

# ORIOLA CORPORATION'S INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2021

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# Oriola January 1– September 30, 2021

## Q3 2021: Profitability improved – turnaround proceeding

### July–September 2021 highlights

- Invoicing increased by 6.0% to EUR 970.2 (915.3) million. On a constant currency basis invoicing increased by 4.8% and was EUR 959.5 million.
- Net sales increased by 6.1% to EUR 465.7 (438.9) million. On a constant currency basis net sales increased by 4.8% and were EUR 460.1 million.
- Adjusted EBIT was EUR 10.4 (6.3) million. On a constant currency basis the adjusted EBIT was EUR 10.1 million.
- Profit for the period totalled EUR 6.8 (3.7) million and earnings per share were EUR 0.04 (0.02).

### January–September 2021 highlights

- Invoicing increased by 4.3% to EUR 2,897.1 (2,778.3) million. On a constant currency basis invoicing increased by 1.4% and was EUR 2,817.4 million.
- Net sales increased by 3.7% to EUR 1,383.4 (1,334.5) million. On a constant currency basis net sales increased by 0.6% and were EUR 1,342.2 million.
- Adjusted EBIT was EUR 14.7 (13.0) million. On a constant currency basis the adjusted EBIT was EUR 14.0 million.
- Profit for the period totalled EUR 6.0 (7.2) million and earnings per share were EUR 0.03 (0.04).

Key figures	2021	2020	Change	2021	2020	Change	2020
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Invoicing	970.2	915.3	6.0	2,897.1	2,778.3	4.3	3,764.9
Net sales	465.7	438.9	6.1	1,383.4	1,334.5	3.7	1,800.8
Adjusted EBIT <sup>1</sup>	10.4	6.3	63.4	14.7	13.0	13.4	21.0
EBIT	9.8	6.3	56.2	12.4	13.6	-8.7	20.4
Adjusted EBIT %	2.2	1.4		1.1	1.0		1.2
EBIT %	2.1	1.4		0.9	1.0		1.1
Profit for the period	6.8	3.7	85.3	6.0	7.2	-16.1	11.3
Earnings per share, EUR	0.04	0.02	85.4	0.03	0.04	-16.0	0.06
Net cash flow from operating activities	-16.2	4.3		-2.2	12.6		58.3
Gearing, %				64.1	102.3		75.0
Equity ratio, %				19.9	14.0		14.8
Return on capital employed (ROCE), %				3.7	4.5		5.0

<sup>1</sup> Adjusting items are specified in note 12. Adjusting items.

*In order to reflect the underlying business performance and to enhance comparability between financial periods Oriola discloses certain performance measures of historical performance, financial position and cash flows, as permitted in “Alternative performance measures” guidance issued by the European Securities and Markets Authority (ESMA). These measures should not be considered as a substitute for measures of performance in accordance with the IFRS. The calculation methods of these measures are provided in note 11. Alternative performance measures in the notes to this Interim report.*

## Business outlook for 2021 remains unchanged

The adjusted EBIT on a constant currency basis stays on the same level or increases from the 2020 level.

The COVID-19 pandemic continues during 2021. Severity and duration of the pandemic remain unclear in Oriola's operating environment. Oriola's business outlook for 2021 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments.

### CEO Elisa Markula on the Q3 2021:

“During the third quarter, the pharmaceutical market continued to recover, which was also reflected in Oriola's performance. Both invoicing and net sales increased by 4.8% in constant currency as the volume demand for pharmaceuticals picked up close to the pre-pandemic level. Oriola's adjusted EBIT improved to EUR 10.4 (6.3) million, mainly driven by good performance of Retail. Also, Consumer and Pharma improved their results from the comparison period.

For Consumer, the recovery of customer traffic in pharmacies became fully visible only towards the end of the quarter, and the net sales increased by 3.5% in constant currency. Our online channel grew faster (+33%) than the market (+17%) which supported the increase in net sales. Adjusted EBIT increased to EUR 5.0 (4.3) million.

Pharma's invoicing increased by 4.4% in constant currency due to the recovering pharmaceuticals market. Adjusted EBIT increased to EUR 4.1 (3.0) million. Positive market and volume development supported the profit increase.

Retail's net sales increased by 5.1% in constant currency, driven by growth of patient volumes in dose dispensing and increased sales volumes of health and wellbeing products in Sweden. Adjusted EBIT increased to EUR 3.6 (1.5) million, mainly due to the positive development of dose dispensing business.

Despite the increased profit, it is obvious that Oriola's performance is not on the satisfactory level. Successful turnaround is the key objective of our short-term action plan. To ensure its execution, we have initiated determined measures consisting of four key elements: cost savings, efficient net working capital management, excellent customer relationship management and commercial excellence. We strengthened cost savings activities in August and some results were visible already at the end of the reporting period. In the beginning of October, we announced further measures, which aim to simplify Oriola's operating model and implement a country-based organisational structure. Due to these planned actions, we also initiated statutory employee negotiations. Our target is to improve operational efficiency as well as reduce costs for increased profitability and cost-competitiveness, and thus create value.

With these measures announced, we have entered the first phase of Oriola's transformation. According to our short-term action plan, we continue to seek further actions to improve Oriola's profitability, and also assess possibilities for structural arrangements.

Despite the ongoing pandemic, we have been able to safeguard the health and safety of our employees and ensure production continuity and availability.”

# Oriola Corporation's Interim report for 1 January–30 September 2021

## Operating environment

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

In the third quarter, the pandemic situation continued to improve in both Sweden and Finland and most of the government restrictions were removed by the end of the quarter. The volume demand for pharmaceuticals and other health and wellbeing products recovered and nearly reached 2019 levels.

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

The pandemic has also further strengthened the overall interest towards and appreciation of the purpose and societal role of companies. This is clearly visible in Oriola's industry, and it is an asset for the companies in retaining and recruiting talent.

As the pandemic situation is recovering, the overall competitive situation and competitive pricing return as key focus points in Oriola's operating environment and in all Oriola's business areas. Also, other long-term trends like ageing population and growth in speciality pharmaceuticals are re-emerging in both of Oriola's operating countries.

## Short-term action plan

Oriola's short-term initiative Focus21, simplifying activities to reach strategic and business performance goals for 2021, progressed during the third quarter. Oriola integrates these activities to its short-term action plan, where successful turnaround is the key objective.

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

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

The first measures of the action plan for turnaround were announced on 4 October 2021, relating with Oriola's plan to simplify its operating model and structure and consequent initiation of statutory employee negotiations. Through these turnaround measures, Oriola streamlines processes to improve operational efficiency and reduces cost for increased profitability and cost-competitiveness. The measures announced represent the first phase in the company's transformation.

The company continues to seek further measures to improve its profitability, and also assesses possibilities

for structural arrangements. Oriola has also initiated a comprehensive strategy process and will present its new business strategy on 5 May 2022 in its rescheduled Capital Markets Day.

### **New country-based operating model**

Oriola targets to implement a country-based organisation where the current business areas Pharma and Retail as well as Operations function are transformed into geographical business areas, Finland and Sweden. The Swedish pharmacy operations directly serving consumers in Sweden would continue as its own business area, the same way as it is today. Oriola plans to implement the new operating model and structure from the beginning of 2022. The objective is to optimise the operating model and organisational structure for better accountability and transparency as well as reduced organisational complexity.

### **Restructuring enables efficient operations**

Oriola has initiated statutory employee cooperation negotiations to reorganise and streamline the organisation as well as to improve the profitability. The negotiations concern approximately 600 employees in Finland and Sweden. According to the company's preliminary estimate, the negotiations could lead to a maximum reduction of 130 positions. This would be equivalent to an annual cost saving of at least EUR 7 million.

## **Sustainability**

Oriola's sustainability programme is aligned with UN's Sustainable Development Goals and integrated in the Group strategy. In line with its purpose 'Health for life', Oriola improves the prerequisites for a healthier life – in the context of society, employees and environment.

The company's highest priority and the most societally significant task is ensuring pharmaceutical safety and the availability of pharmaceuticals. Over 40% of the pharmaceuticals used in Finland and in Sweden pass through Oriola.

Oriola employs around 4,300 pharmaceutical professionals. Their expertise and know-how are a prerequisite for an excellent customer experience, responsible business and for meeting the strict quality requirements of the pharmaceutical industry.

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

To measure its progress towards the long-term targets, Oriola monitors several key performance indicators. Please see <https://www.oriola.com/sustainability> for further information.

### **Sustainability highlights in January–September 2021**

During the first quarter, Oriola focused on securing the availability of the pharmaceuticals for its part and taking care of the health security of its own employees during the COVID-19 pandemic. Moreover, the company developed new services related to pandemic. In February, a COVID-19 vaccination service agreement was signed with Region Skåne in Sweden to start vaccinations in Oriola's pharmacies from April onwards.

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

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

## Group financial performance July–September 2021

### Invoicing and net sales

Invoicing increased by 6.0% to EUR 970.2 (915.3) million. On a constant currency basis invoicing increased by 4.8%. Net sales increased by 6.1% to EUR 465.7 (438.9) million. On a constant currency basis net sales increased by 4.8%, mainly driven by the recovering market.

### Profitability

Adjusted EBIT increased to EUR 10.4 (6.3) million, mainly driven by good performance of Retail business area. Also business areas Consumer and Pharma improved their adjusted EBIT from the comparison period. Adjusting items totalled EUR -0.5 (-0.0) million, and the EBIT was EUR 9.8 (6.3) million. The adjusted EBIT on a constant currency basis was EUR 10.1 million.

Oriola estimates that the net negative impact of COVID-19 pandemic for the third quarter was approximately EUR 1 million in adjusted EBIT. The estimate compares Oriola's third quarter performance to a normalised market environment excluding the pandemic effect.

Net financial expenses were EUR 1.3 (1.7) million. Profit for the period was EUR 6.8 (3.7) million. Earnings per share were EUR 0.04 (0.02).

## Group financial performance January–September 2021

### Invoicing and net sales

Invoicing increased by 4.3% to EUR 2,897.1 (2,778.3) million. On a constant currency basis invoicing increased by 1.4%. Net sales increased by 3.7% to EUR 1,383.4 (1,334.5) million. On a constant currency basis net sales increased by 0.6%. In the first quarter the net sales declined, driven by decreased demand and low volumes due to amplified COVID-19 pandemic. In the second and third quarter the net sales grew as the markets were recovering, especially towards the end of the reporting period.

### Profitability

Adjusted EBIT increased to EUR 14.7 (13.0) million. This was driven by improved market environment in both operating countries and the continued good performance of Retail business area. Generic cost increase, mainly salaries in Sweden, affected the result negatively. Adjusting items totalled EUR -2.3 (0.6) million, and the EBIT was EUR 12.4 (13.6) million. The adjusted EBIT on a constant currency basis was EUR 14.0 million.

Oriola estimates that the net negative impact of COVID-19 pandemic for the reporting period was EUR 5-8 million in adjusted EBIT. The estimate compares Oriola's performance during the reporting period to a normalised market environment excluding the pandemic effect.

Net financial expenses were EUR 4.5 (4.3) million. Profit for the period was EUR 6.0 (7.2) million. Income taxes for January–September were EUR 1.9 (2.1) million, which corresponds to an effective tax rate of 23.6% (22.6%). Profit for the period includes an impairment charge of goodwill totalling EUR 0.9 million, which is treated as non-deductible in taxation. Earnings per share were EUR 0.03 (0.04).

## Consumer Q3: Pharmacy market continued to recover, profitability improved

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 EUR million	2021	2020	Change	2021	2020	Change	2020
	7-9	7-9	%	1-9	1-9	%	1-12
Invoicing	205.3	194.5	5.5	622.7	589.6	5.6	798.2
Net sales	200.2	190.5	5.1	607.4	577.7	5.1	780.7
Adjusted EBIT	5.0	4.3	16.2	6.4	10.0	-35.7	14.4
EBIT	4.7	4.2	9.5	6.1	10.9	-44.4	15.3
Adjusted EBIT %	2.5	2.2		1.1	1.7		1.8
EBIT %	2.3	2.2		1.0	1.9		2.0
Number of personnel at the end of the period <sup>1</sup>	1,814	1,711	6.0	1,814	1,711	6.0	1,621

<sup>1</sup> Full-time equivalents

### Market environment

The pharmacy market in Sweden grew by 1.7% (+4.7%) in January-September and 4.7% (+3.5%) in July-September in Swedish krona (source: Apoteksförening). The market is recovering from COVID-19-related decline in customer traffic and consequent, low demand in physical pharmacies. Total online pharmacy market grew by 24% in January-September, clearly slower than in the comparison period in 2020 (+57%). In the third quarter the online pharmacy market grew by 17% (+53%). However, the physical pharmacy market demand started to slowly recover towards the end of third quarter as the mobility of people was increasing.

The digital transformation of the pharmacy market continued and online pharmacies reached approximately 19% (16%) share of the total market by the end of September 2021. The number of pharmacies decreased by 19 in January-September 2021 to 1,414 pharmacies.

Oriola's market share in the Swedish pharmacy market in January-September 2021 was 16.3% (16.6%) and 16.2% (16.7%) in the third quarter (source: Apoteksförening). The relative share of over-the-counter (OTC) pharmaceuticals and traded goods from the net sales was 25.6% (24.8%) in January-September and 25.3% (24.6%) in the third quarter. In the end of September, Oriola had 322 (323 in the end of September 2020 and 325 in the end of December 2020) pharmacies in Sweden. Oriola opened three new pharmacies and closed six pharmacies.

### July-September 2021

The net sales increased by 5.1% to EUR 200.2 (190.5) million. On a constant currency basis net sales increased by 3.5%. This was driven by the growth in online sales and particularly the market recovery, visible especially at the end of the quarter.

Adjusted EBIT increased to EUR 5.0 (4.3) million driven by increased sales, as a result of improving market conditions. General cost increase impacted result negatively and limited the improvement in profitability. Adjusting items totalled EUR -0.3 (-0.0) million, and EBIT was EUR 4.7 (4.2) million.

### January-September 2021

The net sales increased by 5.1% to EUR 607.4 (577.7) million. On a constant currency basis net sales increased by 1.1%. Pandemic-driven lower demand burdened the first quarter. In the second quarter demand started to recover, but was still impacted by the pandemic. Demand continued to recover in the third quarter. Oriola's online sales grew by 40%, faster than the market (+24%), and it accounts for 8.5% (6.1%) of Oriola's Consumer sales. To support the e-commerce business growth, Oriola is investing in a new warehouse dedicated for e-commerce in Enköping, Sweden. The warehouse will be ready during the second half of 2022.

Adjusted EBIT decreased to EUR 6.4 (10.0) million. This was due to market driven lower volumes in the first quarter, fewer customer visits in pharmacies as well as accelerated channel shift to online. Online continues to be

a strategic development area for Oriola. Also generic cost increase, mainly in salaries in Sweden, impacted the result negatively. Adjusting items totalled EUR -0.4 (0.9) million, and EBIT was EUR 6.1 (10.9) million.

## Pharma Q3: Increased profitability driven by market recovery

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

Key figures	2021	2020	Change	2021	2020	Change	2020
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Invoicing	745.0	706.8	5.4	2,222.4	2,142.3	3.7	2,906.0
Net sales	245.7	234.7	4.7	724.5	711.8	1.8	961.2
Adjusted EBIT	4.1	3.0	35.3	8.3	8.7	-4.3	12.8
EBIT	4.1	3.0	34.9	8.3	8.3	0.0	12.4
Adjusted EBIT %	1.7	1.3		1.2	1.2		1.3
EBIT %	1.7	1.3		1.1	1.2		1.3
Number of personnel at the end of the period <sup>1</sup>	457	454	0.6	457	454	0.6	448

<sup>1</sup> Full-time equivalents

### Market environment

The pharmaceutical distribution market value at wholesale prices in Sweden grew by 2.6% (+5.9%) in Swedish krona in January–September 2021 and grew by 6.5% (+2.9%) in the third quarter (source: IQVIA). In Finland, the market value grew by 2.5% (+2.2%) in January–September 2021 and grew by 5.8% (-0.2%) in the third quarter (source: LTK). Parallel imports' share of the Swedish pharmaceutical market was 11.9% (9.6%) in January–September and 12.4% (10.2%) in the third quarter (source: Apoteksförening).

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

### July–September 2021

Invoicing increased by 5.4% to EUR 745.0 (706.8) million. On a constant currency basis invoicing increased by 4.4%. Net sales increased by 4.7% to EUR 245.7 (234.7) million, and on a constant currency basis, net sales increased by 3.7%. The growth was driven by recovering pharmaceutical market.

Adjusted EBIT increased to EUR 4.1 (3.0) million, driven by the increased volumes as market continued to recover. Adjusting items totalled EUR -0.0 (-0.0) million, and EBIT was EUR 4.1 (3.0) million.

### January–September 2021

Invoicing increased by 3.7% to EUR 2,222.4 (2,142.3) million. On a constant currency basis invoicing increased by 1.2%. Net sales increased by 1.8% to EUR 724.5 (711.8) million, and on a constant currency basis, net sales decreased by 0.7%. This was driven by the lower pharmaceutical volumes in the first quarter.

Adjusted EBIT decreased to EUR 8.3 (8.7) million. This was driven by lower volumes in both countries in the first quarter and the volatility of pharmaceutical volumes which had a negative impact on operational efficiency. Adjusting items totalled EUR -0.0 (-0.4) million, and EBIT was EUR 8.3 (8.3) million.

## Retail Q3: Improved market demand, increased profitability

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

Key figures	2021	2020	Change	2021	2020	Change	2020
EUR million	7-9	7-9	%	1-9	1-9	%	1-12
Invoicing	126.9	119.1	6.5	379.9	362.3	4.9	486.7
Net sales	126.7	118.8	6.6	379.2	360.9	5.1	484.9
Adjusted EBIT	3.6	1.5	144.5	6.7	1.4	383.6	2.0
EBIT	3.6	1.5	144.7	5.8	1.5	299.4	0.9
Adjusted EBIT %	2.9	1.2		1.8	0.4		0.4
EBIT %	2.9	1.2		1.5	0.4		0.2
Number of personnel at the end of the period <sup>1</sup>	546	550	-0.7	546	550	-0.7	583

<sup>1</sup> Full-time equivalents

### Market environment

In retail business, Oriola offers a wide range of healthcare products both in traded goods and in OTC pharmaceuticals. In Sweden, the traded goods and OTC pharmaceuticals market grew by 4.1% (+7.3%) in January – September and 9.3% (+4.0%) in the third quarter. Oriola's market share in the supply of these products for pharmacies in Sweden was approximately 24% (25%) in January – September and approximately 24% (25%) in the third quarter (Source: Apoteksforening).

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 245,000 patients (230,000) in Sweden and 80,000 patients (70,000) in Finland. Oriola is the market leader in Sweden serving over 100,000 patients. In Finland, Oriola serves approximately 28,000 patients.

The pharmacy network in Finland has remained unchanged and the share of online sales is small. There are 819 pharmacy outlets in Finland and 132 service points of pharmacies. Pharmacies are owned by approximately 600 proprietary pharmacists and the two Universities of Helsinki and Kuopio. Out of the 819 pharmacies in Finland, 231 pharmacies used Oriola's staffing services during the reporting period and 204 pharmacies during the third quarter.

### July–September 2021

Net sales increased by 6.6% to EUR 126.7 (118.8) million. On a constant currency basis net sales increased by 5.1%, driven by growth in the number of dose dispensing patients and increased demand for health and wellbeing products in Sweden.

Adjusted EBIT increased to EUR 3.6 (1.5) million, which was mainly due to the continued strength of the dose dispensing business as well as improvements in customer agreements and product mix in health and well-being product category in Sweden. Adjusting items during the reporting period totalled EUR 0.0 (-0.0) million, and EBIT was EUR 3.6 (1.5) million.

### January–September 2021

Net sales increased by 5.1% to EUR 379.2 (360.9) million. On a constant currency basis net sales increased by 1.5%, driven by growth in dose dispensing business and demand for health and wellbeing products in Sweden.

Adjusted EBIT increased to EUR 6.7 (1.4) million, mainly due to the positive development of dose-dispensing business. Also, improved customer agreements and product mix in health and wellbeing product category in Sweden impacted the result positively. Adjusting items during the reporting period totalled EUR -0.9 (0.1) million, and EBIT was EUR 5.8 (1.5) million.

## Balance sheet, cash flow and financing

Oriola's total assets at the end of September 2021 were EUR 1,092.4 (1,120.0) million. Equity attributable to the equity holders was EUR 212.2 (153.5) million. In June 2021, Oriola sold approximately 50% of its shareholding in Doktor.se. The profit from the sale of shares increased the equity by EUR 21.7 million. In addition, an increase of EUR 23.1 million was recognised to the value of the remaining investment. The impact of translation differences on the equity was EUR -3.3 million. The equity was decreased by the dividend of EUR 5.4 million paid in June 2021.

Cash and cash equivalents totalled EUR 86.0 (157.6) million. Net cash flow from operating activities in January–September 2021 was EUR -2.2 (12.6) million, of which changes in working capital accounted for EUR -40.7 (-24.9) million. Strong fluctuation in working capital is typical to Oriola's industry. Net cash flow from investing activities was EUR 14.4 (-22.8) million. The impact of the sales of shares in Doktor.se on net cash flow from investing activities was EUR 32.8 million. Net cash flow from financing activities was EUR -94.3 (97.0) million.

At the end of September 2021, interest-bearing debt was EUR 221.8 (314.5) million. The non-current interest-bearing liabilities amounted to EUR 125.1 (126.3) million and current interest-bearing liabilities amounted to EUR 96.7 (188.2) million. Non-current interest-bearing liabilities mainly consist of loans from financial institutions totalling EUR 63.5 (64.4) million and non-current lease liabilities totalling EUR 61.6 (61.9) million. Current interest-bearing liabilities mainly consist of commercial paper issues of EUR 49.6 (87.1) million, advance payments from Finnish pharmacies totalling EUR 24.9 (20.1) million, loans from financial institutions totalling EUR 2.0 (62.0) million and current lease liabilities totalling EUR 20.1 (19.0) million. Interest-bearing net debt was EUR 135.9 (156.9) million and gearing 64.1% (102.3%).

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

The non-recourse trade receivables sales programmes are in use in Sweden. At the end of September 2021, a total of EUR 178.2 (166.4) million in trade receivables had been sold. The average interest rate on the interest-bearing liabilities excluding lease liabilities was 1.00% (1.07%).

In June 2021, Oriola signed a new unsecured revolving credit facility agreement for a total of EUR 140 million for three years. The facility is committed and includes an option to be extended by two years. The new revolving credit facility replaced the existing EUR 100 million agreement that was signed in June 2017. The margin of the revolving credit facility is linked to Oriola's financial covenants and the performance of sustainability targets. The committed long-term revolving credit facility of EUR 140.0 million and the credit limits totalling EUR 34.9 million were unused at the end of September 2021.

At the end of the reporting period Oriola's equity ratio was 19.9% (14.0%). Return on capital employed was 3.7% (4.5%) and return on equity 4.2% (6.2%).

## Investments and depreciation

Gross investments in January–September 2021 totalled EUR 18.2 (22.5) million and consisted mainly of investments in logistics, information systems, and renewal of pharmacies.

Depreciation, amortisation and impairment amounted to EUR 33.5 (30.7) million. In the second quarter of 2021, an impairment of goodwill totalling EUR 0.9 million was recognised relating to the close down of the service centre in Swedish Retail business.

## Personnel

At the end of September 2021, Oriola had 2,895 (2,794) employees, 63% (61%) of whom worked in Consumer, 16% (16%) in Pharma, and 19% (20%) in Retail. The Group administration employed 3% (3%) of the total number of employees. Growth of the number of employees was driven by the seasonal personnel and the e-commerce

growth. The average number of personnel in January–September 2021 was 2,798 (2,678). Personnel numbers consist of members of staff in active employment calculated as full-time equivalents.

## Corporate Governance

### Annual General Meeting

The Annual General Meeting (AGM), held on 16 March 2021, adopted the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial year ending 31 December 2020.

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

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

The AGM confirmed that the fee for the term of office of the Chairman of the Board of Directors is EUR 60,000, the fee for the term of office of the Vice Chairman of the Board of Directors and for the Chairman of the Board's Audit Committee is EUR 36,000 and the fee for the term of office of other members of the Board of Directors is EUR 30,000. Of the annual fee, 60 per cent shall be paid in cash and 40 per cent shall be used to acquire Oriola Corporation's class B shares for the Board members on the Nasdaq Helsinki Stock Exchange within two weeks from the release of the Interim Report 1 January - 31 March 2021 of the company. The Chairman of the Board of Directors receives an attendance fee of EUR 1,000 per meeting and the other members EUR 500 per meeting. Attendance fees are correspondingly also paid to the chairmen and the members of the Board and company committees. Travel expenses are compensated in accordance with the travel policy of the company.

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

All decisions of the Annual General Meeting are available on the company's website [www.oriola.com](http://www.oriola.com).

The constitutive meeting of the Board of Directors

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

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

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

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

### Changes in Board Committees

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

### The Corporate Governance Statement

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

## Authorisations

The Annual General Meeting authorised the Board of Directors to decide at its discretion on the payment of dividend up to a maximum of EUR 0.03 per share. The authorisation shall be valid until the beginning of the next Annual General Meeting of the company. Unless the Board of Directors decides otherwise for a justified reason, the authorisation will be used to pay dividend in one instalment during the period of validity of the authorisation. In this case the Board of Directors will make a separate resolution on the payment of dividend so that the dividend would preliminarily be paid by the end of November 2021. The company will make a separate announcement of such resolution and confirm the record and payment dates in such announcement. The dividend paid based on the authorisation would be paid to shareholders who on the applicable record date of the dividend payment are registered in the company's shareholders' register held by Euroclear Finland Oy.

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 2021 are available on the company's website [www.oriola.com](http://www.oriola.com).

## Changes in the Group Management Team

Oriola announced on 1 February 2021, that Robert Andersson leaves his position as President and CEO as of 1 February 2021. He continued as an adviser to the Board of Directors until 31 July 2021. Juko Hakala, currently a member of Oriola's Board of Directors, was appointed CEO on an interim basis for the period until a new permanent CEO starts in the position. On 14 June 2021 Oriola announced, that Oriola's Board of Directors appointed Elisa Markula as Oriola Corporation's President and CEO. She started in her new position on 9 August 2021.

Oriola announced on 17 June 2021, that Helena Kukkonen, Oriola Corporation's CFO and member of the Group Management Team, has resigned to pursue new challenges outside Oriola. Antti Elevuori, M. Sc. Econ (b. 1979), has been appointed interim CFO of Oriola Corporation as of 1 August 2021. Oriola announced on 13 September 2021, that Sari Pohjonen, M. Sc. (Econ) (b. 1966) has been appointed Oriola Corporation's CFO and member of the Oriola Management Team as of 8 November 2021.

Oriola announced on 20 July 2021, that Teija Silver, Oriola Corporation's Vice President, Human Resources and member of the Group Management Team, has resigned to pursue new challenges outside Oriola. Elina Niemelä, Ph.D. HR mgmt (b. 1978), has been appointed Vice President, People and Transformation of Oriola Corporation and member of the Oriola Management Team as of 9 August 2021.

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

Oriola's Group Management Team consisted of nine members at the end of September 2021: Elisa Markula, President and CEO; Antti Eleuvuori, interim CFO; Katarina Gabrielson, Vice President, Retail business area; Anne Kariniemi, Vice President, Operations; Tuula Lehto, Vice President, Communications and Sustainability; Elina Niemelä, Vice President, People and Transformation; Charlotta Nyström, CIO; Fredrik Pamp, Vice President, Pharma business area; Petter Sandström, General Counsel.

## Oriola Corporation shares

Trading of shares	Jan–Sep 2021		Jan–Sep 2020	
	class A	class B	class A	class B
Trading volume, million	2.1	35.6	2.6	38.9
Trading volume, EUR million	4.5	69.6	5.3	74.5
Highest price, EUR	2.37	2.20	2.25	2.27
Lowest price, EUR	1.83	1.76	1.62	1.52
Closing quotation, end of period, EUR	1.85	1.78	1.93	1.89

Oriola Corporation's market capitalisation on 30 September 2021 was EUR 326.3 (345.2) million.

In January–September 2021, the traded volume of Oriola Corporation shares, excluding treasury shares, corresponded to 20.8% (22.9%) of the total number of shares.

At the end of September 2021, the company had a total of 181,486,213 (181,486,213) shares, of which 53,748,313 (53,748,313) were class A shares and 127,737,900 (127,737,900) were class B shares. The company held a total of 138,201 (173,206) treasury shares, of which 63,650 (63,650) were class A shares and 74,551 (109,556) were class B shares. The treasury shares held by the company account for 0.08% (0.10%) of the company's shares and 0.11% (0.11%) of the votes.

Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A-shares into class B shares. During the period January–September 2021, no class A shares were converted into class B shares (1,685,960 class A shares were converted into class B shares during the corresponding period in 2020).

## Risks and uncertainty factors

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

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

More information on Oriola's risks and risk management can be found from Oriola's website: [www.oriola.com/investors/corporate-governance/risks/](http://www.oriola.com/investors/corporate-governance/risks/).

More information on Oriola's financial risk management can be found in the notes to the consolidated financial statements for year ended 31 December 2020 (<https://www.oriola.com/investors/reports-and-presentations>).

## Near-term risks and uncertainty factors

Oriola's strategic development projects involve operational risks which may have an effect on the profitability when realised. Oriola has several significant IT system projects ongoing. The company has defined separate risk management plans for all IT projects and aims to ensure the seamless go-lives of the systems through planning. The ramp-up of the expansion and automation of the distribution centre in Sweden was completed in the last quarter of 2020. The process optimisation and efficiency improvements will continue in this area. The continuation of the pandemic might slow down the progress.

Since the first quarter of 2020, the COVID-19 pandemic has impacted significantly Oriola's operating environment as the restrictions set by the authorities and consumer caution impacted the consumer behaviour. The measures caused by the pandemic have led to the decrease of healthcare services as well as affected the demand for pharmaceuticals and health and wellbeing products. This has inevitably also had an impact on Oriola's business. As the pandemic continues, Oriola's business environment stays volatile, which still can have a significant impact on Oriola's net sales and profitability. Severity and duration of the pandemic, however, remain unclear in Oriola's operating environment. The impacts of the pandemic on the valuation of Oriola's assets are closely monitored. Based on the assessments, COVID-19 pandemic is currently not expected to have such long-term impacts on Oriola's financial performance, that would require adjustments to the carrying amounts of the assets.

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

Oriola 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 2021 remains unchanged

The adjusted EBIT on a constant currency basis stays on the same level or increases from the 2020 level.

The COVID-19 pandemic continues during 2021. Severity and duration of the pandemic remain unclear in Oriola's operating environment. Oriola's business outlook for 2021 is based on external market forecasts, agreements with pharmaceutical companies and pharmacies, and management assessments.

## Events after the reporting period

On 4 October 2021, Oriola announced that it is streamlining processes to improve operational efficiency and reduce cost for increased profitability. Oriola targets to implement a country-based organisation from the beginning of 2022. Also, Oriola announced it will initiate statutory employee cooperation negotiations to reorganise and streamline the organisation as well as to improve the profitability. The negotiations concern approximately 600 employees in Finland and Sweden and could lead to a maximum reduction of 130 positions. This would be equivalent to an annual cost saving of at least EUR 7 million.

Oriola Corporation's Annual General Meeting authorised on 16 March 2021 the Board of Directors of Oriola Corporation to decide at a later date on a payment of a dividend of no more than EUR 0.03 per share for the financial year 2020. The Board of Directors of Oriola Corporation has decided on 26 October 2021 that it will not use the authorisation and will not pay additional dividend for 2020.

## Next financial report

Oriola Corporation will publish its Financial Statements Release for January–December 2021 on 18 February 2022.

Espoo, 26 October 2021

Oriola Corporation  
Board of Directors

## Consolidated statement of comprehensive income (IFRS)

EUR million	Note	2021 7-9	2020 7-9	2021 1-9	2020 1-9	2020 1-12
<b>Net sales</b>	9, 10	465.7	438.9	1,383.4	1,334.5	1,800.8
Other operating income		2.6	1.8	8.5	6.9	9.5
Materials and supplies		-370.3	-349.3	-1,101.4	-1,067.0	-1,438.7
Employee benefit expenses		-40.6	-40.3	-136.5	-129.0	-172.3
Other operating expenses		-36.4	-34.5	-108.1	-101.3	-137.2
Depreciation, amortisation and impairments	3	-11.2	-10.3	-33.5	-30.7	-41.6
<b>EBIT</b>	9	9.8	6.3	12.4	13.6	20.4
Financial income and expenses		-1.3	-1.7	-4.5	-4.3	-6.0
<b>Profit before taxes</b>		8.5	4.6	7.9	9.3	14.3
Income taxes		-1.8	-1.0	-1.9	-2.1	-3.1
<b>Profit for the period</b>		<b>6.8</b>	<b>3.7</b>	<b>6.0</b>	<b>7.2</b>	<b>11.3</b>
<b>Other comprehensive income</b>						
<b>Items which may be reclassified subsequently to profit or loss:</b>						
Translation differences recognised in comprehensive income during the reporting period		-1.4	-1.8	-3.3	-2.7	9.8
Cash flow hedge		0.3	0.0	0.6	-0.4	-0.2
Income tax relating to other comprehensive income		-0.1	-0.0	-0.1	0.1	0.0
		<b>-1.2</b>	<b>-1.8</b>	<b>-2.9</b>	<b>-3.0</b>	<b>9.6</b>
<b>Items which will not be reclassified to profit or loss:</b>						
Financial assets recognised at fair value through other comprehensive income	6	-	-	44.8	8.0	8.0
Actuarial gains/losses on defined benefit plans		-	-	-	-	-0.4
Income tax relating to other comprehensive income		-	-	-	-	0.0
		<b>-</b>	<b>-</b>	<b>44.8</b>	<b>8.0</b>	<b>7.6</b>
<b>Total comprehensive income for the period</b>		<b>5.6</b>	<b>1.9</b>	<b>48.0</b>	<b>12.2</b>	<b>28.6</b>
<b>Profit attributable to</b>						
Parent company shareholders		6.8	3.7	6.0	7.2	11.3
<b>Total comprehensive income attributable to</b>						
Parent company shareholders		5.6	1.9	48.0	12.2	28.6
<b>Earnings per share attributable to parent company shareholders:</b>						
<b>EUR</b>						
Basic	2	0.04	0.02	0.03	0.04	0.06
Diluted	2	0.04	0.02	0.03	0.04	0.06

## Consolidated statement of financial position (IFRS)

EUR million	Note	30 Sep 2021	30 Sep 2020	31 Dec 2020
<b>Non-current assets</b>				
Property, plant and equipment	3	160.7	155.7	162.2
Goodwill	3	275.1	268.2	278.7
Other intangible assets	3	71.3	66.8	69.8
Other non-current assets	6	34.6	22.5	22.3
Deferred tax assets		4.4	4.4	4.4
<b>Non-current assets total</b>		<b>546.1</b>	<b>517.5</b>	<b>537.3</b>
<b>Current assets</b>				
Inventories		232.3	241.3	250.1
Trade receivables		201.3	182.2	188.6
Income tax receivables		5.0	2.7	3.4
Other receivables		21.8	18.8	18.1
Cash and cash equivalents		86.0	157.6	168.2
<b>Current assets total</b>		<b>546.3</b>	<b>602.6</b>	<b>628.3</b>
<b>Assets total</b>		<b>1,092.4</b>	<b>1,120.0</b>	<b>1,165.6</b>

EUR million	Note	30 Sep 2021	30 Sep 2020	31 Dec 2020
<b>Equity</b>				
Share capital		36.2	36.2	36.2
Fair value reserve		26.2	7.6	7.7
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		-26.4	-35.6	-23.1
Retained earnings		81.9	51.0	54.5
<b>Equity attributable to the parent company shareholders</b>		<b>212.2</b>	<b>153.5</b>	<b>169.6</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities		13.1	13.5	13.9
Pension obligations		19.0	17.1	18.9
Interest-bearing liabilities		125.1	126.3	127.8
Other non-current liabilities		0.5	1.0	0.9
<b>Non-current liabilities total</b>		<b>157.8</b>	<b>157.9</b>	<b>161.6</b>
<b>Current liabilities</b>				
Trade payables		577.4	568.3	620.3
Provisions	4	0.0	0.6	0.8
Interest-bearing liabilities		96.7	188.2	167.4
Income tax payables		1.3	0.4	-
Other current liabilities		47.0	51.2	45.9
<b>Current liabilities total</b>		<b>722.5</b>	<b>808.7</b>	<b>834.5</b>
<b>Equity and liabilities total</b>		<b>1,092.4</b>	<b>1,120.0</b>	<b>1,165.6</b>

## Consolidated statement of changes in equity (IFRS)

EUR million	Share capital	Funds	Translation differences	Retained earnings	Equity total
<b>Equity 1 Jan 2020</b>	<b>36.2</b>	<b>94.2</b>	<b>-32.9</b>	<b>59.7</b>	<b>157.2</b>
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
<b>Equity 30 Sep 2020</b>	<b>36.2</b>	<b>101.9</b>	<b>-35.6</b>	<b>51.0</b>	<b>153.5</b>
<b>Equity 1 Jan 2021</b>	<b>36.2</b>	<b>102.0</b>	<b>-23.1</b>	<b>54.5</b>	<b>169.6</b>
Comprehensive income for the period					
Net profit for the period	-	-	-	6.0	6.0
Other comprehensive income:					
Financial assets recognised at fair value through other comprehensive income:					
Change in fair value	-	23.1	-	-	23.1
Profit from sales of assets	-	-	-	21.7	21.7
Accumulative change in fair value of disposed assets	-	-5.1	-	5.1	-
Financial assets recognised at fair value through other comprehensive income total	-	18.0	-	26.8	44.8
Cash flow hedge	-	0.6	-	-	0.6
Income tax relating to other comprehensive income	-	-0.1	-	-	-0.1
Translation difference	-	-	-3.3	-	-3.3
Comprehensive income for the period total	-	18.5	-3.3	32.8	48.0
Transactions with owners					
Dividend distribution	-	-	-	-5.4	-5.4
Share-based incentive	-	-	-	0.1	0.1
Purchase of own shares	-	-	-	-0.1	-0.1
Transactions with owners total	-	-	-	-5.4	-5.4
<b>Equity 30 Sep 2021</b>	<b>36.2</b>	<b>120.4</b>	<b>-26.4</b>	<b>81.9</b>	<b>212.2</b>

## Condensed consolidated statement of cash flows (IFRS)

EUR million	2021 1-9	2020 1-9	2020 1-12
Profit for the period	6.0	7.2	11.3
Depreciation, amortisation and impairments	33.5	30.7	41.6
Financial income and expenses	4.5	4.3	6.0
Income taxes	1.9	2.1	3.1
Other adjustments	-0.2	-1.5	-1.4
Change in working capital	-40.7	-24.9	4.0
Cash flow from financial items and taxes	-7.1	-5.2	-6.4
Net cash flow from operating activities	-2.2	12.6	58.3
Net cash flow from investing activities	14.4	-22.8	-31.4
Net cash flow from financing activities	-94.3	97.0	70.4
Net change in cash and cash equivalents	-82.2	86.8	97.3
Cash and cash equivalents at the beginning of the period	168.2	70.8	70.8
Translation differences	-0.0	-0.0	0.1
Net change in cash and cash equivalents	-82.2	86.8	97.3
<b>Cash and cash equivalents at the end of the period</b>	<b>86.0</b>	<b>157.6</b>	<b>168.2</b>

## Notes to the Interim report January–September 2021

### 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 2020. The accounting policies and calculation methods applied in the report are the same as those in the 31 December 2020 annual financial statements, however with the addition of the standards and interpretations published by the International Accounting Standards Board (IASB) that are mandatory as of 1 January 2021. These standards did not have a significant impact on the Group in the current reporting period and they are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions. This Interim report does not include all of the information and notes presented in the annual financial statements. The figures in this Interim report are unaudited.

IFRS IC finalised its agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets) in April 2021. In this agenda decision IFRS IC considered, whether applying IAS 28, an intangible asset in relation to configuration or customisation of the application software is recognised, and if an intangible asset is not recognised, how the configuration or customisation costs are accounted for. IFRIC agenda decisions have no effective date, so they are expected to be applied as soon as possible. The Group has started to analyse, if this agenda decision has an impact to the accounting policies applied to implementation costs in cloud computing arrangements. The possible impacts will be implemented retrospectively in the financial statements 2021.

In the first quarter of 2021, the COVID-19 pandemic amplified in Finland and Sweden, which significantly impacted Oriola's operating environment. In the second quarter, these pandemic effects were smaller and market started to recover. In the third quarter, the pandemic situation continued to improve in both Sweden and Finland and most of the government restrictions were removed by the end of the quarter.

The impacts of the pandemic on the valuation of Oriola's assets have been closely monitored during the reporting period. Based on the assessments, COVID-19 pandemic is currently not expected to have such long-term impacts on Oriola's financial performance, that would require adjustments to the carrying amounts of the assets.

### 2. Earnings per share

EUR million	2021 7-9	2020 7-9	2021 1-9	2020 1-9	2020 1-12
Profit attributable to equity owners of the parent	6.8	3.7	6.0	7.2	11.3
Average number of outstanding shares (1000 shares)					
Basic	181,348	181,420	181,339	181,414	181,389
Diluted	181,423	181,478	181,423	181,478	181,464
<b>Earnings per share (EUR)</b>					
Basic	0.04	0.02	0.03	0.04	0.06
Diluted	0.04	0.02	0.03	0.04	0.06

### 3. Tangible and intangible assets

Changes in property, plant and equipment, EUR million	2021 1-9	2020 1-9	2020 1-12
Carrying amount at the beginning of the period	81.0	75.6	75.6
Increases	8.6	9.8	15.7
Decreases	-0.1	-0.2	-0.2
Reclassifications	-0.2	0.0	-0.1
Depreciation	-9.2	-9.1	-12.2
Impairments	-0.4	-	0.1
Foreign exchange rate differences	-0.9	-0.7	2.0
<b>Carrying amount at the end of the period</b>	<b>78.6</b>	<b>75.5</b>	<b>81.0</b>

Changes in right-of-use assets EUR million	2021 1-9	2020 1-9	2020 1-12
Carrying amount at the beginning of the period	81.2	82.7	82.7
Increases	17.1	12.4	14.9
Decreases	-0.1	-0.0	-0.0
Depreciation	-15.1	-14.0	-18.8
Impairments	-0.0	-	-
Foreign exchange rate differences	-1.0	-0.9	2.5
<b>Carrying amount at the end of the period</b>	<b>82.1</b>	<b>80.2</b>	<b>81.2</b>

Changes in goodwill, EUR million	2021 1-9	2020 1-9	2020 1-12
Carrying amount at the beginning of the period	278.7	270.5	270.5
Impairments	-0.9	-	-
Foreign exchange rate differences	-2.7	-2.3	8.2
<b>Carrying amount at the end of the period</b>	<b>275.1</b>	<b>268.2</b>	<b>278.7</b>

Changes in other intangible assets, EUR million	2021 1-9	2020 1-9	2020 1-12
Carrying amount at the beginning of the period	69.8	66.9	66.9
Increases	9.6	7.9	12.3
Decreases	-0.1	-	-
Reclassifications	0.2	-0.0	0.1
Amortisation	-7.8	-7.6	-10.1
Impairments	-	-	-0.6
Foreign exchange rate differences	-0.5	-0.4	1.3
<b>Carrying amount at the end of the period</b>	<b>71.3</b>	<b>66.8</b>	<b>69.8</b>

### 4. Provisions

At the end of the reporting period the Group's provisions in the consolidated statement of financial position totalled EUR 0.0 (0.6) 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.

## 5. Derivatives

30 Sep 2021 EUR million	Positive fair value	Negative fair value	Nominal values of contracts
<b>Derivatives recognised as cash flow hedges</b>			
Interest rate swaps	0.3	0.1	70.8
<b>Derivatives measured at fair value through profit and loss</b>			
Foreign currency forward and swap contracts	0.0	0.1	84.4

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

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 2021 EUR million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Derivatives designated as hedges	-	0.3	-	0.3
Derivatives measured at fair value through profit and loss	-	0.0	-	0.0
Other investments measured at fair value through OCI	-	-	34.2	34.2
Trade receivables for sale	-	15.5	-	15.5
<b>Liabilities</b>				
Derivatives designated as hedges	-	0.1	-	0.1
Derivatives measured at fair value through profit and loss	-	0.1	-	0.1

30 Sep 2020 EUR million	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
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
<b>Liabilities</b>				
Derivatives designated as hedges	-	0.5	-	0.5
Derivatives measured at fair value through profit and loss	-	0.2	-	0.2

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

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

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

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

	2021	2020	2020
Financial assets on level 3, EUR million	1-9	1-9	1-12
<b>Carrying amount at the beginning of the period</b>	<b>22.2</b>	<b>9.4</b>	<b>9.4</b>
Acquisition of shares	-	4.8	4.8
Disposal of shares	-11.1	-	-
Change in fair value	23.1	8.0	8.0
<b>Carrying amount at the end of the period</b>	<b>34.2</b>	<b>22.2</b>	<b>22.2</b>

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

**7. Commitments and Contingent Liabilities**

EUR million	30 Sep 2021	30 Sep 2020	31 Dec 2020
<b>Commitments for own liabilities</b>			
Guarantees on behalf of own companies	7.2	6.9	7.3
Mortgages on company assets	2.1	2.0	2.1
Other guarantees and liabilities	8.0	10.9	9.9
<b>Total</b>	<b>17.3</b>	<b>19.8</b>	<b>19.3</b>
Committed future minimum lease liabilities	1.0	1.0	1.1

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

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

**8. Related parties**

Related parties in the Oriola Group are deemed to comprise the members of the Board of Directors and the President and CEO of Oriola Corporation, the other members of the 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 transactions between the group companies in the ordinary course of business. The Group has no significant business transactions with other related parties.

## 9. Segment information

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

1-9/2021 EUR million	Consumer	Pharma	Retail	Group items	Total
External invoicing	622.6	2,035.5	239.0	-	<b>2,897.1</b>
Internal invoicing	0.0	186.9	140.9	-327.8	-
<b>Invoicing</b>	<b>622.7</b>	<b>2,222.4</b>	<b>379.9</b>	<b>-327.8</b>	<b>2,897.1</b>
External net sales	607.4	537.6	238.4	-	<b>1,383.4</b>
Internal net sales	0.0	186.9	140.9	-327.8	-
<b>Net sales</b>	<b>607.4</b>	<b>724.5</b>	<b>379.2</b>	<b>-327.8</b>	<b>1,383.4</b>
EBIT	6.1	8.3	5.8	-7.8	<b>12.4</b>
Adjusted EBIT	6.4	8.3	6.7	-6.7	<b>14.7</b>
Assets	434.4	378.1	132.9	147.0	<b>1,092.4</b>
Liabilities	120.7	551.9	64.5	143.1	<b>880.3</b>
Investments	10.3	4.6	3.1	0.2	<b>18.2</b>
Depreciation, amortisation and impairments	21.3	7.0	5.0	0.3	<b>33.5</b>
Average number of personnel	1,707	455	557	79	<b>2,798</b>

1-9/2020 EUR million	Consumer	Pharma	Retail	Group items	Total
External invoicing	589.5	1,961.4	227.4	-	<b>2,778.3</b>
Internal invoicing	0.1	180.9	134.9	-315.9	-
<b>Invoicing</b>	<b>589.6</b>	<b>2,142.3</b>	<b>362.3</b>	<b>-315.9</b>	<b>2,778.3</b>
External net sales	577.6	530.9	226.0	-	<b>1,334.5</b>
Internal net sales	0.1	180.9	134.9	-315.9	-
<b>Net sales</b>	<b>577.7</b>	<b>711.8</b>	<b>360.9</b>	<b>-315.9</b>	<b>1,334.5</b>
EBIT	10.9	8.3	1.5	-7.1	<b>13.6</b>
Adjusted EBIT	10.0	8.7	1.4	-7.1	<b>13.0</b>
Assets	422.7	363.3	128.5	205.5	<b>1,120.0</b>
Liabilities	120.9	549.7	57.8	238.3	<b>966.6</b>
Investments	8.3	5.9	2.9	5.5	<b>22.5</b>
Depreciation, amortisation and impairments	19.9	6.2	4.5	0.1	<b>30.7</b>
Average number of personnel	1,588	451	562	77	<b>2,678</b>

## Segment information quarterly

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

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

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

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

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

## Geographical information

1-9/2021 EUR million	Sweden	Finland	Other countries	Total
Net sales	990.2	304.2	89.0	<b>1,383.4</b>
Assets	758.9	333.5	-	<b>1,092.4</b>
Investments	15.6	2.6	-	<b>18.2</b>
Average number of personnel	2,216	582	-	<b>2,798</b>

1-9/2020 EUR million	Sweden	Finland	Other countries	Total
Net sales	945.5	299.4	89.6	<b>1,334.5</b>
Assets	743.5	376.5	-	<b>1,120.0</b>
Investments	13.4	9.1	-	<b>22.5</b>
Average number of personnel	2,073	606	-	<b>2,678</b>

## 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.

1-9/2021				
EUR million	Consumer	Pharma	Retail	Total
Wholesale	-	491.1	126.0	617.1
Retail sale	607.4	-	-	607.4
Services	-	46.5	112.4	158.9
<b>Net sales total</b>	<b>607.4</b>	<b>537.6</b>	<b>238.4</b>	<b>1,383.4</b>

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
<b>Net sales total</b>	<b>577.6</b>	<b>530.9</b>	<b>226.0</b>	<b>1,334.5</b>

## 11. Alternative performance measures

Key figures	2021	2020	Change	2021	2020	Change	2020	
	EUR million	7-9	7-9	%	1-9	1-9	%	
Invoicing		970.2	915.3	6.0	2,897.1	2,778.3	4.3	3,764.9
Net sales		465.7	438.9	6.1	1,383.4	1,334.5	3.7	1,800.8
Adjusted EBIT <sup>1</sup>		10.4	6.3	63.4	14.7	13.0	13.4	21.0
EBIT		9.8	6.3	56.2	12.4	13.6	-8.7	20.4
Adjusted EBIT %		2.2	1.4		1.1	1.0		1.2
EBIT %		2.1	1.4		0.9	1.0		1.1
Profit for the period		6.8	3.7	85.3	6.0	7.2	-16.1	11.3
Earnings per share, EUR		0.04	0.02	85.4	0.03	0.04	-16.0	0.06
Net cash flow from operating activities		-16.2	4.3		-2.2	12.6		58.3
Gross capital expenditure					18.2	22.5		32.8
Net interest-bearing debt					135.9	156.9		127.1
Gearing, %					64.1	102.3		75.0
Equity per share, EUR					1.17	0.85		0.94
Equity ratio, %					19.9	14.0		14.8
Return on equity (ROE), %					4.2	6.2		6.9
Return on capital employed (ROCE), %					3.7	4.5		5.0
Average number of shares, 1000 pcs <sup>2</sup>					181,339	181,414		181,389
Average number of personnel <sup>3</sup>					2,798	2,678		2,687
Number of personnel at the end of the period <sup>3</sup>					2,895	2,794		2,730

<sup>1</sup> Adjusting items are specified in note 12. Adjusting items.

<sup>2</sup> Treasury shares held by the company not included.

<sup>3</sup> Full time equivalents

**Reconciliation of alternative performance measures to IFRS**

<b>Invoicing</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>EUR million</b>	<b>7-9</b>	<b>7-9</b>	<b>1-9</b>	<b>1-9</b>	<b>1-12</b>
Net sales	465.7	438.9	1,383.4	1,334.5	1,800.8
+ Acquisition cost of consignment stock	499.5	472.3	1,498.6	1,431.4	1,945.9
+ Cash discounts	5.0	4.1	15.2	12.3	18.1
+ Exchange rate differences on sales	-0.1	-0.0	-0.1	0.0	0.1
<b>Invoicing</b>	<b>970.2</b>	<b>915.3</b>	<b>2,897.1</b>	<b>2,778.3</b>	<b>3,764.9</b>

<b>Adjusted EBIT</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>EUR million</b>	<b>7-9</b>	<b>7-9</b>	<b>1-9</b>	<b>1-9</b>	<b>1-12</b>
EBIT	9.8	6.3	12.4	13.6	20.4
- Adjusting items included in EBIT	0.5	0.0	2.3	-0.6	0.6
<b>Adjusted EBIT</b>	<b>10.4</b>	<b>6.3</b>	<b>14.7</b>	<b>13.0</b>	<b>21.0</b>

<b>Alternative performance measures calculated on a constant currency basis</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>EUR million</b>	<b>7-9</b>	<b>7-9</b>	<b>1-9</b>	<b>1-9</b>	<b>1-12</b>
Invoicing	970.2	915.3	2,897.1	2,778.3	3,764.9
Translation difference	-10.7	-19.6	-79.7	-1.8	-26.3
<b>Invoicing calculated on a constant currency basis</b>	<b>959.5</b>	<b>895.6</b>	<b>2,817.4</b>	<b>2,776.5</b>	<b>3,738.6</b>
Net sales	465.7	438.9	1,383.4	1,334.5	1,800.8
Translation difference	-5.5	-10.3	-41.2	-0.9	-13.7
<b>Net sales calculated on a constant currency basis</b>	<b>460.1</b>	<b>428.6</b>	<b>1,342.2</b>	<b>1,333.6</b>	<b>1,787.1</b>
Adjusted EBIT	10.4	6.3	14.7	13.0	21.0
Translation difference	-0.3	-0.1	-0.7	-0.0	-0.2
<b>Adjusted EBIT calculated on a constant currency basis</b>	<b>10.1</b>	<b>6.2</b>	<b>14.0</b>	<b>13.0</b>	<b>20.8</b>

## Calculation of alternative performance measures

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

## 12. Adjusting items

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

Adjusting items included in EBIT EUR million	2021 7-9	2020 7-9	2021 1-9	2020 1-9	2020 1-12
Restructuring costs	-0.1	0.2	0.1	0.7	0.8
Costs of termination of the CEO service contract	-	-	-0.9	-	-
Impairments	-0.3	-	-1.3	-	-
Costs and impairment charges relating to Hehku	-	-	-	0.1	0.1
Costs and impairment charges relating to onerous contract	-	-	-	-	-1.2
Other	-0.2	-0.2	-0.2	-0.2	-0.4
<b>Adjusting items total</b>	<b>-0.5</b>	<b>-0.0</b>	<b>-2.3</b>	<b>0.6</b>	<b>-0.6</b>

Adjusting items in 2021 consist of changes in restructuring provisions, costs of termination of the CEO service contract, impairment of goodwill related to closing of the service centre in Retail business in Sweden as well as impairment charges on tangible assets relating to the Consumer business in Sweden. Adjusting items in 2020 consist of changes in restructuring provisions, restructuring costs related to the changes in the Group Management Team, costs relating to an onerous contract in Retail business area, an adjustment to current liabilities related to the Swedish Consumer business as well as proceeds related to Hehku.