2020 7-9	2019 7-9	2020 1-9	2019 1-9	2019 1-12
Net sales	438.9	429.0	1,334.5	1,274.6	1,721.3
+ Acquisition cost of consignment stock	472.3	484.3	1,431.4	1,466.7	1,993.2
+ Cash discounts	4.1	4.0	12.3	12.9	18.6
+ Exchange rate differences on sales	-0.0	0.0	0.0	0.0	0.0
Invoicing	915.3	917.3	2,778.3	2,754.2	3,733.1

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, 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 on a constant currency basis	= Invoicing calculated with the average exchange rate of the corresponding period of the comparative year
Net sales on a constant currency basis	= Net sales calculated with the average exchange rate of the corresponding period of the comparative year
Adjusted EBIT on a constant currency basis	= Adjusted EBIT calculated with the average exchange rate of the corresponding period of the comparative year
Net 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, %	= $\frac{\text{Net debt}}{\text{Equity total}} \times 100$
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	2020 7-9	2019 7-9	2020 1-9	2019 1-9	2019 1-12
Restructuring costs	0.2	-5.3	0.7	-5.3	-5.1
Costs and impairment charges relating to Hehku	-	-	0.1	1.5	2.4
Impairment of other intangible assets	-	-	-	-	-2.5
Other	-0.2	-	-0.2	-	-
Adjusting items total	-0.0	-5.3	0.6	-3.9	-5.1

Adjusting items in 2020 consist of changes in restructuring provisions, restructuring costs related to the changes in the Group Management Team, an adjustment to current liabilities related to the Swedish Consumer business as well as proceeds related to Hehku. Adjusting items in 2019 consist of restructuring costs including impairment charges totalling EUR 1.0 million, impairment charges on intangible assets related to the Consumer business in Sweden as well as a provision release relating to Hehku.