ORIOLA

Financial review 2021

Table of contents

Basis for preparation

The accounting principles are presented in the relevant parts of the notes to the financial statements in order to make the report more user-friendly. The basis for preparation part of the note is highlighted.

Use of estimates and judgement

If the accounting area presented in the note involves estimates and judgement, those estimates and judgements are described separately in the relevant note. The description of the use of estimate and judgement in the note is marked with italic font and highlighted.

Non-financial information

Oriola gives the non-financial information according to the Finnish Accounting Act and using the Nasdaq ESG Reporting Guide as appropriate in the Report of the Board of Directors. The non-financial information and related key performance indicators are presented in chapter 5. Non-financial information of the Report of the Board of Directors.

This Financial review in PDF-format is not an xHTML document compliant with the ESEF (European Single Electronic Format) regulation.

Report of the Board of Directors

1. Business review

Operating environment

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

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

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

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

Turnaround highlights

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

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

The short-term action plan for turnaround consists of four key elements:
- Cost savings through simplified operating model, reduction of operating costs and rigorous cost management.
- Efficient net working capital management through optimised product portfolio, enhanced supplier management & supply chain planning.
- Excellent customer relationship management targeting to superior customer experience with one-touch point to customers.
- Commercial excellence through service portfolio crystallisation, pricing models and enhanced margin management.

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

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

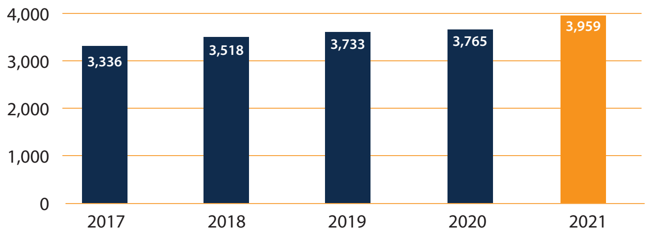
The company continues to seek further measures to improve its profitability, and furthermore, assesses possibilities for the structural arrangements. Oriola has also initiated a strategy process and will present its new business strategy at its Capital Markets Day on 5 May 2022.

The Group's financial performance for January–December 2021

Invoicing and net sales

Invoicing increased by 5.2% (increased 0.9%). On a constant currency basis invoicing increased by 2.7% (increased 0.1%).

Invoicing
EUR million



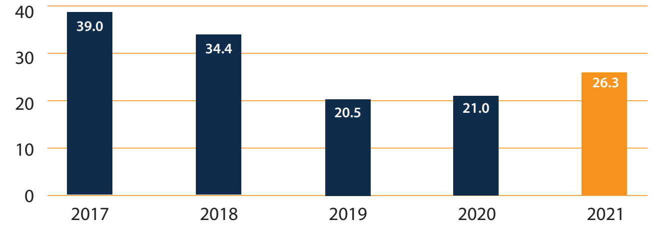
Net sales increased by 4.5% (increased 4.6%) to EUR 1,882.4 (1,800.8) million. On a constant currency basis net sales increased by 1.9% (increased 3.8%). In the first quarter the net sales declined, driven by decreased demand and low volumes due to amplified COVID-19 pandemic. In the second, third and fourth quarter the net sales grew as the markets were recovering.

Profitability

Adjusted EBIT increased by 25.5% (increased 2.6%) to EUR 26.3 (21.0) million. This was driven by improved market environment in both operating countries and the continued good performance of Retail business area. Adjusting items totalled EUR -5.9 (-0.6) million, and the EBIT was EUR 20.5 (20.4) million. The adjusted EBIT on a constant currency basis was EUR 25.6 million.

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

Adjusted EBIT[1]
EUR million



[1] The figures in 2017-2018 have been restated due to an error related to previous periods. The restatement had an impact on inventories, deferred tax assets and retained earnings in the consolidated statement of financial position and on material purchases and income taxes in the consolidated statement of comprehensive income. More information on correction of the error is presented in the notes to the Financial statements 2019.

Net financial expenses were EUR 5.8 (6.0) million. Profit for the year was EUR 11.3 (11.3) million. Income taxes were EUR 3.4 (3.1) million, which corresponds to an effective tax rate of 22.9% (21.3%). Earnings per share were EUR 0.06 (0.06).

For more information on the Group's financial performance, please see the section Financial indicators 2017-2021.

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 EUR million	2021	2020	Change %
Invoicing	839.4	798.2	5.2
Net sales	817.5	780.7	4.7
Adjusted EBIT	11.4	14.4	-20.5
EBIT	9.8	15.3	-35.9
Adjusted EBIT %	1.4	1.8	
EBIT %	1.2	2.0	
Number of personnel at the end of period	1,598	1,621	-1.4

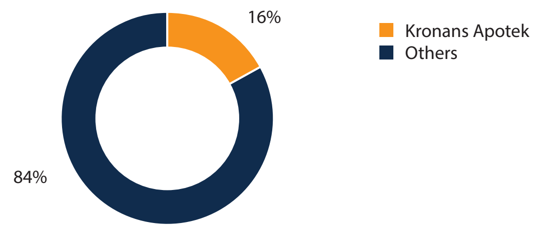
Market environment

The pharmacy market in Sweden grew by 2.3% (+4.6%) in Swedish krona (source: Apoteksförening), however, the number of pharmacies decreased by 22 in 2021 to 1,411 pharmacies.

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

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

Swedish pharmacies
Market share



Financial performance

The net sales increased by 4.7% (increased 4.1%) to EUR 817.5 (780.7) million. On a constant currency basis net sales increased by 1.3% (increased 3.1%). Pandemic-driven lower demand burdened the first quarter. Market demand improved in the second, third and fourth quarter. Oriola's online sales grew by 31%, faster than the market (+19%), and it accounts for 8.5% (6.6%) of Oriola's Consumer sales. To support the e-commerce business growth, Oriola is investing in a new warehouse dedicated for e-commerce in Enköping, Sweden. The warehouse is expected to be ready during the second half of 2022.

Adjusted EBIT decreased by 20.5% (increased 22.8%) to EUR 11.4 (14.4) million. This was due to market driven lower volumes in the first quarter, fewer customer visits in pharmacies as well as accelerated channel shift to online. Online continues to be a strategic development area for Oriola. Adjusting items totalled EUR -1.6 (0.9) million, mainly related to restructuring, and EBIT was EUR 9.8 (15.3) million.

Pharma

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

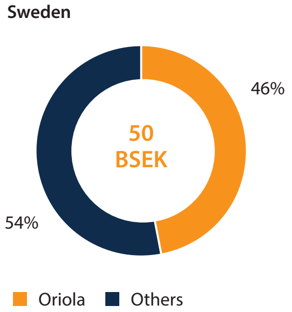
Key figures EUR million	2021	2020	Change %
Invoicing	3,050.0	2,906.0	5.0
Net sales	996.3	961.2	3.7
Adjusted EBIT	12.4	12.8	-2.8
EBIT	11.9	12.4	-4.0
Adjusted EBIT %	1.2	1.3	
EBIT %	1.2	1.3	
Number of personnel at the end of period	436	448	-2.7

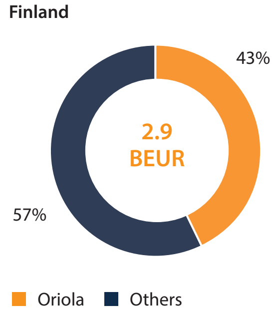
Market environment

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

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

Wholesale - market share %





Financial performance

Invoicing increased by 5.0% (decreased 0.2%) to EUR 3,050.0 (2,906.0) million. On a constant currency basis invoicing increased by 2.8% (decreased 0.8%). Net sales increased by 3.7% (increased 4.7%) to EUR 996.3 (961.2) million, and on a constant currency basis, net sales increased by 1.6% (increased 4.0%). This was driven mainly by the growing pharmaceutical market.

Adjusted EBIT decreased by 2.8% (decreased 27.8%) to EUR 12.4 (12.8) million. This was driven by lower volumes in both countries in the first quarter and the related volatility of pharmaceutical volumes which had a negative impact on operational efficiency. Adjusting items totalled EUR -0.5 (-0.4) million, mainly related to restructuring, and EBIT was EUR 11.9 (12.4) million.

Retail

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.

Market environment

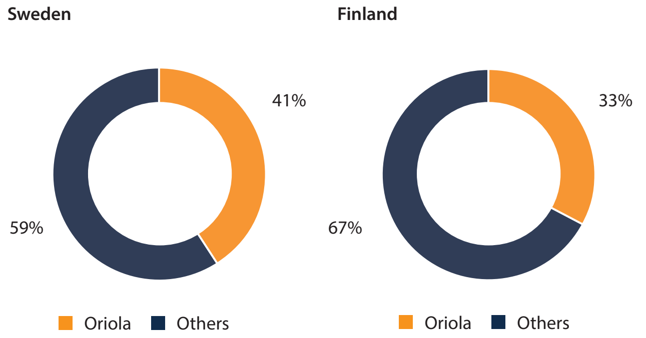
Key figures EUR million	2021	2020	Change %
Invoicing	507.7	486.7	4.3
Net sales	506.7	484.9	4.5
Adjusted EBIT	11.3	2.0	454.7
EBIT	9.3	0.9	894.7
Adjusted EBIT %	2.2	0.4	
EBIT %	1.8	0.2	
Number of personnel at the end of period	538	583	-7.6

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

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

Out of the total 822 pharmacies in Finland, 271 pharmacies used Oriola's staffing services during the year 2021.

Dose dispensing - market share



Financial performance

Net sales increased by 4.5% (increased 6.5%) to EUR 506.7 (484.9) million. On a constant currency basis net sales increased by 1.5% (increased 5.5%), driven by growth in dose dispensing business and increased demand for health and wellbeing products in Sweden.

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

Balance sheet, cash flow and financing

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

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

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

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

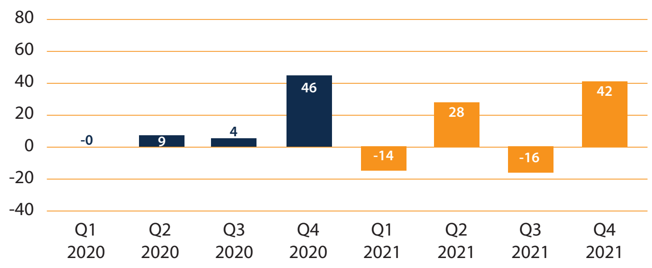
The non-recourse trade receivables sales programmes are in use in Sweden. At the end of December 2021, a total of EUR 183.1 (179.6) million in trade receivables had been sold. The average interest rate on the interest-bearing liabilities excluding lease liabilities was 0.96% (1.09%).

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

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

For more information on the Group's balance sheet and cash flow and related key figures, see the section Financial indicators 2017–2021.

Net cash flow from operating activities
EUR million



Investments and depreciation

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

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

Changes in the Group structure

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

Personnel

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

The total amount of wages, salaries and bonuses in 2021 was EUR 135,6 million (EUR 126.7 million in 2020 and EUR 127.5 million in 2019).

For more information about the employee benefits please refer to note 4.4. Employee benefits in the Consolidated Financial Statements.

Oriola Corporation shares

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

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

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

At the end of 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. In 2021, no class A shares were converted into class B shares (1,685,960 class A shares were converted into class B shares in 2020).

More information on shares and shareholders is given in the section entitled Information on shares.

Outlook for 2022

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

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

The outlook is based on current group structure.

Events after the balance sheet date

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

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

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

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

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

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

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

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

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

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

Profit distribution proposal

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

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

Annual General Meeting 2022

Oriola Corporation's Annual General Meeting will be held on 15 March 2022. The matters specified in article 10 of the Articles of Association and other proposals of the Board of Directors, if any, will be dealt with at the meeting. The notice to convene will be available on the company's website at www.oriola.com on 22 February 2022 at the latest.

2. Risk review

Strategic and financial risks

Oriola has specified the company's risk management model, principles, organisation and process in its Risk management policy. The Group's risk management seeks to identify, measure and manage risks that may have an adverse or beneficial impact on Oriola's operations and achievement of the set goals. The Group also has a Code of Conduct policy and a Treasury policy covering compliance and financial risks. The internal control and risk management systems related to Oriola's financial reporting are aimed at ensuring the reliability of the company's financial statements and financial reporting, as well as the company's compliance with legislation and generally approved operating principles.

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 Dental and Pharmaceutical Benefits Agency (TLV) in Sweden has proposed a monthly list of generic pharmaceuticals to be introduced in Swedish dose distribution operations as well. The new legislation is expected to enter into force in 2023 at the earliest. The change would have a negative impact on Oriola's dose distribution margins and operating costs. In Oriola's view, it is possible to control the possible effects.

In Finland, the pandemic has accelerated the need to find savings from the area of the Ministry of Social Affairs and Health to be able to cover costs caused by the pandemic, on top of the earlier pressure for savings. The government has stated the total cost of pharmaceutical treatment to be as one of the targets. The saving measures are not expected to have a direct impact on Oriola's business.

The reform of social and healthcare (Sote), was approved 2021. In the beginning of 2022, 21 new county councils were elected and these new political bodies will decide on social, healthcare and rescue services in each wellbeing services county. New regions will be affected from the beginning of 2023. The impact of these changes on Oriola´s activities in Finland are still somewhat unknown, but according to the company´s estimation, not material.

Oriola assesses ESG-related (Environment, Social and Governance) risks as part of the regular risk management process. A more detailed description of ESG risks can be found in section 5 of this report: Non-financial information.

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 about financial risk management can be found in note 8.3. in the notes to the Consolidated Financial Statements.

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 thorough planning. The automation improvements of the distribution centre in Sweden have been mostly taken into use during 2021. Improvements in cold chain automation will continue during first half of 2022. The process optimisation and efficiency improvements will continue in this area.

Since the first quarter of 2020, the COVID-19 pandemic has impacted significantly Oriola's operating environment as the restrictions set by the authorities and consumer caution impacted the consumer behaviour. The measures caused by the pandemic have led to the decrease of healthcare services as well as affected the demand for pharmaceuticals and health and wellbeing products. This has inevitably also had an impact on Oriola's business. As the pandemic continues, Oriola's business environment stays volatile, which may have an impact on Oriola's net sales and profitability. 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 needs and their management.
Oriola's operations and profitability are impacted by price volatility in key cost categories. Especially, changes in energy prices, labour and freight costs may have impact on Oriola's profitability.

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

3. Governance

Corporate governance statement 2021

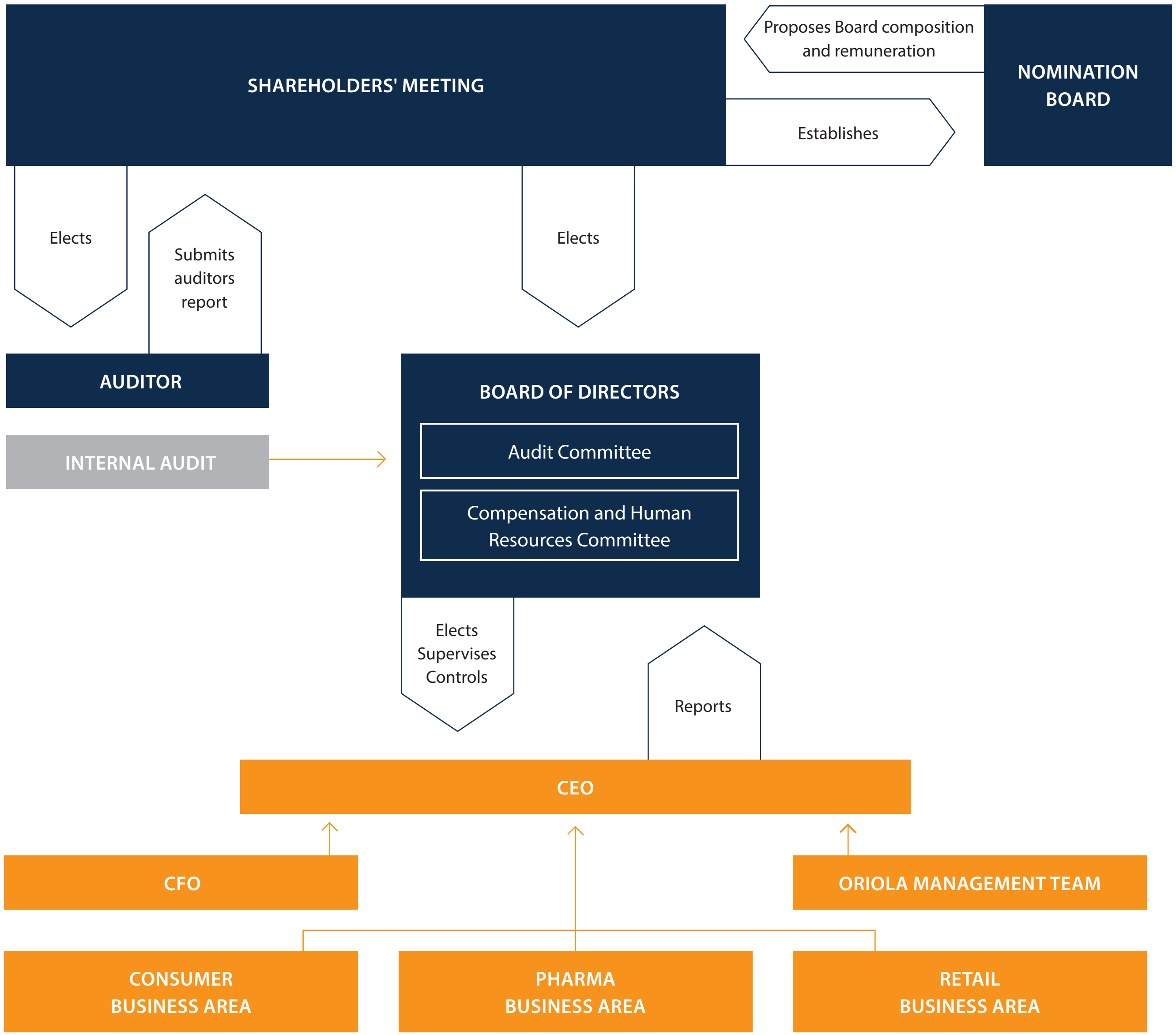
This Corporate governance statement has been prepared in accordance with the Finnish Corporate Governance Code 2020 (the "Corporate Governance Code") and chapter 7, section 7 of the Finnish Securities Markets Act.

Oriola Corporation (hereinafter "Oriola" or "the company") complies with the provisions of its Articles of Association, the Finnish Companies Act, the Finnish Securities Markets Act and other similar legislation. The company also complies with the rules and regulations applying to listed companies issued by Nasdaq Helsinki Ltd (Helsinki Exchange) and the Finnish Financial Supervisory Authority. The company's head office is located in Espoo, Finland.

Oriola applies the Corporate Governance Code in its entirety without any exceptions. The information required by the Corporate Governance Code is also available on the company's website www.oriola.com. An unofficial English translation of the Corporate Governance Code 2020 is in the public domain and available on the Securities Market Association's website at www.cgfinland.fi.

Oriola prepares its consolidated financial statements and interim reports in accordance with the EU-approved IFRS reporting standards, the Securities Markets Act, applicable Financial Supervisory Authority standards and the rules issued by Nasdaq Helsinki Ltd. The Report of the Board of Directors and the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and the guidelines and statements of the Accounting Board. The auditor's report covers the Report of the Board of Directors, the consolidated financial statements and the parent company's financial statements.

Governing structures of Oriola



General meeting of shareholders

The general meeting of shareholders decides on the matters that under the Companies Act and the Articles of Association of Oriola are within its purview. Each shareholder is entitled to attend general meetings. Each class A share carries 20 votes and each class B share 1 vote at General Meetings. According to the Articles of Association, no shareholder may vote using an amount of votes that exceeds 1/20 of the total number of votes carried by the shares of different share classes represented at the general meeting.

The Board of Directors convenes a general meeting of shareholders. The notice of general meeting is published on the company's website or in one daily newspaper in Finland's capital city no earlier than 2 months and no later than 21 days prior to the meeting. Oriola also publishes the notice of general meeting as a stock exchange release. The documents to be submitted to the general meeting and the draft resolutions to the general meeting are available on the company's website. The notice of the general meeting contains the proposed agenda for the meeting.

A shareholder has the right to have matters that under the Companies Act fall within the competence of the general meeting dealt with by the general meeting, if the shareholder so demands in writing to the Board of Directors well in advance of the meeting so that the matter can be included in the notice of general meeting. The demand shall be considered to have arrived in time, when the Board of Directors has been informed about the demand at the latest four weeks in advance of the publication of the notice of the general meeting.

The company's starting point is that the chairman of the Board of Directors, a sufficient number of members of the Board of Directors and its committees, the President and CEO, and the auditor attend the general meeting. A person proposed for the first time as member of the Board of Directors shall be present at the general meeting that decides on his or her election unless there are well-founded reasons for absence.

The shareholders shall according to law and the articles of association exercise their power of decision at the general meeting. The Annual General Meeting is held by the end of May each year. The duties of the Annual General Meeting include:

- adoption of the financial statements;
- use of the profit shown on the balance sheet;
- election of the members of the Board of Directors and the decision on their fees;
- discharging from liability for the members of the Board of Directors and the President and CEO;
- election of the auditor and the decision on compensation, and
- proposals made by the Board of Directors and shareholders to the Annual General Meeting (e.g. amendments to the Articles of Association, repurchase of the company's own shares, share issue, giving special authorisations).

Annual General Meeting 2021

The Annual General Meeting of Oriola, 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. According to the decision of the Annual General Meeting, a dividend of EUR 0.03 per share was paid on the basis of the balance sheet adopted for the financial year ending 31 December 2020.

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 is valid until the beginning of the next Annual General Meeting of the company. The Board of Directors of Oriola decided on 26 October 2021 that it will not use the authorisation and no additional dividend for 2020 will be paid.

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

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

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

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

All decisions of the Annual General Meeting 2021 are available on the company's website www.oriola.com.

Shareholders' Nomination Board

The Shareholders' Nomination Board consists of five members appointed by the shareholders. In addition, the Chairman of the Board of Directors acts as an expert member of the Nomination Board.

The Chairman of the Board of Directors annually arranges a meeting to which the Chairman invites the company's 20 largest shareholders, by votes, registered as shareholders in the company's shareholders' register maintained by Euroclear Finland Ltd by 31 August preceding the Annual General Meeting. The meeting of the 20 largest shareholders, by votes, elects the members of the Shareholders' Nomination Board. One of the members is elected to serve as the Chairman of the Shareholders' Nomination Board.

The term of office of the members of the Shareholders' Nomination Board expires the year following the appointment upon the appointment of the new members of the Shareholders' Nomination Board pursuant to the rules of procedure of the Shareholders' Nomination Board.

The Shareholders' Nomination Board is established to exist and serve until the Annual General Meeting decides otherwise.

The Nomination Board shall prepare a proposal concerning the composition of the Board of Directors for the company's Annual General Meeting. The Nomination Board must submit its proposals to the Board of Directors no later than on the first day of February preceding the Annual General Meeting. The proposals are published as a stock exchange release and included in the invitation to the Annual General Meeting. The Nomination Board shall also present and provide grounds for its proposals to the Annual General Meeting.

The rules of procedure of the Shareholders' Nomination Board are available on the Company's website www.oriola.com.

The largest shareholders of Oriola Corporation elected on 22 September 2021 the following persons as members of the Nomination Board:

Mikael Aro
Annika Ekman
Peter Immonen
Pekka Pajamo
Into Ylppö

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

On 22 December 2021, the Shareholders' Nomination Board submitted its proposal to the 2022 Annual General Meeting concerning the composition of the Board of Directors as follows: The number of members of the Board of Directors would be six. The present members of the Board of Directors Eva Nilsson Bågenholm, Juko-Juho Hakala, Harri Pärssinen, Lena Ridström and Panu Routila would be re-elected. Nina Mähönen would be elected new member of the Board of Directors. Panu Routila would be re-elected as Chairman of the Board of Directors. Anja Korhonen, member of the Board of Directors since 2014, has informed the Nomination Board that she is not available for re-election to the Board of Directors.

The biographical details of the proposed Board members are presented on the company's website.

Board of Directors

The Board of Directors is responsible for the administration of the company and the appropriate organisation of its operations.

The Board of Directors is responsible for managing and supervising the company's operations in accordance with the law, governmental regulations and the articles of association. The Board also ensures that good corporate governance is complied with throughout the Oriola Group.

The members of the Board of Directors are elected by the general meeting of shareholders. The Board of Directors uses the highest decision-making power in the Oriola Group between the general meetings of Shareholders. Pursuant to the articles of association, the Board of Directors consists of no fewer than five and no more than eight members. The term of the members of the Board of Directors expires at the end of the next Annual General Meeting following their election. The chairman of the Board of Directors is elected by the general meeting of shareholders. The vice chairman of the Board is elected by the Board of Directors from among its members.

The Board of Directors convenes in accordance with a timetable agreed in advance and also convenes as required. In addition to making decisions, the Board of Directors also receives during its meetings current information about the operations, finances and risks of the Group. Board meetings are also attended by the President and CEO, the CFO and the General Counsel (who acts as secretary to the Board). Members of the Oriola Management Team attend Board meetings at the invitation of the Board. Minutes are kept of all meetings.

Main tasks of the Board of Directors

The main tasks to be dealt with by the Board of Directors are listed in the Board's rules of procedure. Accordingly, these are among others:

- approving the company's strategy;
- approving financial targets, budgets, major investments and risk management principles;
- appointment and dismissal of the company's President and CEO;
- consideration and decision of all significant matters concerning the operations of the Group and the business segments; and
- approving the charters of the Audit Committee and the Compensation and Human Resources Committee.

Diversity on the Board

The ultimate goal in electing members to the Board of Directors is to ensure that the Board of Directors as a collegium has a competence profile which supports Oriola's existing and future business. Diversity supports the overall goal that the Board of Directors has an optimal competence profile to support the company's business and is viewed as an integral part and a success factor enabling the achievement of Oriola's strategic goals. Important factors for the diversity of Oriola's Board of Directors are the mutually complementary expertise of the members, their education and experience in different professional areas and industrial sectors, businesses in various stages of development, leadership experience, as well as their personal capacities. The diversity of the Board of Directors is supported by experience in operating environments and industries relevant to the company as well as different cultures and by consideration of the age and gender breakdown of the members.

Oriola's Board of Directors has approved the diversity policy of the Board of Directors in December 2016. According to the diversity policy of the Board of Directors Oriola's objective is to maintain an appropriate balance of representation of both genders on the Board of Directors.

The company has upheld the requirements set for diversity in the composition of the Board of Directors. Oriola's Board of Directors 2021 represents diversity related of nationalities, professional competencies and genders.

Board of Directors 2021–2022

The Annual General Meeting of Oriola held on 16 March 2021 confirmed that the Board of Directors of Oriola shall have six members and elected the following persons as chairman and members of the Board of Directors:

Name	Year of birth	Education and independence	Attendance at Board Meetings	Attendance at Committee Meetings
Panu Routila (Chairman)	1964	M.Sc. (Economics), independent member of the Board	24/24	Compensation and HR Committee 13/13 and Audit Committee 5/5
Juko-Juho Hakala	1970	M.Sc. (Economics), independent member of the Board	24/24	Compensation and HR Committee 9/10 (1 Jan-1 Feb and 1 Sep 2021-)
Anja Korhonen	1953	M.Sc. (Economics), independent member of the Board	24/24	Audit Committee 5/5
Eva Nilsson Bågenholm (Vice Chairman)	1960	Physician, independent member of the Board	24/24	Compensation and HR Committee 13/13
Lena Ridström	1965	M.Sc. (Economics), independent member of the Board	24/24	Compensation and HR Committee 1/1 (16 March-31 Aug 2021) Audit Committee 5/5
Harri Pärssinen	1963	M.Sc. (Economics), independent member of the Board	23/24	Audit Committee 5/5

In its constitutive meeting held later the same day, the Board of Directors elected Eva Nilsson Bågenholm as its Vice Chairman.

In its constitutive meeting on 16 March the Board decided that Juko Hakala would not be a member of the Audit Committee or the Compensation and Human Resources Committee for the time when he was serving as interim President and CEO of Oriola.

Members of Oriola's Board of Directors 1 January–16 March 2021:

Name	Year of birth	Education and independence	Attendance at Board Meetings	Attendance at Committee Meetings
Mariette Kristenson	1977	M.Sc. (Economics), independent member of the Board	3/3	Compensation and HR Committee 4/4

The Board of Directors has evaluated the independence of its members and determined that all members are independent of the company and its major shareholders. Juko Hakala was during the time of his interim CEO position (1 February-9 August 2021) determined to dependent of the company, but independent of its significant shareholders. The Board has also conducted an assessment of its activities and working practices.

In 2021, the Board of Directors of Oriola convened 24 times, of which 7 were per capsulam meetings.

Board committees

The Board of Directors has an Audit Committee and a Compensation and Human Resources Committee. The committees' charters are confirmed by the Board. The committees are preparatory bodies that submit proposals to the Board on matters within their purview. Minutes are kept of the committees' meetings. The committees report to the Board at regular intervals. The committees do not have independent decision-making powers. Their task is to submit recommendations to the Board on matters under consideration.

In its constitutive meeting, held after the Annual General Meeting, the Board of Directors appoints, from among its members, the members and chairman of the Audit Committee and the Compensation and Human Resources Committee.
In addition to the Audit Committee and Compensation and Human Resources Committee, the Board of Directors may appoint ad hoc committees for preparing specific matters. Such committees do not have Board-approved charters and the Board does not release information on their term, composition, the number of meetings or the members' attendance rates.

Audit Committee

The task of the Audit Committee is to enhance the control of the company's operations and financial reporting. According to the charter, the following in particular shall be addressed and prepared by the Audit Committee:

- reviewing the consolidated financial statements and interim reports, together with the auditor;
- reviewing together with the auditor any deficiencies in the supervision systems observed in control inspections and any other deficiencies reported by auditors;
- reviewing any deficiencies in the control system observed in internal audit and other observations and recommendations made;
- reviewing the plans of action for the control inspection and internal audit and giving recommendations to company management on focus areas for internal audits; and
- evaluating the appropriateness of the supervision of company administration and risk management and reviewing changes in the principles of company accounting and external reporting prior to their introduction.

In addition, the Audit Committee's duties include preparatory work on the decision of electing the auditor, evaluation of the independence of the auditor, taking into account particularly the effect of the provision of related services on the independence, and carrying out any other tasks assigned to it by the Board. The Audit Committee has at least three members.

As of 16 March 2021, the Chairman of the Audit Committee is Anja Korhonen and the other members are Harri Pärssinen, Lena Ridström and Panu Routila. The members of the Audit Committee are independent of the company and its major shareholders.

Compensation and Human Resources Committee

According to the charter, the Compensation and Human Resources Committee reviews management and personnel remuneration policies and issues related to management appointments and makes proposals on such matters to the Board of Directors. The Committee's responsibilities include:

- Developing and monitoring effective compensation principles that promote achievement of the goals of the company

- Making proposals to the Board on compensation and incentive schemes for management and other key personnel
- Evaluating performance management, succession planning and talent development processes and programmes
- Considering and preparing appointments of top management to be decided by the Board. Supporting and advising the President and CEO in the appointments of the Oriola Management Team
- Monitoring and evaluating the performance of the President and CEO
- Monitoring and evaluating the performance of the members of the Oriola Management Team based on the CEO´s proposal.

The Compensation and Human Resources Committee has three members. In its constitutive meeting on 16 March the Board appointed from among its members the following members to the Compensation and Human Resources Committee: Eva Nilsson Bågenholm (Chairman), Lena Ridström and Panu Routila. After Juko Hakala's interim CEO position had ended the Board decided that Juko Hakala will as of 1 September 2021 replace Lena Ridström in the Compensation and Human Resources Committee. After the change, the members of the Compensation and Human Resources Committee are Eva Nilsson Bågenholm (Chairman), Juko Hakala and Panu Routila. The members of the Compensation and Human Resources Committee are independent of the company and its major shareholders.

President and CEO and deputy to CEO

The Board of Directors appoints and dismisses the President and CEO of Oriola and decides on the terms of his/her employment. At the end of 2021 the President and CEO of the company is Elisa Markula, M.Sc., MBA, born in 1966.

Robert Andersson, M.Sc., MBA, born in 1960 left his position as the President and CEO on 1 February 2021. Juko Hakala, member of Oriola's Board of Directors, M.Sc., born in 1970 served as the President and CEO for the period between 1 February 2021 and 9 August 2021 when Elisa Markula assumed the position of new permanent President and CEO of Oriola.

In accordance with the Companies Act, the President and CEO is responsible for the day-to-day executive management of the company in accordance with the instructions and orders given by the Board of Directors. In addition, the President and CEO also ensures that accounts of the company comply with Finnish law and that its financial affairs have been arranged in a reliable manner. The terms and conditions of the President and CEO's employment are specified in a written service contract approved by the Board.

The Board of Directors also appoints, as necessary, a deputy to the President and CEO. At the end of the year 2021 the Company does not have an appointed deputy to the President and CEO.

Oriola Management Team

At the end of the year 2021, the Oriola Management Team consisted of ten members, including the President and CEO, to whom the other Oriola Management Team members report. The Oriola Management Team is responsible for the operative management and development of Oriola. It meets regularly and assists CEO for preparing Oriola's strategy, annual planning, monitoring the performance against set targets, financial reporting, risk management and preparing investments and other decisions. Key duties are also developing a strong culture and aligned internal ways of working in Oriola.

The following persons were members of Oriola Management Team on 31 December 2021:

- Elisa Markula, President and CEO
- Sari Pohjonen, CFO
- Katarina Gabrielson, Vice President, Retail business area
- Hannes Hasselrot, Vice President, Consumer business area
- Anne Kariniemi, Vice President, Operations
- Tuula Lehto, Vice President, Communications and Sustainability
- Elina Niemelä, Vice President, People and Transformation
- Charlotta Nyström, CIO
- Fredrik Pamp, Vice President, Pharma business area
- Petter Sandström, General Counsel

Descriptions of internal control procedures and the main features of risk management systems

The risk management systems and internal control procedures related to Oriola's financial reporting aim to ensure a reasonable certainty of the reliability of the company's financial statements and financial reporting, as well as the company's compliance to legislation and generally approved accounting principles.

Financial reporting

The Board of Directors and the President and CEO have the overall responsibility for organising the internal control and risk management systems pertaining to financial reporting. The President and CEO, the members of the Oriola Management Team and the heads of the business units are responsible for the accounting and administration of the areas within their spheres of responsibility complying with legislation, the Group's operating principles, and the guidelines and instructions issued by Oriola's Board of Directors. The organising and leading of the financial reporting in the Group has been centralised under the subordination of the CFO.

Oriola Group follows the International Financial Reporting Standards (IFRS) approved for application within the European Union. Instructions and accountancy principles for financial reporting are collected in an accounting manual that is updated as soon as standards change, as well as in the financial department's instructions that are followed in all Group companies. Group accounting is responsible for following and keeping up to date with financial statement standards, upholding the principles concerning financial reporting and distributing information about these to the business units.

Measurement and follow-up

The performance of the Group is monitored in the Oriola Management Team with monthly reports as well as in the monthly operational reviews of the business segments. The financial situation of the Group is also monitored in the meetings of the Board of Directors. The Audit Committee and the Board of Directors examine the interim reports and financial statements before their publication. Monitoring of the monthly reports also ensures the effectiveness of internal supervision. Each business segment must ensure effective supervision of its own operations as part of Group-level internal supervision. The business segments and the Group Finance organisation are responsible for the evaluation of the processes covering financial reporting. The evaluations must contain balances and analyses, which are compared with budgets, assessments and various economic indicators.

Internal control
Internal control forms an essential part of the company's governance and management systems. It covers all of the Group's functions and organisational levels. The purpose of internal control is to ensure a sufficient certainty that the company will be able to carry out its strategy. Internal control is not a separate process but a procedural measure covering all Group-wide operating principles, guidelines and systems.

The purpose of Oriola's internal supervision system is to support the implementation of the Group strategy and to ensure that rules and regulations are observed. The company's internal supervision is based on a Group structure, in which the Group's operations are organised into Business Areas and Group functions. Group functions issue Group-level guidelines laying down the operational framework and the persons responsible for the process. The guidelines cover such areas as accounting, reporting, financing, investments and business principles.

The guidelines aim to ensure that all risks connected to the achievement of the company's objectives can be identified and managed. The control measures cover all Group levels and functions. All new instructions and guidelines are published on the company's internal website and staff members can provide feedback to the management and anonymously report any questionable activities through the whistleblowing channel.

Risk management
The Board of Directors of Oriola approves the company's risk management policy in which the risk management operating model, principles, responsibilities and reporting are specified. The Board assess the Company's long-term strategic risks and oversees the effectiveness of the risk management. The Board-appointed Audit Committee regularly reviews and monitors the implementation of the risk management policy in the Group and the risk management process.

Oriola has specified the company's risk management model, principles, organisation and process in the Group Risk Management Policy. The Group Risk Management Policy defines the enterprise risk management system, objectives, roles and responsibilities within Oriola in order to identify and manage risks related to execution of the Company's strategy and operations. The Group Risk Management Policy is the main risk management document within Oriola and must be followed by all Oriola business units, subsidiaries and entities. Additionally, the Group has a Code of Conduct policy, a Treasury policy and an Approval policy covering compliance and financial risks. Oriola's risks are classified as strategic, operational, financial and hazard risks. Risk assessment and management are key elements in the strategic planning, operations and daily decision making in the company.

Risk management and the most significant risks are described on the company's website at www.oriola.com.

Other information to be provided in the CG statement

Internal audit
Oriola uses an outsourced internal audit function for the purpose of fulfilling its internal audit requirements. The outsourced internal audit function is an independent and objective assurance activity reporting directly to the Audit Committee of the Board of Directors. The internal audit assignments are carried out on the basis of an Internal Audit Charter approved by the Board of Directors as well as an Internal Audit Plan annually reviewed and approved by the Audit Committee.

Insider management
Oriola complies with the insider holding guidelines issued by Nasdaq Helsinki Ltd (January 1, 2021) and the Market Abuse Regulation (596/2014, "MAR"). Oriola has issued its insider guidelines ("Guidelines") which are based on applicable EU and Finnish legislation (especially MAR and the Securities Markets Act 746/2012), the insider guidelines of Nasdaq Helsinki Ltd, and the regulations and guidelines of the European Securities Markets Authority and the Finnish Financial Supervisory Authority.

Members of the company's Board of Directors, the President and CEO, the members of the Oriola Management Team that have operational responsibilities leading a business area of the company as well as the CFO, CIO and Vice President Operations are considered the management of the company ("Management"). Management and their related parties shall notify all transactions with the company's securities or financial instruments made on his or her own account to the company and the Finnish Financial Supervisory Authority without delay and three working days from the execution of the transaction at the latest. The guidelines set trade restrictions prohibiting Management and the persons who participate in the preparation of interim and annual financial statements of Oriola from making transactions with the company's securities or financial instruments related to them during a closed period of no less than 30 days before a financial report of Oriola is made public (closed period).

Oriola is obliged to draw up the insider lists and keep them up to date. For the time being, Oriola has determined not to include any persons as permanent insiders. Consequently, all persons with inside information will be included in the event-based insider list for relevant insider projects. Oriola instructs the persons entered in the event-based insider list on their obligations and any possible consequences. In addition, Oriola monitors and supervises the proper management of insider issues.

Related party transactions
Oriola abides by applicable legislation concerning related party transactions. Oriola's related parties are the related parties of a listed company in accordance with the Companies Act and IAS 24. The related parties include Management, their close family members as well as companies in which the individuals mentioned, alone or jointly with others, exercise control. Oriola maintains a list of parties that are related to the company.

Oriola assesses and monitors transactions to be made with related parties to ensure compliance with applicable laws and regulations, including the Corporate Governance Code, e.g. to safeguard that potential conflicts of interest are adequately taken into account in the company's decision making.

Management of the company has confirmed for 2021 that neither they nor their related parties have engaged in business transactions with Oriola during the year in question.

External audit
The company has one auditor, which must be a firm of authorised public accountants. The auditor is elected annually by the Annual General Meeting for a term that expires at the end of the next Annual General Meeting following the election. The task of the auditor is to audit the consolidated financial statements, the financial statements of the parent company, the accounting of the Group and the parent company and the administration of the parent company. The company's auditor submits the auditor's report to the shareholders in connection with the annual financial statements, as required by law, and submits regular reports on its observations to the Board's Audit Committee.

The Board of Directors and the Audit Committee are responsible for monitoring the independence of the auditor. For this reason, the company has implemented a policy covering the provision of non-audit services by the elected auditors.

The Annual General Meeting of Oriola held on 16 March 2021 re-elected KPMG Oy Ab, a firm of authorised public accountants, as the company's auditor, with Kirsi Jantunen, Authorised Public Accountant, KHT, as the principal auditor. The fees for the statutory audit paid to the member firms of KPMG network in 2021 totalled EUR 249 thousand. In addition, EUR 48 thousand was paid for other audit related services provided to Group companies.

4. Remuneration

Remuneration and other benefits of the members of the Board of Directors

The Annual General Meeting decides annually on the remuneration payable to members of the Board of Directors for their term of office. The Shareholders' Nomination Board prepares a proposal concerning the composition of the Board of Directors for the company's Annual General Meeting.

On 16 March 2021, the Annual General Meeting 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. 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 chairpersons and members of Board and company committees. Travel expenses are compensated in accordance with the travel policy of the company.

In accordance with the decision of the Annual General Meeting, 60% of the annual remuneration was paid in cash and 40% in class B shares. Oriola Corporation class B shares were acquired on the market for the Board members as follows: Panu Routila 12,293 shares, Anja Korhonen 7,376 shares, Mariette Kristenson 6,146 shares, Juko-Juho Hakala 6,146 shares, Eva Nilsson Bågenholm 7,376 shares, Lena Ridström 6,146 shares and Harri Pärssinen 6,146 shares.

Restriction periods are not included in the remuneration paid in Oriola Corporation class B shares. The members of the Board of Directors have not received any share-based rights as remuneration. They are not included in the company's share incentive scheme. The company has not granted any loans to Board members nor given guarantees on their behalf.

The total fees and other benefits of the Board members for 2021 and shareholdings in the company on 31 December 2021 are available in notes 4.4. and 8.4. to the Consolidated Financial Statements and Remuneration report (http://www.oriola.com/investors/corporate-governance/remuneration-statement).

Main principles and decision-making process on the remuneration of the President and CEO and other executives

The salary of the President and CEO and other members of the Oriola Management Team consists of a fixed base salary, fringe benefits, a short-term performance bonus and a long-term share incentive plan. The remuneration commits management to develop the company and its financial success in the long-term. The development stage and strategy of the company are considered when determining the principles for remuneration.

In accordance with its charter approved by the Board of Directors, the Compensation and Human Resources Committee monitors the effectiveness of the incentive schemes to ensure that the schemes promote the achievement of the company's short-term and long-term goals. According to the charter, the Compensation and Human Resources Committee reviews management and personnel remuneration policies and issues related to management appointments and makes proposals on such matters to the Board of Directors. More information about the Compensation and Human Resources Committee can be found in the Corporate Governance statement.

The Board of Directors reviews and decides annually on the remuneration and benefits of the President and CEO and other members of the Oriola Management Team, and the underlying criteria thereof.

The Board of Directors decides annually on the earnings criteria and the determination of the performance bonuses based on the proposal of the Compensation and Human Resources Committee.

The company has not granted any loans to the President and CEO or to the members of the Oriola Management Team, nor given guarantees on their behalf. The company has no share option scheme in place. The President and CEO and the members of the Oriola Management Team have no supplementary pension scheme, except the Vice President Consumer business area, the Vice President Pharma business area and the Vice President Retail business area, who have a defined contribution pension benefit typically applied in Sweden.

Short-term performance bonuses

The performance bonus is based on the achievement of the company's financial targets and personal targets. The maximum performance bonus in 2021 for the President and CEO and for the Oriola Management Team was 60% of the annual salary. The Board of Directors decides annually on the earnings criteria and the determination of the performance bonuses based on the proposal of the Compensation and Human Resources Committee.

Share-based incentive programmes

The members of Oriola's Oriola Management Team are part of the company's long-term share incentive scheme. The scheme unites the objectives of shareholders and key personnel to increase the value of the company, commits the key personnel to the company, and offers key personnel a competitive remuneration system based on ownership of shares in the company. CEO and new management t eam members who joined in 2021 did not participate in the company's long-term share incentive scheme in 2021.

Executive incentive plan 2019 - 2023

On 14 December 2018 the Board of Directors of Oriola Corporation resolved to establish a new share-based long-term incentive plan 2019–2023 directed to the Group's key personnel. The long-term incentive plan arrangement has three three-year performance periods 2019–2021, 2020–2022 and 2021–2023. The Board of Directors of the Company will resolve on the plan's performance criteria and on the required performance level for each criterion at the beginning of a performance period. Approximately 30 key persons, including the members of the Oriola Management Team, belong to the target group of the plan. The prerequisite for participation in the plan and for receipt of reward on the basis of the plan is that the key person has enrolled in the key personnel share savings plan and makes the monthly saving from his or her fixed gross monthly salary, in accordance with the rules of the key personnel share savings plan in force during the first year of the three-year performance period. A member of the Oriola Management Team must hold 50% of the net shares given on the basis of the long-term incentive plans, until his or her shareholding in the Company in total equals the value of his or her gross annual salary. Such number of shares must be held as long as the key person holds a position as a Oriola Management Team member.

The potential reward from the performance period 2019–2021 will be based on the Group's earnings per share (EPS) and Group's total shareholder return (TSR). The rewards to be paid on the basis of the performance period 2019-2021 correspond to the value of an approximate maximum total of 1,700,000 Oriola Corporation Class B shares including also the proportion to be paid in cash. The potential reward will be paid partly in Oriola Corporation Class B shares and partly in cash in spring 2022 after the end of the performance period. The potential reward from the performance period 2020–2022 will be based on the Group's earnings per share (EPS) and Group's total shareholder return (TSR). The rewards to be paid on the basis of the performance period 2020-2022 correspond to the value of an approximate maximum total of 1,820,000 Oriola Corporation Class B shares including also the proportion to be paid in cash. The potential reward will be paid partly in Oriola Corporation Class B shares and partly in cash in spring 2023 after the end of the performance period. The potential reward from the performance period 2021–2023 will also be based on the Group's earnings per share (EPS) and Group's total shareholder return (TSR). The rewards to be paid on the basis of the performance period 2021-2023 correspond to the value of an approximate maximum total of 2,700,000 Oriola Corporation Class B shares including also the proportion to be paid in cash. The potential reward will be paid partly in Oriola Corporation Class B shares and partly in cash in spring 2024 after the end of the performance period. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to a key person.

Share savings plans

Oriola Corporation has had a key personnel share savings plan in force since 2013. The Board of Directors of Oriola Corporation always decides on the launch of a new savings period in the plan separately. According to the rules of the share savings plan in force, the maximum monthly saving is 8.3% and the minimum is 2% of each participant's fixed monthly gross salary. The accumulated savings will be used for purchasing Oriola Corporation class B shares for the participants at the market price quarterly. In return, each participant will receive two free class B matching shares for every three acquired savings shares if the participant holds the acquired shares from the savings period until the end of the designated holding period and if his or her employment with a company has not been terminated on bad leaver terms. The matching shares are paid partly in Oriola's class B shares and partly in cash. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to a key person.

Approximately 50 key employees participated in the Oriola Corporation key personnel share savings plan for the savings period 1 January – 31 December 2018. The matching shares transferred to eligible participants in February 2020 corresponded to the value of 78,295 Oriola Class B shares, including the proportion paid in cash.

Approximately 55 key employees participated in the share savings plan for the savings period 1 January – 31 December 2019. The matching shares transferred to eligible participants in March 2021 correspond to the value of 70,590 Oriola Class B shares, including the proportion paid in cash.

Approximately 59 key employees participated in the share savings plan for the savings period 1 January – 31 December 2020. The holding period will end on the publication date of the Oriola's Financial Statements Release 1 January – 31 December 2021. The matching shares will be transferred to eligible participants in 2022.

Approximately 60 key employees participated in the share savings plan for the savings period 1 January – 31 December 2021. The holding period will end on the publication date of the Oriola's Financial Statements Release 1 January – 31 December 2022. The matching shares will be transferred to eligible participants in 2023.

Financial benefits of the President and CEO in 2021

The salary and other remuneration, including fringe benefits, paid to the President and CEO Elisa Markula as of 9 August until 31 December 2021, amounted to a total of EUR 208,595 as follows:

Fixed base salary of EUR 202,573; and
Fringe benefits of EUR 6,022.

The salary and other remuneration, including fringe benefits, paid to Juko Hakala as of 1 February until 8 August 2021 amounted to a total of EUR 246,138 as follows:

Fixed base salary of EUR 245,992; and
Fringe benefits of EUR 145.

The salary and other remuneration, including fringe benefits, paid to Robert Andersson as of 1 January until 1 February 2021 amounted to a total of EUR 495,084 as follows:

Fixed base salary of EUR 489,469; and
Fringe benefits of EUR 5,615.

Financial benefits of other Oriola Management Team members 2021

The salaries and other remuneration, including fringe benefits, paid in 2021 to the members of the Oriola Management Team totalled EUR 1,828,134 as follows:

Fixed base salaries totalling EUR 1,629,213;
Fringe benefits totalling EUR 50,094;
Performance bonuses totalling EUR 103,431; and
Share-based payments totalling EUR 45,396.

The members of the Oriola Management Team are included in the company's share-based incentive scheme. Shareholdings of the members of the Oriola Management Team in the company are available in note 8.4. to the Consolidated Financial Statements and in the Remuneration report on the company web site.

5. Non-financial information

The sustainability information for 2021 will be reported in two parts. This non-financial information included in the Board of Directors' report covers sustainability key themes according to the Finnish Accounting Act. Later in the first quarter of 2022, key sustainability data and time series will be reported in compliance with the GRI (Global Reporting Initiative) core level. The environmental data published in this non-financial information and in the GRI report has been assured by a third party (limited assurance). Oriola has assessed its operations against EU Taxonomy and as a result the proportion of taxonomy eligible economic activities in company turnover, capital expenditures and operational expenditures is 0%. Accordingly, the proportion of non-eligible economic activities in company turnover, capital expenditures and operational expenditures is 100 %.

Oriola's sustainability work is based on a stakeholder materiality assessment conducted in 2018 to ensure that the company's sustainability programme focuses on material topics. During 2021 the 13 topics identified materiality assessment was reviewed with special focus on social responsibility. As a result, the topics identified in 2018 were evaluated material for Oriola and its stakeholders still today and no significant changes were done compared to the previous assessment. Complete description of the company's materiality assessments can be found from Oriola.com or GRI supplement.

Based on the materiality assessment, Oriola has identified sustainability programme and its three themes: society, people and planet. Oriola has defined long-term sustainability goals included into its sustainability strategy: improving people's health, best-in-class employee engagement and carbon neutrality by 2030. The achievement of these goals is guided by the KPIs defined for the strategy period:

1) Society: Improving people´s health
- Development of new health-promoting services
- High-quality pharmaceutical deliveries
- Promoting safe and correct usage of medicines
- Number of sustainable products within our own brands

2) People: Best-in-class employee engagement
- Employee engagement
- Employee turnover

3) Planet: Carbon neutrality by 2030
- Renewable energy and carbon neutral heat
- Recycling rate

Oriola is committed to UN's Sustainable Development Goals as well as Global Compact's principles for responsible business. Oriola reports on risk management and management practices related to climate change in CDP's climate change programme. In 2021, Oriola received recognition for its environmental work by achieving CDP's second highest score B. Also, Oriola achieved the silver medal in the EcoVadis Sustainability rating and was rated among the top 15% of all companies worldwide. EcoVadis assesses companies' sustainability performance in the areas of environment, labour and human rights, ethics, and sustainable procurement.

Business model

Oriola operates in the health and wellbeing market in Sweden and in Finland. In 2021, Oriola served the customers in three business areas: Consumer, Pharma and Retail. In addition, Group-level Operations function served all business areas and included logistics operations and operational sourcing. From the beginning of 2022, Oriola has acted according to the restructured operating model. The country-based business areas Oriola Finland and Oriola Sweden serve customers more locally and the Swedish pharmacy operations continue as its own business area Oriola Consumer. Oriola employs approximately 4,100 people in Finland and Sweden.

Oriola serves the health and wellbeing market with a modern and customer-focused assortment and services, and connects all actors within the field, from pharmaceutical companies to pharmacies and consumers. Oriola promotes wellbeing by ensuring that pharmaceuticals as well as health and wellbeing products are delivered in a safe and customer-friendly manner. Oriola's wide range of services help pharmaceutical companies, pharmacies and other operators in the healthcare sector to succeed and promotes a healthier life for people. Oriola does not have product manufacturing of its own.

In 2021, health and wellbeing continued as a global topic with the COVID-19 pandemic. Oriola's key task is to secure pharmaceutical warehousing and distribution in the company's operating countries, and advice in its own pharmacy chain in Sweden. During the pandemic, Oriola has responded to changing needs of societies and healthcare by introducing new services or adapting to new demand, for example distributed the COVID-19 vaccines in Finland. The vaccine distribution requires high-quality cold chain expertise. Oriola has invested in cold chain development during the recent years in both its operating markets and increased its freezer capacity for the COVID-19 vaccines. Oriola has also brought protective equipment and other pandemic-related products and services to the market, including COVID-19 antibody testing.

Quality management and compliance with pharmaceutical sector regulations are the foundation for the company's operations.

Oriola's business is regulated by numerous international and national pharmaceutical sector laws and regulations.

Oriola creates value for different stakeholders, from societal operators to patients, suppliers, consumers and owners. More detailed value creation framework with inputs, outputs and impacts is described in Oriola's value creation model available on the company's website.

Purpose, values and Code of Conduct

Oriola's purpose "Health for life" steers the company's activities and provides it with a meaning. According to its vision, Oriola promotes the healthier tomorrow. Oriola's values – "we are open", "we take responsibility", "we work together" and "we take initiative" – guide the company's way of operating.

The Oriola Group Code of Conduct guides management and personnel. The Code of Conduct presents Oriola's way of working, which is based on law and good corporate governance, openness, fairness and confidentiality. The Code of Conduct contains the company's commitment to anti-bribery and anti-corruption, compliance with all competition laws, and engage collaboration and dialogue with stakeholders. Oriola promotes equality. For example, the recruitment of new employees is based on their expertise and skills, regardless of cultural background, age, gender or religion. The company also requires all employees to commit to confidentiality obligations and avoiding conflicts of interest. Oriola has a confidential whistleblowing channel for reporting actions that are suspected to be in violation of the Code of Conduct. The company's Board of Directors monitors compliance with the Code of Conduct. Code of Conduct training is part of onboarding process for all employees.

ESG risk management

Oriola assesses ESG risks (environment, social and governance) as part of the group risk management process. The most significant sustainability risks are identified and assessed as a part of the annual risk management process facilitated by Oriola's risk management team. The risk management team monitors the level of risks and ensures that the risks are mitigated appropriately by Oriola's business areas and shared functions.

Transition risks related to climate change, such as changes in fossil fuel pricing or stricter environmental regulation causing increased operational expenses, are identified in the process. Risks are closely monitored and mitigated by open discussion with customers and partners as well as with decision makers. Oriola has also followed closely the increasing demand of consumers for ethical, transparent and environmentally sustainable products and services. Risk related to anti-bribery and corruption as well as information security are recognised in the process. People related risks such as human rights violations in own operations and/or supply chain as well as health and safety risks are highlighted, and mitigation activities assessed along with the Code of Conduct process.

Oriola responds to these challenges and sees business opportunities in systematic development of environmental work in collaboration with customers, partners and decision-makers. Oriola follows the development of environmental legislation. Commitment to reduce $CO2$ emissions is one of the selection criteria for Oriola's transport partners. For example, in Sweden the share of renewable fuels in Oriola's transport is approximately 40%. Oriola evaluates product sustainability in its assortment decisions and develops its own products to meet the increasing demands of consumers.

Environmental responsibility

Oriola's environmental work is based on the ISO 14 001 framework for environmental management, which, as part of Oriola's common management system, creates consistent way of working for the entire company. In 2021, the scope of ISO 14 001 certified units extended as the Finnish headquarter and production site at Mankkaa and Juvanmalmi warehouse received the certification. The Swedish functions, Oriola Sweden AB and Svensk dos AB have been certified already at an earlier stage. Environmental management based on the standard aims at continual improvement of company's environmental performance and enhances sustainable growth. Oriola's Environmental Policy outlines the commitment to reduce the environmental impacts of the company's operations and steers decision-making.

In 2021, Oriola committed to achieve carbon-neutrality in own operations by 2025. The target means reducing to zero carbon emissions from sources owned by the company and purchased energy. To reach the target Oriola continues its consistent work to change to renewable and carbon neutral energy sources and to find low-emissions options for refrigerants used in the cold storage. The target is part of the Oriola's long-term sustainability goal to become a carbon-neutral company by 2030.

Oriola's carbon footprint has been calculated in accordance with the Greenhouse Gas Protocol accounting principles and covers the entire company.

Environmental responsibility: targets and results

Oriola's intermediate targets for environmental responsibility are, that by the end of 2022 company uses only renewable electricity and carbon-neutral heat and at least 85% of all non-pharmaceutical waste is recycled.

In 2021, Oriola continued changing to renewable electricity. In the Kronans Apotek pharmacies where Oriola cannot negotiate direct electricity contract, Oriola purchased guarantees of origin to match the consumption. As a result, 100% of the electricity in Oriola Group comes from renewable sources. 95% of Oriola's total energy consumption comes from renewable or carbon-neutral sources (92%/2020).

Oriola's operations aim at reducing waste, using materials effectively and ensuring that the recycling rate is as high as possible. Oriola delivers products from its distribution centres to recipients mainly in reusable transport boxes. This way, the company contributes to minimising the amount of packaging waste in the logistics chain of the products it distributes.

Most of the waste generated in Oriola's operations comes from the packaging materials of the goods arriving at its warehouses and distribution centres. Development of recycling is one of the key initiatives of Oriola's environmental work and possibilities to sort waste have been systematically improved in the recent years. In 2021, the company enhanced, for example, collection of plastic packages and cardboard boxes in its dose dispensing units in Finland and Sweden. In addition, Oriola improved collection of re-usable wooden pallets at the Swedish distribution centre to minimise waste and promote circular economy. Oriola's recycling rate increased to 79% (74% in 2020).

Transport is Oriola's largest source of indirect emissions, as suppliers are responsible for the entire transport network. Close cooperation with transport partners makes it possible to reduce emissions by optimising routes, using capacity efficiently and expanding the use of alternative fuels, among other things. For example, in Sweden the share of renewable fuels in Oriola goods transport is approximately 40%. The emissions can also be impacted at distribution centres, for example, by improving the filling rate of transport boxes, which reduces the number of boxes delivered to customers. The company monitors transport emissions by requiring transport partners to report the emissions on regular basis. Transport emissions account for over 40% of Oriola's total CO_2 emissions.

Social responsibility

Ensuring pharmaceutical safety and the availability of pharmaceuticals is the highest priority in Oriola's operations and the most societally significant task for Oriola. Pharmaceuticals must be delivered safely and on-time irrespective of external conditions. Oriola's operations are designed to ensure that pharmaceuticals with marketing authorisation are continuously available and that they are handled in a manner compliant with the pharmaceutical sector's regulatory requirements.

Oriola's long-term sustainability goal is to improve people's health. To achieve this goal, the company has set the intermediate targets of developing new health-promoting services, ensuring high-quality pharmaceutical deliveries in its operating countries, promoting of the safe and correct usage of medicines, and extending the range of sustainable products to cover 20% of the private label assortment in Sweden by 2022.

In addition to new COVID-19 related services such as antigen tests (more than 100,000/2021) and vaccinations (112,000/2021) Sweden, Oriola has introduced new health-promoting services to Finnish pharmacies during 2021. The company has for example launched Health service solution providing pharmacies an opportunity to offer preventive healthcare services to their customers.

During the pandemic, the seamless availability of pharmaceuticals, including COVID-19 vaccines, and their high-quality transport have become a central matter to the society. Oriola delivers pharmaceuticals within 24 hours of ordering to all pharmacies and hospital pharmacies, as well as other healthcare units in Sweden and Finland. The pandemic has not affected pharmaceutical deliveries. In 2021 Oriola developed an indicator to follow pharmaceutical delivery quality and accuracy measuring the ability to deliver ordered pharmaceuticals to pharmacies, hospitals and veterinarians. During the year the indicator was defined and applied for Finland, and it was 99.8%.

In 2021, Oriola defined a new intermediate target to ensure safe medicine usage in its own pharmacies. The target is that when customers collect their prescribed medicines, in 70% cases pharmacies check by using a national electronic support system that medicine is compatible with, for example, customers' other medication. As a result, the safety check was made in 68% of the cases in 2021.

Oriola has defined the sustainability criteria for private label products and implemented it in Sweden. In 2021 18% (18% in 2020) of the range was sustainably classified, for example, products that have received the Nordic Swan Ecolabel or another eco-label.

Personnel responsibility

Oriola is committed to the United Nations Sustainable Development Goals (SDGs). Company has identified Goal no 8 as one where Oriola's contribution is the most significant: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Oriola employs approximately 4,100 professionals in numerous positions in pharmacies, distribution centres and various expert roles. Employees are the company's most important asset: 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. Investing in personnel development and wellbeing also builds Oriola's competitiveness in a rapidly changing market. We want to offer our employees the most diverse career paths in the industry and an equal and fair workplace.

In 2021, the COVID-19 pandemic continued to affect Oriola's personnel in many ways. Office personnel have largely been working remotely, while the pharmacy and production staff have continued their work protected by comprehensive health safety guidelines, to meet customer needs. Depending on the pandemic situation, Oriola has introduced protective equipment as well as practices that minimise staff encounters. Oriola's precautionary measures and work have always been guided by the company's objective to ensure patient safety without compromising the health and safety of its personnel.

Oriola's long-term sustainability goal is best-in-class employee engagement. The company has set the intermediate targets for an employee engagement index of at least 80 and employee turnover of maximum 12% by the end of 2022. In the reporting year the employee engagement survey was postponed to be conducted in 2022 due to the changes in operating model and organisation. Because of this, employee engagement index 2021 is not available (78 in 2020). Employee turnover was 14.4% (10.2% in 2020).

Leading change is one of the key areas for leadership development, as Oriola's business environment, company structure, culture and ways of working are undergoing a transformation - which has been further accelerated by the pandemic. As part of the restructuring process in 2021 Oriola provided change management training for all managers and leadership development continues to be an important focus area in 2022.

All Oriola's employees are subject to annual performance and development discussions, which set personal goals to guide the work and on the other hand, map out each person's own development goals and measures.

Governance

Oriola operates on a regulated market. The company's quality management is based on laws and regulatory requirements applicable in the pharmaceutical sector, as well as Oriola's common management system, which provides a framework for common operating and governance practices. Pharmaceutical distribution and wholesale are regulated by Good Distribution Practice (GDP) of the European Medicines Agency (EMA). In Finland, compliance with the GDP is monitored by the Finnish Medicines Agency FIMEA and in Sweden by the Medical Product Agency (MPA). GDP defines the common rules for handling pharmaceuticals. Where applicable, Oriola's operations are also guided by Good Manufacturing Practices (GMP) and other regulation concerning products that come under regulatory control, such as food and cosmetics regulation.

Tax footprint

Oriola supports a transparent company culture and publishes its tax footprint, which consists of income taxes and other taxes, as well as corresponding charges related to business operations. Oriola pays taxes to Sweden and to Finland in accordance with local legislation. Oriola does not have subsidiaries in countries seen as tax havens. Oriola's tax footprint can be found on the company's website www.oriola.com.

Supply chain management

The company's procurement policy defines responsible procurement principles, that are ethical, meet quality criteria and respect supplier cooperation. Procurement principles, as well as supplier selection and approval processes are important to Oriola, and they assess the business partners' way of operating to meet the requirements set by Oriola, in particular to ensure patient safety. Oriola evaluates suppliers' sustainability performance in environmental and social issues as part of company's regular supplier assessment process.

Oriola promotes adherence with ethical principles among its business partners and suppliers by requiring suppliers and other business partners to commit to Oriola Business Partner Code of Conduct. Business Partner Code of Conduct covers principles related to anti-bribery, anti-corruption and discrimination, respecting labour and human rights, and promotion of occupational safety and health.

In 2021, Oriola continued the alignment of procurement practices and the implementation of Business Partner Code of Conduct with direct and indirect product suppliers. The company has conducted a geographical risk assessment of direct non-pharmaceutical products and suppliers. The main part of Oriola's direct non-pharmaceutical product purchases come from Europe. By the end of 2021, 209 out of 346 identified direct product suppliers have been benchmarked against Oriola's supplier practices included in the Oriola Business Partner Code of Conduct (232/360 by the end of 2020).

Espoo, 17 February 2022
Oriola Corporation

Board of Directors

Information on shares

Shares and shareholders

Shareholders by type of owner, 31 December 2021

	Shareholders			% of shareholders			% of shares		
	A shares	B shares	Total	A shares	B shares	Total	A shares	B shares	Total
Individuals	12,382	25,340	33,344	97.0	95.9	96.2	46.7	38.0	40.6
Corporations and partnerships	241	693	867	1.9	2.6	2.5	31.2	27.8	28.8
Banks and insurance companies	14	33	34	0.1	0.1	0.1	1.5	6.7	5.2
Public entities	7	16	20	0.1	0.1	0.1	14.8	7.1	9.4
Non-profit institutions	59	195	230	0.5	0.7	0.7	4.6	2.0	2.8
Foreign shareholders	66	146	182	0.5	0.6	0.5	0.3	0.3	0.3
Total	**12,769**	**26,423**	**34,677**	**100.0**	**100.0**	**100.0**	**99.0**	**82.0**	**87.1**
Nominee registrations							1.0	18.0	12.9

Shareholders by number of shares held, 31 December 2021

	Shareholders			% of shareholders		
Number of shares	A shares	B shares	Total	A shares	B shares	Total
1–100	2,706	3,569	5,387	21.2	13.5	15.5
101–1,000	6,354	13,861	17,688	49.8	52.5	51.0
1,001–10,000	3,300	8,162	10,321	25.8	30.9	29.8
10,001–100,000	367	762	1,176	2.9	2.9	3.4
over 100,001	42	69	105	0.3	0.3	0.3
Total	**12,769**	**26,423**	**34,677**	**100.0**	**100.0**	**100.0**
Of which nominee registered	8	11	11			

	Shares			% of shares		
Number of shares	A shares	B shares	Total	A shares	B shares	Total
1-100	127,426	191,710	319,136	0.2	0.2	0.2
101-1,000	2,734,278	6,298,147	9,032,425	5.1	4.9	5.0
1,001-10,000	9,385,966	23,441,836	32,827,802	17.5	18.4	18.1
10,001-100,000	9,533,802	18,076,184	27,609,986	17.7	14.2	15.2
over 100,001	31,966,841	79,730,023	111,696,864	59.5	62.4	61.5
Total	**53,748,313**	**127,737,900**	**181,486,213**	**100.0**	**100.0**	**100.0**
Of which nominee registered	522,285	22,957,920	23,480,205	1.0	18.0	12.9
Total number of shares	**53,748,313**	**127,737,900**	**181,486,213**	**100.0**	**100.0**	**100.0**

Share-related key figures

			2021	2020	2019	2018	2017
Earnings per share[2]		EUR	0.06	0.06	0.04	0.06	0.14
Earnings per share, continuing operations[2]		EUR	0.06	0.06	0.04	0.06	0.14
Equity per share[2]		EUR	1.20	0.94	0.87	0.98	1.08
Total dividends		EUR million	7.3[1]	5.4	16.3	16.3	16.3
Dividend per share		EUR	0.04[1]	0.03	0.09	0.09	0.09
Payout ratio[2]		%	63.9[1]	48.2	203.5	151.7	63.9
Dividend yield	A	%	2.02[1]	1.51	4.46	4.57	3.00
Dividend yield	B	%	2.00[1]	1.58	4.44	4.55	3.21
P/E ratio, continuing operations[2]	A		31.72	31.97	45.67	33.20	21.58
P/E ratio, continuing operations[2]	B		32.04	30.55	45.78	33.37	20.14
Share price on 31 Dec	A	EUR	1.99	1.99	2.02	1.97	3.00
Share price on 31 Dec	B	EUR	2.01	1.90	2.03	1.98	2.80
Average share price	A	EUR	2.04	2.01	2.10	2.82	3.79
Average share price	B	EUR	1.94	1.93	2.11	2.72	3.66
Lowest share price	A	EUR	1.78	1.62	1.86	1.92	2.96
Lowest share price	B	EUR	1.73	1.52	1.86	1.94	2.77
Highest share price	A	EUR	2.37	2.25	2.56	3.38	4.53
Highest share price	B	EUR	2.20	2.27	2.53	3.17	4.43
Market capitalisation		EUR million	362.8	349.9	367.2	358.8	519.2
Trading volume							
A shares		pc	8,115,284	3,320,057	3,758,001	3,067,789	2,703,394
% of average number of A shares		%	15.1	6.1	6.8	5.5	4.9
B shares		pc	50,733,906	48,554,934	24,054,806	40,993,419	41,746,627
% of average number of B shares		%	39.7	38.2	19.1	32.5	33.2
% of average number of all shares		%	32.4	28.6	15.3	24.3	24.5
Number of shares 31 Dec	A	pcs	53,748,313	53,748,313	55,434,273	55,434,273	55,434,273
Number of shares 31 Dec	B	pcs	127,737,900	127,737,900	126,051,940	126,051,940	126,051,940
Total number of shares 31 Dec		**pcs**	**181,486,213**	**181,486,213**	**181,486,213**	**181,486,213**	**181,486,213**
Total number of A shares, annual average		pcs	53,748,313	54,390,973	55,434,273	55,434,273	55,434,825
Total number of B shares, annual average		pcs	127,737,900	127,095,240	126,051,940	126,051,940	126,051,388
Total number of shares, annual average		**pcs**	**181,486,213**	**181,486,213**	**181,486,213**	**181,486,213**	**181,486,213**

[1] Proposal by the Board of Directors.

[2] The figures in 2017-2018 have been restated due to an error related to previous periods. The restatement had an impact on inventories, deferred tax assets and retained earnings in the consolidated statement of financial position and on material purchases and income taxes in the consolidated statement of comprehensive income. More information on correction of the error is presented in the notes to the Financial statements 2019.

Calculation of share related key figures

Earnings per share (EPS), EUR =

$$\frac{\text{Profit attributable to shareholders of the parent company}}{\text{Average number of shares during the period excluding treasury shares}}$$

Equity per share, EUR =

$$\frac{\text{Equity attributable to shareholders of the parent company}}{\text{Number of shares at the end of the period excluding treasury shares}}$$

Dividend per share, EUR =

$$\frac{\text{Dividends paid for the financial period}}{\text{Number of shares at the end of the period excluding treasury shares}}$$

Payout ratio, % =

$$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield, % =

$$\frac{\text{Dividend per share}}{\text{Closing price on the last trading day of the financial period}} \times 100$$

Price/Earnings ratio (P/E) =

$$\frac{\text{Closing price on the last trading day of the financial period}}{\text{Earnings per share}}$$

Average price of share, EUR =

$$\frac{\text{Trading volume, EUR}}{\text{Average number of shares traded during the financial period}}$$

Market capitalisation, EUR = Number of shares at the end of the financial period x closing price on the last trading day of the financial period

Largest shareholders, 31 December 2021

By number of shares held	A shares	B shares	Total shares	% of total shares	Votes	% of total votes
1. Mariatorp Oy	6,600,000	17,875,000	24,475,000	**13.49**	149,875,000	**12.46**
2. Wipunen Varainhallinta Oy	2,600,000	6,400,000	9,000,000	**4.96**	58,400,000	**4.86**
3. Varma Mutual Pension Insurance Company	4,320,600	3,273,000	7,593,600	**4.18**	89,685,000	**7.46**
4. Ilmarinen Mutual Pension Insurance Company	3,606,414	2,299,018	5,905,432	**3.25**	74,427,298	**6.19**
5. Fennia Life Insurance Company Limited	555,000	3,675,039	4,230,039	**2.33**	14,775,039	**1.23**
6. Maa- ja Vesitekniikan Tuki ry	2,041,832	0	2,041,832	**1.13**	40,836,640	**3.40**
7. The Social Insurance Institution of Finland, KELA	0	1,991,481	1,991,481	**1.10**	1,991,481	**0.17**
8. Tukinvest Oy	1,983,526	0	1,983,526	**1.09**	39,670,520	**3.30**
9. Medical Investment Trust Oy	181,000	1,626,540	1,807,540	**1.00**	5,246,540	**0.44**
10. Ylppö Jukka	1,496,562	286,992	1,783,554	**0.98**	30,218,232	**2.51**
11. Greenzap Oy	1,600,000	0	1,600,000	**0.88**	32,000,000	**2.66**
12. Mandatum Life Insurance Company Limited	29,485	1,527,618	1,557,103	**0.86**	2,117,318	**0.18**
13. Ehrnrooth Helene	0	1,254,333	1,254,333	**0.69**	1,254,333	**0.10**
14. Kaleva Mutual Insurance Company	0	1,200,000	1,200,000	**0.66**	1,200,000	**0.10**
15. Drumbo Oy	0	1,000,000	1,000,000	**0.55**	1,000,000	**0.08**
16. Herlin Olli	200,000	800,000	1,000,000	**0.55**	4,800,000	**0.40**
17. Paloniemi Jari	0	1,000,000	1,000,000	**0.55**	1,000,000	**0.08**
18. Säästöpankki Kotimaa Mutual Fund	619,649	376,939	996,588	**0.55**	12,769,919	**1.06**
19. Ylppö Into	693,522	240,200	933,722	**0.51**	14,110,640	**1.17**
20. Laakkonen Mikko	196,320	689,080	885,400	**0.49**	4,615,480	**0.38**
Total	26,723,910	45,515,240	72,239,150	**39.80**	579,993,440	**48.22**
Nominee registred	522,285	22,957,920	23,480,205	**12.94**	33,403,620	**2.78**
Oriola Corporation	63,650	74,551	138,201	**0.08**	1,347,551	**0.11**
Other	26,438,468	59,190,189	85,628,657	**47.18**	587,959,549	**48.89**
All shareholders total	**53,748,313**	**127,737,900**	**181,486,213**	**100.00**	**1,202,704,160**	**100.00**

Financial indicators and performance measures

Financial indicators 2017-2021

Consolidated income statement[1]		2021	2020	2019[5]	2018 restated[4]	2017 restated[4]
Net sales	EUR million	1,882.4	1,800.8	1,721.3	1,552.2	1,527.7
Adjusted EBIT	EUR million	26.3	21.0	20.5	34.4	39.0
% of net sales	%	1.4	1.2	1.2	2.2	2.6
EBIT	EUR million	20.5	20.4	15.3	19.5	36.9
% of net sales	%	1.1	1.1	0.9	1.3	2.4
Financial income and expenses	EUR million	-5.8	-6.0	-5.2	-3.0	-3.9
% of net sales	%	-0.3	-0.3	-0.3	-0.2	-0.3
Profit before taxes	EUR million	14.7	14.3	10.1	16.6	32.9
% of net sales	%	0.8	0.8	0.6	1.1	2.2
Profit for the period	EUR million	11.3	11.3	8.0	10.8	25.2
% of net sales	%	0.6	0.6	0.5	0.7	1.7

Consolidated balance sheet	EUR million	2021	2020	2019[5]	2018 restated[4]	2017 restated[4]
Non-current assets		539.3	537.3	509.9	440.0	446.6
Goodwill		273.5	278.7	270.5	274.3	282.7
Current assets		553.9	628.3	520.7	484.2	474.2
Inventories		229.2	250.1	234.2	209.6	205.7
Equity attributable to the parent company shareholders		216.8	169.6	157.2	177.9	196.1
Liabilities total		876.4	996.0	873.4	746.2	724.7
Interest-bearing liabilities		209.9	295.3	190.3	129.4	127.2
Non-interest-bearing liabilities		666.5	700.8	683.1	616.8	597.5
Total assets		1,093.2	1,165.6	1,030.6	924.2	920.8

Key figures		2021	2020	2019[5]	2018 restated[4]	2017 restated[4]
Equity ratio	%	20.1	14.8	15.5	19.5	21.7
Equity per share	EUR	1.20	0.94	0.87	0.98	1.08
Return on capital employed (ROCE)[2]	%	4.6	5.0	4.1	6.2	11.4
Return on equity[2]	%	5.9	6.9	4.9	5.8	12.8
Net interest-bearing debt	EUR million	100.8	127.1	119.6	63.6	110.2
Gearing	%	46.5	75.0	76.1	35.8	56.2
Earnings per share from continuing operations	EUR	0.06	0.06	0.04	0.06	0.14
Earnings per share incl. discontinued operations	EUR	0.06	0.06	0.04	0.06	0.14
Average number of shares[3]	pcs	181,341,203	181,388,782	181,394,589	181,360,503	181,328,408
Average number of personnel from continuing operations, full time equivalents	pers.	2,760	2,687	2,800	2,699	2,686
Gross capital expenditure incl. discontinued operations	EUR million	22.8	32.8	21.8	39.6	46.2

[1] Continuing operations.

[2] The comparative figures 2017 include discontinued operations.

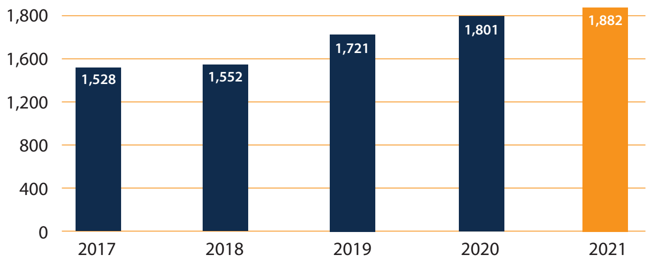
[3] Company-owned treasury shares are not included.

[4] The figures in 2017-2018 have been restated due to an error related to previous periods. The restatement had an impact on inventories, deferred tax assets and retained earnings in the consolidated statement of financial position and on material purchases and income taxes in the consolidated statement of comprehensive income. More information on correction of the error is presented in the notes to the Financial statements 2019.

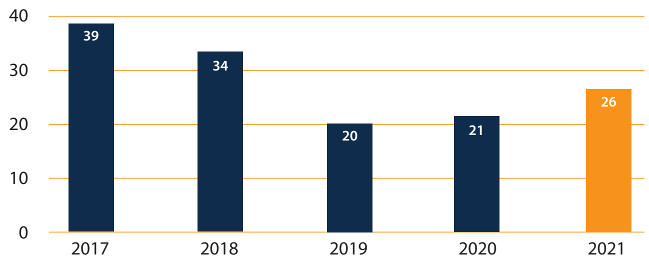
[5] The Group applied IFRS 16 Leases with the date of initial application of 1 January 2019. The standard has a significant impact on the Group's non-current assets, interest-bearing liabilities and key figures.

Refer to section Alternative performance measures, for definitions of key figures.

Net sales
EUR million



Adjusted EBIT[1]
EUR million



[1] The figures in 2017-2018 have been restated due to an error related to previous periods. The restatement had an impact on inventories, deferred tax assets and retained earnings in the consolidated statement of financial position and on material purchases and income taxes in the consolidated statement of comprehensive income. More information on correction of the error is presented in the notes to the Financial statements 2019.

Alternative performance measures

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. These alternative performance measures are described in the following tables:

Reconciliation of alternative performance measures to IFRS

Invoicing

EUR million	2021	2020
Net sales	1,882.4	1,800.8
+ Acquisition cost of consignment stock	2,054.9	1,945.9
+ Cash discounts	22.0	18.1
+ Exchange rate differences on sales	-0.2	0.1
Invoicing	**3,959.1**	**3,764.9**

Adjusted EBIT

EUR million	2021	2020
EBIT	20.5	20.4
- Adjusting items included in EBIT	5.9	0.6
Adjusted EBIT	**26.3**	**21.0**

Alternative,performance,measures,on,a,constant,currency,basis

EUR,million	2021	2020
Invoicing	3,959.1	3,764.9
Translation,difference	-90.8	-26.3
Invoicing,calculated,on,a,constant,currency,basis	3,868.3	3,738.6
Net,sales	1,882.4	1,800.8
Translation,difference	-46.6	-13.7
Net,sales,calculated,on,a,constant,currency,basis	1,835.9	1,787.1
Adjusted,EBIT	26.3	21.0
Translation,difference	-0.7	-0.2
Adjusted,EBIT,calculated,on,a,constant,currency,basis	25.6	20.8

Calculation of alternative performance measures

Alternative performance measure		Definitions		Reason for use of the alternative performance measure
Invoicing	=	Net sales + acquisition cost of consignment stock + cash discounts + exchange rate differences on sales		Invoicing describes the volume of the business.
EBIT	=	Net sales less material purchases and exchange 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		EBIT shows result generated by the business.
Adjusted EBIT	=	EBIT excluding adjusting items		Oriola discloses adjusted EBIT in order to reflect the underlying business performance and to enhance comparability between financial periods.
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. Adjusting items are specified in note 4.1. Segment reporting.		
Invoicing calculated on a constant currency basis		Invoicing calculated with the average exchange rate of the corresponding period of the comparative year.		Invoicing, net sales, and adjusted EBIT on a constant currency basis describe the development of the business without changes due to fluctuating foreign exchange rates and thus enhance the comparability between financial periods.
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 debt	=	Interest-bearing liabilities – cash and cash equivalents		Net debt is an indicator to measure the total external debt financing of the company.
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.		Investments provide additional information of the cash flow need of the business operations. Investments by business area are presented in note 4.1. Segment reporting.
Return on capital employed (ROCE), % =	=	$\frac{\text{EBIT}}{\text{Total assets – Non-interest-bearing liabilities (average between the beginning and the end of the year)}}$	x 100	Return on capital employed measures how efficiently the Group generates profits from its capital employed.
Return on equity (ROE), %	=	$\frac{\text{Profit for the period}}{\text{Equity total (average between the beginning and the end of the year)}}$	x 100	Return on equity measures the Group's profitability by showing how much profit is generated with the funds invested to the Group by the shareholders.
Gearing, %	=	$\frac{\text{Net debt}}{\text{Equity total}}$	x 100	Gearing provides information of the Group's financial risk level and the level on the Group's indebtedness.
Equity ratio, %	=	$\frac{\text{Equity total}}{\text{Total assets – Advances received}}$	x 100	Equity ratio provides information on the Group's financial risk level and the level of the Group's capital used in operations.

Financial Statements 2021

Consolidated statement of comprehensive income (IFRS)

EUR million	Note	2021	2020
Net sales	**4.2.**	**1,882.4**	**1,800.8**
Other operating income	4.2.	11.1	9.5
Materials and supplies	4.3.	-1,498.2	-1,438.7
Employee benefit expenses	4.4.	-185.3	-172.3
Other operating expenses	4.3.	-144.6	-137.2
Depreciation, amortisation and impairments	6.1./6.2.	-44.9	-41.6
EBIT		**20.5**	**20.4**
Financial income and expenses	8.1.	-5.8	-6.0
Profit before taxes		**14.7**	**14.3**
Income taxes	9.1.	-3.4	-3.1
Profit for the period		**11.3**	**11.3**
Other comprehensive income			
Items which may be reclassified subsequently to profit or loss:			
Translation differences recognised in comprehensive income during the reporting period		-5.4	9.8
Cash flow hedge	8.3.	0.9	-0.2
Income tax relating to other comprehensive income	9.1.	-0.2	0.0
		-4.6	**9.6**
Items which will not be reclassified to profit or loss:			
Financial assets recognised at fair value through other comprehensive income	8.2.	44.8	8.0
Actuarial gains/losses on defined benefit plans	4.4.	1.3	-0.4
Income tax relating to other comprehensive income	9.1.	-0.3	0.0
		45.9	**7.6**
Total comprehensive income for the period		**52.6**	**28.6**
Profit attributable to			
Parent company shareholders		11.3	11.3
Total comprehensive income attributable to			
Parent company shareholders		52.6	28.6
Earnings per share attributable to parent company shareholders, EUR:			
Basic	8.5.	0.06	0.06
Diluted	8.5.	0.06	0.06

Consolidated statement of financial position (IFRS)

EUR million	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Property. plant and equipment	6.1.	155.9	162.2
Goodwill	6.2.	273.5	278.7
Other intangible assets	6.2.	71.0	69.8
Other non-current assets	6.3.	34.9	22.3
Deferred tax assets	9.2.	3.9	4.4
Non-current assets total		**539.3**	**537.3**
Current assets			
Inventories	5.2.	229.2	250.1
Trade receivables	5.1.	194.7	188.6
Income tax receivables	5.1.	2.7	3.4
Other receivables	5.1.	18.2	18.1
Cash and cash equivalents	8.2.	109.1	168.2
Current assets total		**553.9**	**628.3**
ASSETS TOTAL		**1,093.2**	**1,165.6**

EUR million	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity			
Share capital		36.2	36.2
Fair value reserve		26.5	7.7
Contingency fund		19.4	19.4
Invested unrestricted equity reserve		74.8	74.8
Other reserves		0.1	0.1
Translation differences		-28.5	-23.1
Retained earnings		88.3	54.5
Equity attributable to the parent company shareholders	8.4.	**216.8**	**169.6**
Non-current liabilities			
Deferred tax liabilities	9.2.	11.8	13.9
Pension obligations	4.4.	18.0	18.9
Interest-bearing liabilities	8.2.	123.5	127.8
Other non-current liabilities	5.3.	0.5	0.9
Non-current liabilities total		**153.8**	**161.6**
Current liabilities			
Trade payables	5.3.	591.7	620.3
Provisions	5.4.	-	0.8
Interest-bearing liabilities	8.2.	86.4	167.4
Income tax payables	5.3.	1.4	-
Other current liabilities	5.3.	43.1	45.9
Current liabilities total		**722.6**	**834.5**
EQUITY AND LIABILITIES TOTAL		**1,093.2**	**1,165.6**

Consolidated statement of cash flows (IFRS)

EUR million	Note	2021	2020
Net cash flow from operating activities			
Profit for the period		11.3	11.3
Adjustments			
Depreciation and amortisation	6.1./6.2.	43.1	41.2
Impairment	6.1./6.2.	1.8	0.5
Financial income and expenses	8.1.	5.8	6.0
Income taxes	9.1.	3.4	3.1
Change in pension asset and pension obligation		0.8	0.7
Other adjustments		-0.7	-2.0
		65.4	60.7
Change in working capital			
Change in current receivables increase (-)/ decrease (+)		-10.7	9.1
Change in inventories increase (-)/ decrease (+)		17.3	-8.6
Change in non-interest-bearing current liabilities increase (+)/ decrease (-)		-23.7	3.6
		-17.1	4.0
Interest paid and other financial expenses		-5.3	-3.1
Interest received and other financial income		0.2	0.4
Income taxes paid		-3.3	-3.6
Net cash flow from operating activities		**40.0**	**58.3**
Net cash flow from investing activities			
Investments in property, plant and equipment and intangible assets	6.1./6.2.	-23.4	-27.1
Proceeds from sales of property, plant and equipment and intangible assets	6.1./6.2.	0.2	0.3
Investments in other shares and shareholdings	6.3.	-0.0	-4.8
Proceeds from other shares and shareholdings	6.3.	32.8	0.2
Net cash flow from investing activities		**9.6**	**-31.4**

EUR million	Note	2021	2020
Net cash flow from financing activities			
Proceeds from long-term loans		-	30.0
Repayments of long-term loans		-2.0	-1.1
Proceeds from short-term loans		-	40.0
Repayments of short-term loans		-50.0	-10.0
Change in other current financing [1]		-29.8	47.4
Amortisations of lease liabilities		-21.2	-19.6
Purchasing of own shares		-0.1	-0.1
Dividends paid		-5.4	-16.3
Net cash flow from financing activities		**-108.5**	**70.4**
Net change in cash and cash equivalents		-59.0	97.3
Cash and cash equivalents at the beginning of the period		168.2	70.8
Translation differences		-0.0	0.1
Net change in cash and cash equivalents		-59.0	97.3
Cash and cash equivalents at the end of the period	8.2.	**109.1**	**168.2**

[1] Includes cash flows from commercial papers.

Consolidated statement of changes in equity (IFRS)

EUR million	Note	Share capital	Funds	Translation differences	Retained earnings	Equity total
Equity 1 January 2020		**36.2**	**94.2**	**-32.9**	**59.7**	**157.2**
Comprehensive income for the period						
Net profit for the period		-	-	-	11.3	11.3
Other comprehensive income:						
Financial assets recognised at fair value through other comprehensive income:						
Change in fair value		-	8.0	-	-	8.0
Financial assets recognised at fair value through other comprehensive income total	8.2.	-	8.0	-	-	8.0
Cash flow hedge	8.3.	-	-0.2	-	-	-0.2
Actuarial gains and losses	4.4.	-	-	-	-0.4	-0.4
Income tax relating to other comprehensive income	9.1.	-	0.0	-	0.0	0.1
Translation difference		-	-	9.8	-	9.8
Comprehensive income for the period, total		**-**	**7.8**	**9.8**	**10.9**	**28.6**
Transactions with owners						
Dividend distribution	8.5.	-	-	-	-16.3	-16.3
Share-based incentive	4.4.	-	-	-	0.2	0.2
Purchase of own shares		-	-	-	-0.1	-0.1
Transactions with owners, total		**-**	**-**	**-**	**-16.2**	**-16.2**
Equity 31 December 2020		**36.2**	**102.0**	**-23.1**	**54.5**	**169.6**
Comprehensive income for the period						
Net profit for the period		-	-	-	11.3	11.3
Other comprehensive income:						
Financial assets recognised at fair value through other comprehensive income:						
Change in fair value		-	23.1	-	-	23.1
Profit from sales of assets		-	-	-	21.7	21.7
Accumulative change in fair value of disposed assets		-	-5.1	-	5.1	-
Financial assets recognised at fair value through other comprehensive income total	8.2.	-	18.0	-	26.8	44.8
Cash flow hedge	8.3.	-	0.9	-	-	0.9
Actuarial gains and losses	4.4.	-	-	-	1.3	1.3
Income tax relating to other comprehensive income	9.1.	-	-0.2	-	-0.3	-0.5
Translation difference		-	-	-5.4	-	-5.4
Comprehensive income for the period, total		**-**	**18.8**	**-5.4**	**39.2**	**52.6**
Transactions with owners						
Dividend distribution	8.5.	-	-	-	-5.4	-5.4
Share-based incentive	4.4.	-	-	-	0.1	0.1
Purchase of own shares		-	-	-	-0.1	-0.1
Transactions with owners, total		**-**	**-**	**-**	**-5.4**	**-5.4**
Equity 31 December 2021		**36.2**	**120.7**	**-28.5**	**88.3**	**216.8**

Notes to the consolidated financial statements

1. Basic information on the company

Oriola Corporation is a Finnish public limited company, domiciled in Espoo, Finland. Oriola and its subsidiaries together form the consolidated Oriola Group. The consolidated financial statements were approved for publication by the Board of Directors of Oriola Corporation on 17 February 2022. In accordance with Finland's Limited Liability Companies Act, the shareholders have the right to approve or reject the financial statements at the General Meeting held after their publication. The General Meeting may also decide to make amendments to the financial statements. The company's business ID is 1999215-0. Copies of the consolidated financial statements of the Oriola Group are available from the head office of Oriola Corporation at the following address: Orionintie 5, FI-02200 Espoo, Finland (investor.relations@oriola.com).

2. Basis of presentation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) including the IAS and IFRS standards as well as the SIC and IFRIC interpretations valid as of 31 December 2021. The International Financial Reporting Standards refer to standards and interpretations that have been approved for application in the EU in the Finnish Accounting Act and the provisions issued pursuant to it according to the procedures provided for in EU regulation (EC) No. 1606/2002.

The consolidated financial statements are presented for the 12-month period 1 January – 31 December 2021. The financial statements are presented in EUR million and they have been prepared under the historical cost convention, except for financial assets recognised at fair value through profit or loss, financial assets recognised at fair value through other comprehensive income, derivatives and share-based payments. The Group has applied 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 current or future reporting periods and on foreseeable future transactions.

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.

3. Use of estimates and judgement

The preparation of consolidated financial statements in accordance with IFRS requires the application of judgement by management in making estimates and assumptions. Such estimates and assumptions have an impact on the assets and liabilities reported as at the end of the reporting period, and on the presentation of contingent assets and liabilities in the notes to the consolidated financial statements as well as on the income and expenses reported for the financial year. The estimates are based on the management's best knowledge about the facts and as such actual results may differ from the estimates and assumptions used. Estimates have been used in determining the number of items reported in the consolidated financial statements, such as possible impairment of goodwill and other assets, determination of pension assets and pension obligations related to defined benefit pension plans, economic lives of tangible and intangible assets, lease liabilities, provisions and income taxes. The application of accounting principles also requires judgement.

Key estimates and judgement which are material to the reported results and financial position are presented in the following notes:

Item	Uncertainty	Note
Defined benefits	Discount factor	4.4.
Impairment testing	Projection parameters / Estimate	6.2.
Lease liabilities	Lease term / Estimate	7.1.

4. Operating result

4.1. Segment reporting

Oriola's operating and reporting segments consist of business areas and are reported as in internal reporting provided to the Chief Executive Officer, the chief operating decision maker responsible for allocating resources and assessing performance of the business areas.

The assets and liabilities of reporting segments include items directly attributable to a segment and items which can be allocated to segments. Group items include financial items as well as items related to corporate functions.

Intra-segment pricing is determined on an arm's length basis.

Oriola's business areas and operating and reporting segments are Consumer, Pharma and Retail.

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

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.

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.

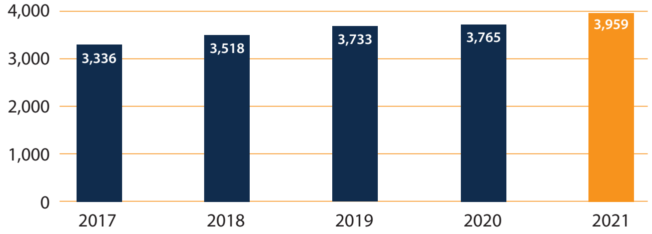
The geographical areas of Oriola are Finland, Sweden and other countries. Net sales are divided by the countries in which the customers are located. Assets and investments are divided according to the country in which they are located.

In order to reflect the underlying business performance and to enhance comparability between financial periods Oriola discloses Adjusted EBIT as permitted in ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures. These measures should not be considered as a substitute for measures of performance in accordance with the IFRS. The reporting segments' EBIT is reported excluding adjusting items. In addition, Oriola uses "Invoicing" as the measure to describe the business volume.

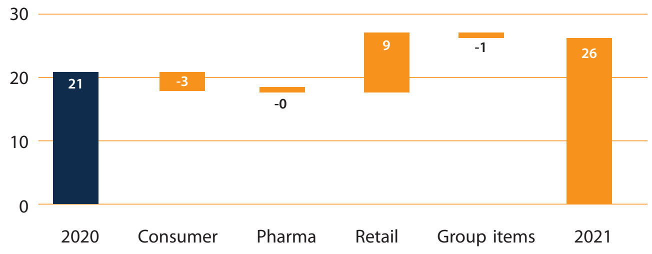
Adjusted EBIT excludes gains or losses from the sale or discontinuation of business operations or assets, gains or losses from restructuring business operations, and impairment losses of goodwill and other non-current assets, or other income or expenses arising from rare events and changes in estimates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

Oriola's agreements with pharmaceutical companies are either wholesale agreements where Oriola buys the products into own stock or agreements where Oriola delivers the products from consignment stock. Oriola reports invoicing of both type of agreements as it describes the volume of the business.

Invoicing
EUR million



Adjusted EBIT
EUR million



Reporting segments

EUR million 2021	Note	Consumer	Pharma	Retail	Group items	Total
External invoicing		839.5	2,801.6	318.0	-	**3,959.1**
Internal invoicing		-0.1	248.4	189.7	-438.0	**-**
Invoicing		839.4	3,050.0	507.7	-438.0	**3,959.1**
Sales to external customers		817.5	747.9	317.0	-	**1,882.4**
Sales to other segments		-0.1	248.4	189.7	-438.0	**-**
Net sales	4.2.	817.5	996.3	506.7	-438.0	**1,882.4**
EBIT		9.8	11.9	9.3	-10.6	**20.5**
Adjusted EBIT		11.4	12.4	11.3	-8.8	**26.3**
Assets		426.6	378.1	120.4	168.1	**1,093.2**
Liabilities		120.3	557.3	63.1	135.7	**876.4**
Investments	6.1./6.2.	13.5	5.3	3.8	0.2	**22.8**
Depreciation, amortisation and impairments	6.1./6.2.	28.3	9.9	6.3	0.4	**44.9**
Average number of personnel, full time equivalents		1,683	452	547	78	**2,760**

2020	Note	Consumer	Pharma	Retail	Group items	Total
External invoicing		798.1	2,662.8	304.0	-	**3,764.9**
Internal invoicing		0.1	243.2	182.7	-426.0	**-**
Invoicing		798.2	2,906.0	486.7	-426.0	**3,764.9**
Sales to external customers		780.6	718.0	302.2	-	**1,800.8**
Sales to other segments		0.1	243.2	182.7	-426.0	**-**
Net sales	4.2.	780.7	961.2	484.9	-426.0	**1,800.8**
EBIT		15.3	12.4	0.9	-8.2	**20.4**
Adjusted EBIT		14.4	12.8	2.0	-8.2	**21.0**
Assets		442.3	374.1	132.5	216.7	**1,165.6**
Liabilities		123.4	586.6	67.0	219.1	**996.0**
Investments	6.1./6.2.	13.0	9.1	4.9	5.9	**32.8**
Depreciation, amortisation and impairments	6.1./6.2.	26.7	8.4	6.5	0.1	**41.6**
Average number of personnel, full time equivalents		1,596	451	562	77	**2,687**

Refer to section Alternative performance measures for definitions of key figures and reconciliation to measures presented in the consolidated income statement and balance sheet prepared in accordance with IFRS.

Adjusting items

Adjusting items included in EBIT

EUR million	2021	2020
Restructuring costs	-3.4	0.8
Impairments and write-downs	-1.6	-
Costs and impairment charges relating to onerous contract	-	-1.2
Other	-0.8	-0.2
Total	**-5.9**	**-0.6**

Adjusting items in 2021 consist mainly of organisational restructuring costs, impairment of goodwill related to closing of the service centre in Retail business in Sweden, impairment charges related to the closing of pharmacies in Consumer business in Sweden and write-down of inventories related to the discontinued product category in Retail business.

Adjusting items in 2020 consist mainly of changes in restructuring provisions and costs relating to an onerous contract in Retail business area.

Geographical information

EUR million 2021	Sweden	Finland	Other countries	Total
Sales to external customers	1,331.4	431.1	119.9	**1,882.4**
Assets	744.8	348.4	-	**1,093.2**
Investments	19.3	3.5	-	**22.8**
Average number of personnel, full time equivalents	2,184	576	-	**2,760**

2020	Sweden	Finland	Other countries	Total
Sales to external customers	1,275.6	404.7	120.5	**1,800.8**
Assets	784.6	381.1	-	**1,165.7**
Investments	21.9	10.9	-	**32.8**
Average number of personnel, full time equivalents	2,084	603	-	**2,687**

4.2. Net sales and other operating income

The Group's net sales include income from the sale of goods, distribution fees and the sale of services adjusted with indirect taxes, discounts and currency translation differences resulting from sales in foreign currencies. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Oriola's agreements with pharmaceutical companies are either wholesale agreements where Oriola buys the products into own stock or agreements where Oriola delivers the products from consignment stock. Oriola reports invoicing of both type of agreements as it describes the volume of the business. The definition of invoicing is described in section Alternative performance measures. Invoicing by business area is presented in note 4.1. Segment reporting.

The Group's revenues derive from the following revenue streams: Wholesale, retail sale, sale of logistics services, dose dispensing, staffing and sale of other services. In the following section the principal activities of the different revenue streams are described as well as the nature of performance obligations.

Wholesale: The Group sells pharmaceutical products and traded goods to pharmacies, veterinarians, hospitals and other retailers. The performance obligation is sale of goods, which is based on sales order. The transaction price is the price of goods. Revenue is recognised when the Group transfers control of goods to customer at the amount which the Group expects to be entitled, i.e. the price of goods sold less any possible discounts.

Retail sale: The Group has retail pharmacies that sell pharmaceuticals and healthcare products to private customers. The performance obligation is sale of goods. The performance obligation is satisfied when the products are sold to customers in pharmacies. The Group has a customer loyalty bonus discount programme related to the non-prescription retail sale in Sweden. In the customer loyalty programme, the customers earn customer loyalty points based on their purchases of non-prescription products. The points are converted to digital vouchers, which the customers can use to pay for their purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide digital vouchers to the customer is a separate performance obligation. The points expire in one year from purchase if not converted to digital vouchers. The digital vouchers expire in two months, if not used before that. The net sales are adjusted with customer loyalty points earned by the customers. A contract liability is recognised for the points customers in the customer loyalty programme have earned based on their purchases and for the outstanding digital vouchers. The contract liability is recognised until the points are redeemed or expire.

Services: The Group offers a variety of services to the customers. These services can be divided to the following revenue streams: Sale of logistics services, dose dispensing, staffing and sale of other services.

- **Sales of logistics services:** The Group has contracts based on consignment inventory with pharmaceutical companies. In such contracts the Group acts as an agent between the pharmaceutical company and the end-customer and the performance obligation is sale of logistics and transportation services to pharmaceutical companies. The revenue is recognised on a net basis as a fee or commission.
- **Dose dispensing:** The Group offers dose dispensing services to pharmacies in Sweden and Finland and county councils in Sweden. The performance obligation is sale of dose dispensed goods. The transaction price includes the price of goods sold and the price of dose dispensing. The revenue is recognised when the control of the dose dispensed goods is transferred to the customer.
- **Staffing:** The Group offers staffing services to pharmacies and pharmaceutical companies. The performance obligation is the delivery of the staffing services. The transaction price is the hourly based price according to work performed. The revenue is recognised over the period during which the service is performed.
- **Sale of other services:** The Group sells logistics, web and other value-added services to pharmaceutical companies, retailers and hospitals. The performance obligation is sales of services, which is based on a contract for delivering services to the customer. The revenue is recognised over the period during which the service is performed at the amount totalling the price of service performed less any possible discounts.

Net sales by currency

	2021		2020	
Million	**SEK**	**EUR**	**SEK**	**EUR**
Sweden	14,641.3	1,443.0	14,549.8	1,387.7
Finland		439.4		413.1
Total		**1,882.4**		**1,800.8**

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.

EUR million

2021	**Consumer**	**Pharma**	**Retail**	**Total**
Wholesale	-	684.0	164.4	**848.5**
Retail sale	817.5	-	-	**817.5**
Services	-	63.9	152.5	**216.4**
Total	**817.5**	**747.9**	**317.0**	**1,882.4**

2020	**Consumer**	**Pharma**	**Retail**	**Total**
Wholesale	-	658.0	166.3	**824.3**
Retail sale	780.6	-	-	**780.6**
Services	-	60.0	135.9	**195.9**
Total	**780.6**	**718.0**	**302.2**	**1,800.8**

Contract balances

The Group has recognised the following liabilities related to contracts with customers:

EUR million	31 Dec 2021	31 Dec 2020
Contract liabilities (included in other current liabilities)		
- Customer loyalty programme	1.7	2.0
- Advances received related to other services	0.0	0.0
Total	**1.7**	**2.1**

The amount of EUR 2.1 million recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31 December 2021.

No revenue was recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods.

No information is provided about remaining performance obligations at the end of the reporting period that have an original expected duration of one year or less.

Other operating income

EUR million	2021	2020
Gains on sales of tangible and intangible assets	0.1	0.1
Rental income	0.4	0.2
Service charges	-0.0	0.1
Marketing contribution	9.1	8.4
Other operating income	1.5	0.7
Total	**11.1**	**9.5**

Other operating income consists mainly of marketing contribution in retail campaigns.

4.3. Operating expenses

Operating expenses include material purchases, employee benefit expenses and other operating expenses as presented on the face of the statement of comprehensive income. Employee benefit expenses are specified in note 4.4. Employee benefits.

Materials and supplies

Materials and supplies include materials, procurement and other costs related to manufacturing and procurement.

Materials and supplies

EUR million	2021	2020
Purchases during the period	1,481.1	1,447.1
Change in inventories	17.3	-8.6
Products for own use	-0.1	-0.1
Foreign exchange differences	-0.1	0.4
Total	**1,498.2**	**1,438.7**

Materials and supplies by currency

	2021	
Million	**SEK**	**EUR**
Sweden	11,464.5	1,129.9
Finland		368.3
Total		**1,498.2**

	2020	
Million	**SEK**	**EUR**
Sweden	11,508.1	1,097.6
Finland		341.1
Total		**1,438.7**

Other operating expenses

EUR million	2021	2020
Freights and other variable costs	41.3	39.3
Marketing	11.0	12.4
Information management	18.6	19.7
Premises	10.9	10.1
External services	38.9	32.6
Other operating expenses	23.9	23.1
Total	**144.6**	**137.2**

Audit fees

EUR million	2021	2020
To member firms of KPMG network		
Audit related services	0.3	0.2
Tax and other non-audit services	-	0.1
Total	**0.3**	**0.3**

The member firms of KPMG network have provided non-audit services to entities of Oriola Group in total EUR - (58.7) thousand during the financial year 2021.

4.4. Employee benefits

The Group's employee benefits include wages, salaries and bonuses paid to employees, pension benefits, other long-term employee benefits and share-based payments.

Pension benefits: The Group's pension arrangements are in compliance with each country's local regulations and practices. The pension arrangements of the Group companies comprise both defined contribution plans and defined benefit plans. The payments to the defined contribution plans are recognised as expenses in the statement of comprehensive income in the period in which they incur. Under a defined benefit pension plan, the Group's obligation is not limited to the payments made under the plan but also includes the actuarial and investment risks related to the pension plan in question.

The pension expenses related to defined benefits have been calculated using the projected unit credit method. Pension expenses are recognised as expenses by distributing them over the estimated period of service of the personnel concerned. The amount of the pension obligation is the present value of the estimated future pensions payable.

Other long-term employee benefits consist of a long-service benefit scheme operated by the Group. The long-service benefit scheme is presented as other non-current liabilities in the statement of financial position.

Share-based payments: Share incentive plans are measured at fair value at the grant date, and are recognised as expenses within the vesting period. The fair value of the share is the share price on the date at which the target group has agreed to the conditions of the plan reduced by the estimated dividends. The fair value of the cash part is measured at each balance sheet date until the end of the vesting period based on the share price at the end of the reporting period. Both the equity-settled component and the unpaid cash-settled part are credited to retained earnings.

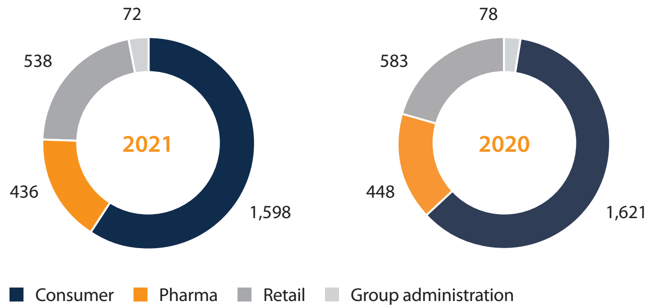
Government grants received to compensate costs are recognised in the statement of comprehensive income as reduction of expenses in the reporting period, for which the compensation is received.

Employee benefit expenses

EUR million	2021	2020
Wages, salaries and bonuses	135.6	126.7
Share-based payments	0.2	0.3
Pension costs		
Defined contribution plans	13.3	11.4
Defined benefit plans	0.8	0.7
Other personnel expenses	35.4	33.1
Total	**185.3**	**172.3**

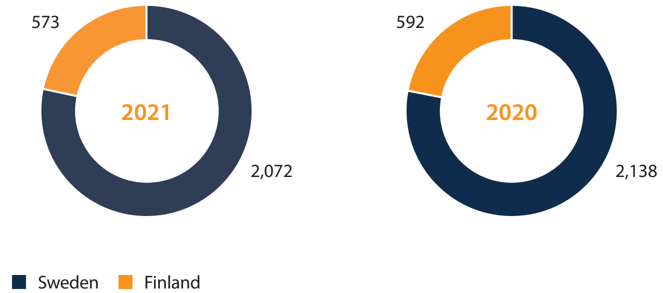
In 2020, Oriola received in Sweden government compensations for socials costs, sick leaves and short-term lay-offs totalling EUR 1.5 million to cover the negative impacts of the COVID-19 pandemic. The compensations have been reported as a reduction of personnel expenses in the consolidated statement of comprehensive income. In 2021, government compensations were not received.

Employees by business area[1]



[1] At year-end, full time equivalents

Employees by country[1]



[1] At year-end, full time equivalents

Post-employment benefits

The Oriola Group has defined benefit pension plans in Finland and Sweden.

In Finland, the defined benefits plans consist of a voluntary insurance plan, which is a final average pay pension plan concerning additional pensions. The benefits are insured with OP Life Assurance.

In Sweden, some of the office employees are covered by the defined benefit plan ITP 2 and others by the defined contribution plan ITP 1. The employees have a defined contribution plan according to local legislation. In ITP 2, the company can recognise the old age pension liabilities in its statement of financial position or, alternatively, pay the pension expenses to the pension insurance company Alecta. Oriola Sweden AB has recognised its ITP 2 old age pension liabilities in full in its statement of financial position. Oriola Sweden AB's old age pension benefits other than ITP 2 are insured with Alecta. All Kronans Apotek AB's pension benefits are based on defined contribution and insured with Alecta.

Employer contributions to post-employment benefit plans are expected to be EUR 0.4 million during 2022 financial year. The weighted average duration of the defined benefit obligation is 21.6 years.

All plan assets of the Group relate to the Finnish voluntary insurance plan and are held by the insurance company. They are part of the insurance company's investment assets and are considered to be unquoted.

Net defined benefit liability in the statement of financial position is defined as follows:

EUR million	2021	2020
Present value of funded obligations	20.0	21.3
Fair value of plan assets	-2.0	-2.3
Deficit/surplus	18.0	18.9
Net liability(+) / assets (-) in the statement of financial position	18.0	18.9

Change in defined benefit obligation and plan assets:

EUR million	Present value of funded obligation	Fair value of plan assets	Total
1 Jan 2020	**19.5**	**-2.4**	**17.1**
Current service cost	0.8	-	**0.8**
Interest cost or income	0.2	-0.0	**0.2**
	20.6	-2.4	**18.1**
Remeasurements			
Actuarial gains (-) and losses (+) arising from changes in financial assumptions	1.3	-0.1	**1.2**
Experience profits (-) or losses (+)	-0.8	-	**-0.8**
	21.0	-2.5	**18.5**
Differences in foreign exchange rates	0.7	-	**0.7**
Contributions			
Plan participants	-	-0.0	**-0.0**
Expenses arising from the plans			
Benefits paid	-0.5	0.2	**-0.3**
31 Dec 2020	**21.3**	**-2.3**	**18.9**
Current service cost	0.9	-	**0.9**
Interest cost or income	0.2	-0.0	**0.2**
	22.3	-.2.3	**20.0**
Remeasurements			
Actuarial gains (-) and losses (+) arising from changes in financial assumptions	-0.4	0.2	**-0.2**
Experience profits (-) or losses (+)	-1.1	-	**-1.1**
	20.8	-2.1	**18.7**
Differences in foreign exchange rates	-0.4	-	**-0.4**
Contributions			
Plan participants	-	-0.0	**-0.0**
Expenses arising from the plans			
Benefits paid	-0.4	0.2	**-0.3**
31 Dec 2021	**20.0**	**-2.0**	**18.0**

Significant actuarial assumptions 31 Dec:	2021	2020
Discount rate (%)	0.70-1.60	0.20-0.95
Salary increases (%)	2.30-3.75	1.20-3.25

Mortality assumptions are made on the basis of actuarial guidelines and they are founded on statistics published in each region and on experience.

Sensitivity of the defined benefit obligation to changes in the most significant assumptions:

Assumption	Change in assumption as percentage point	Effect of change in assumption %
Decrease in discount rate	-0.5	increase by 11.6
Increase in discount rate	+0.5	reduce by 10.1
Increase in salaries	+0.5	increase by 3.6
Increase in benefits	+0.5	increase by 11.3

The table presents a sensitivity analysis for the most significant actuarial assumptions, showing the effect of any change in actuarial assumptions on the defined benefit pension obligation.

The effects of the above sensitivity analysis have been calculated so that when the effect of the change in the assumption is calculated all other assumptions are expected to remain unchanged. This is unlikely to happen and in some assumptions changes may correlate with each other. The sensitivity of the defined benefit obligation has been calculated using the same method as in the calculation of the pension obligation to be entered in the statement of financial position (the current value of the defined benefit obligation at the end of the reporting period using the projected unit credit method).

The most significant risks arising from defined benefit pension plans:

Life expectancy: Most of the plan obligations are connected with generating life-long benefits for employees and for this reason a higher life expectancy will mean more obligations under the plan.

Inflation risk: Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.

Changes in bond yields: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' assets.

Use of estimates: *The discounted value of the pension obligation is based on several actuarial assumptions. Changes in the assumptions have an impact on the carrying amount of the pension obligation. Discount rate used is one of the assumptions used. The interest rate used is determined at the date of measurement by reference to the maturity of corporate bonds issued by financially sound companies that is similar to that of the pension obligation. Other key assumptions impacting pension liabilities are based on the circumstances valid at the time.*

Share-based payments

Executive incentive plan 2019 - 2023

On 14 December 2018 The Board of Directors of Oriola Corporation resolved to establish a new share-based long-term incentive plan 2019–2023 directed to the Group's key personnel. The long-term incentive plan arrangement has three three-year performance periods 2019–2021, 2020–2022 and 2021–2023. The Board of Directors of the Company will resolve on the plan's performance criteria and on the required performance level for each criterion at the beginning of a performance period. Approximately 30 key persons, including the members of the Oriola Management Team, belong to the target group of the plan. The prerequisite for participation in the plan and for receipt of reward on the basis of the plan is that the key person has enrolled in the key personnel share savings plan and makes the monthly saving from his or her fixed gross monthly salary, in accordance with the rules of the key personnel share savings plan in force during the first year of the three-year performance period. A member of the Oriola Management Team must hold 50% of the net shares given on the basis of the long-term incentive plans, until his or her shareholding in the Company in total equals the value of his or her gross annual salary. Such number of shares must be held as long as the key person holds a position as a Oriola Management Team member.

The potential reward from the performance period 2019–2021 will be based on the Group's earnings per share (EPS) and Group's total shareholder return (TSR). The rewards to be paid on the basis of the performance period 2019-2021 correspond to the value of an approximate maximum total of 1,700,000 Oriola Corporation Class B shares including also the proportion to be paid in cash. The potential reward will be paid partly in Oriola Corporation Class B shares and partly in cash in spring 2022 after the end of the performance period. The potential reward from the performance period 2020–2022 will be based on the Group's earnings per share (EPS) and Group's total shareholder return (TSR). The rewards to be paid on the basis of the performance period 2020-2022 correspond to the value of an approximate maximum total of 1,820,000 Oriola Corporation Class B shares including also the proportion to be paid in cash. The potential reward will be paid partly in Oriola Corporation Class B shares and partly in cash in spring 2023 after the end of the performance period. The potential reward from the performance period 2021–2023 will also be based on the Group's earnings per share (EPS) and Group's total shareholder return (TSR). The rewards to be paid on the basis of the performance period 2021-2023 correspond to the value of an approximate maximum total of 2,700,000 Oriola Corporation Class B shares including also the proportion to be paid in cash. The potential reward will be paid partly in Oriola Corporation Class B shares and partly in cash in spring 2024 after the end of the performance period. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to a key person.

Expenses recognised for the incentive plan were EUR 0.2 (0.2) million in 2021.

One-off incentive plan 2019 - 2020

On 14 December 2018 The Board of Directors of Oriola Corporation resolved to establish a two-year one-off incentive plan 2019-2020 directed to the Group's key personnel to enable the prolonging of the long-term incentive plan performance period to three years and with that change better answer to the requirements of the investors and corporate governance and to be more aligned with the market practice. The one-off long-term incentive plan had a two-year performance period 2019–2020. The Board of Directors of the Company resolved on the plan's performance criteria and on the required performance level for each criterion at the beginning of a performance period. Approximately 30 key persons, including the members of the Oriola Management Team, belonged to the target group of the plan. The prerequisite for participation in the plan and for receipt of reward on the basis of the plan was that a key person has enrolled in the key personnel share savings plan and makes the monthly saving from his or her fixed gross monthly salary, in accordance with the rules of the key personnel share savings plan in force.

The potential reward from the performance period 2019-2020 was based on the Group's earnings per share (EPS) and separately defined two-year strategic projects. The performance criteria for the plan was not met, and thus there was no payment based on the plan.

There were no expenses recognised for the incentive plan in 2021 (EUR -0.1 million in 2020).

Share savings plan

Oriola Corporation has had since 2013 a key personnel share savings plan in force. The Board of Directors of Oriola Corporation always decides on the launch of a new savings period in the plan separately. According to the rules of the share savings plan in force, the maximum monthly saving is 8.3% and the minimum is 2% of each participant's fixed monthly gross salary. The accumulated savings will be used for purchasing Oriola Corporation class B shares for the participants at the market price quarterly. In return, each participant will receive two free class B matching shares for every three acquired savings shares if the participant holds the acquired shares from the savings period until the end of the designated holding period and if his or her employment with a company has not been terminated on bad leaver terms. The matching shares are paid partly in Oriola's class B shares and partly in cash. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to a key person.

Approximately 50 key employees participated in the Oriola Corporation key personnel share savings plan for the savings period 1 January – 31 December 2018. The matching shares transferred to eligible participants in February 2020 corresponded to the value of 78,295 Oriola Class B shares, including the proportion paid in cash.

Approximately 55 key employees participated in the share savings plan for the savings period 1 January – 31 December 2019. The holding period ended on the publication date of the Oriola's Financial Statements Release 1 January – 31 December 2020. The matching shares transferred to eligible participants in March 2021 corresponded to the value of 70,590 Oriola Class B shares, including the portion paid in cash.

Approximately 59 key employees participated in the share savings plan for the savings period 1 January – 31 December 2020. The holding period ended on the publication date of the Oriola's Financial Statements Release 1 January – 31 December 2021. The matching shares will be transferred to eligible participants in 2022.

Approximately 60 key employees participated in the share savings plan for the savings period 1 January – 31 December 2021. The holding period will end on the publication date of the Oriola's Financial Statements Release 1 January – 31 December 2022. The matching shares will be transferred to eligible participants in 2023.

The expenses recognised for the share savings plans were EUR 0.1 (0.2) million in 2021.

Key management benefits

Employee benefits to President and CEO

EUR thousand	2021	2020
Robert Andersson until 1 February 2021		
Basic salary	495.1	649.7
Bonuses	-	127.3
Termination expenses [1]	618.0	-
Pension expenses (statutory)	82.7	117.2
Total	**1,195.8**	**894.1**

EUR thousand	2021	2020
Juko Hakala 1 Feb - 8 Aug 2021 (interim)		
Basic salary	246.1	-
Pension expenses (statutory)	41.1	-
Total	**287.2**	-

EUR thousand	2021	2020
Elisa Markula from 9 August 2021		
Basic salary	208.6	-
Pension expenses (statutory)	34.8	-
Total	**243.4**	-

[1] Termination expenses include the salary for the notice period and the severance pay equal to 12 months' salary based on the service agreement.

Employee benefits to other members of the Oriola Management Team

EUR thousand	2021	2020
Basic salary	1,679.3	1,556.7
Bonuses	148.8	223.0
Termination expenses [1]	44.6	86.2
Pension expenses (statutory)	176.9	281.0
Pension expenses (voluntary)	49.4	57.3
Total	**2,099.0**	**2,204.3**

[1] Termination expenses include the severance pay equal to 6 months' salary.

The total benefits of the President and CEO of the Group and the Oriola Management Team include a supplementary health insurance. The President and CEO of the Group and the Oriola Management Team participate in statutory pension schemes. Three Oriola Management Team members participate in a voluntary defined contribution plan.

Salaries and benefits of the members of the Board of Directors

EUR thousand	2021	2020
Panu Routila, Chairman[1]	86.0	85.0
Eva Nilsson Bågenholm, Vice Chairman	57.5	60.0
Juko Hakala	38.5	47.0
Anja Korhonen	49.5	52.0
Harri Pärssinen	40.5	43.0
Lena Ridström	41.5	43.0
Mariette Kristenson[2]	3.0	44.5
Anssi Vanjoki, Chairman[3]	-	2.0
Total	**316.5**	**376.5**

[1] from 17 March 2020
[2] until 16 March 2021
[3] until 17 March 2020

Of the Board of Directors' annual fee, 60% is paid in cash and 40% in the Company's class B shares. For the apportionment paid in shares, an expense of EUR 0.1 (0.1) million was recognised in 2021.

5. Working capital

5.1 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are initially recognised when they are originated and subsequently carried at their anticipated realisable value, which is the original invoice amount less than estimated valuation allowance for the impairment of these receivables. A valuation allowance for impairment of trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, the probability of the debtor's bankruptcy, failure to pay and significant delay of payments are considered to be justified reasons for the impairment of trade receivables. The Group applies the simplified approach to providing for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. Impairments are recognised as an expense in the consolidated statement of comprehensive income. The part of the trade receivables, which is held for sale, is classified to measurement category fair value through profit and loss. Sold non-recourse trade receivables' credit risk and contractual rights are transferred from the Group on the selling date and related expenses are recognised as financial expenses. Additional information on sales arrangement for trade receivables can be found in note 8.3 Financial risk management.

EUR million	2021	2020
Trade receivables	194.7	188.6
Income tax receivables	2.7	3.4
Prepaid expenses and accrued income	2.7	2.0
VAT receivables	11.9	12.7
Rental prepayments	-0.1	0.1
Prepayments	1.6	1.8
Other receivables	2.1	1.4
Total	**215.6**	**210.0**

As a part of managing liquidity risk Oriola has open-ended frame agreements in Sweden that allows the company to sell trade receivables relating to Swedish retail and wholesale businesses to the financial institutions on non-recourse basis. Sold and from the statement of financial position derecognised non-recourse trade receivables were EUR 183.1 (179.6) million on the balance sheet date. No significant changes are anticipated in the scope of the agreements to sell trade receivables in 2022.

The credit risk in Finland is reduced by interest-bearing advance payments from pharmacies. These interest-bearing advance payments are presented as current interest-bearing liabilities in the statement of financial position. On the balance sheet date, the amount of prepayments was EUR 16.0 (17.0) million. Additional information on the interest-bearing advance payments can be found in note 8.2. Financial assets and liabilities.

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in note 8.3. Financial risk management.

Ageing and impairment of trade receivables at the closing date

	2021		2020	
EUR million	Gross	Impairment	Gross	Impairment
Not past due	185.6	-0.0	181.6	-0.0
Past due 1 - 30 days	7.6	-0.0	6.8	-0.0
Past due 31 - 180 days	1.6	-0.1	0.4	-0.0
Past due more than 180 days	0.0	-0.1	-0.1	0.0
Total	**194.9**	**-0.2**	**188.7**	**-0.1**

The book value of trade receivables corresponds to the maximum amount of credit risk relating to them at the balance sheet date.

5.2. Inventories

Inventories are presented in the consolidated statement of financial position at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated necessary direct costs of sale. The cost of inventories is determined on the basis of FIFO principle. If the net realisable value is lower than cost, a valuation allowance is recognised for inventory obsolescence.

EUR million	2021	2020
Raw materials and consumables	0.1	0.1
Work in progress	0.6	0.7
Finished goods	228.5	249.4
Total	**229.2**	**250.1**

The inventories as of 31 December 2021 included pharmaceuticals and health related products. In 2021, a write-off from inventories totalling EUR 0.3 million was recognised related to the discontinued product category. In 2020, a write-off from inventories totalling EUR 0.1 million was recognised related to an onerous contract in Retail business area. The write-offs are included in adjusting items in 2021 and in 2020.

Use of estimates: *The Group assesses the value of inventories regularly for any indication of obsolescence. A corresponding write-off from inventories is recognised when needed. This assessment requires the management to use judgement when estimating the sales prices of products and inventory turnover. Changes in these estimates may cause impairment of inventories in future reporting periods.*

5.3. Trade payables and other liabilities

EUR million	2021	2020
Trade payables	591.7	620.3
Income tax payables	1.4	-
Accrued liabilities	32.1	36.7
Derivatives designated as hedges	0.1	-
Derivatives measured at fair value through profit and loss	0.2	0.1
VAT liabilities	4.2	5.6
Other current liabilities	6.6	3.6
Total	**636.2**	**666.3**

Material items included in accrued liabilities

EUR million	2021	2020
Accrued wages, salaries and social security payments	20.9	24.3
Other accrued liabilities	11.2	12.4
Total	**32.1**	**36.7**

Other non-current liabilities

EUR million	2021	2020
Derivatives	-	0.4
Other non-current liabilities[1]	0.5	0.5
Total	**0.5**	**0.9**

[1] Other non-current liabilities include long-service benefit liability.

5.4. Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or contractual obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A restructuring provision is recognised when the Group has a detailed, formal restructuring plan, has started the implementation of the plan or has informed those affected by the plan. No provision related to costs for continuing operations is recognised.

EUR million 2021	Restructuring provisions	Other provisions	Total
Carrying amount 1 Jan 2021	0.3	0.5	**0.8**
Increases	-	0.9	**0.9**
Used	-0.2	-1.4	**-1.6**
Reversed	-0.1	-	**-0.1**
Foreign exchange rate differences	-0.0	-0.0	**-0.0**
Carrying amount 31 Dec 2021	**-**	**-**	**-**
2020			
Carrying amount 1 Jan 2020	2.8	-	**2.8**
Increases	0.5	0.5	**1.0**
Used	-1.8	-0.0	**-1.9**
Reversed	-1.2	-	**-1.2**
Foreign exchange rate differences	0.1	-	**0.1**
Carrying amount 31 Dec 2020	**0.3**	**0.5**	**0.8**

At the end of 2021 the Group did not have any provisions in the consolidated statement of financial position (EUR 0.8 million in 2020).

Restructuring provisions in 2020 are related to co-operation negotiations in 2019 aiming to improve operational efficiency and continue re-organising operations in Finland and in Sweden as well as to changes in the Oriola Management Team.

Other provisions in 2020 are related to an onerous contract in Retail business area.

6. Tangible and intangible assets and other non-current assets

6.1. Property, plant and equipment

Tangible assets are initially recognised at historical cost and they are subsequently measured at historical cost less depreciation and impairment losses. The assets are depreciated over their estimated useful life using the straight-line method. The useful life of assets is reviewed at least annually, and it is adjusted if necessary. The estimated useful lives are as follows:

- Buildings 20–50 years
- Machinery and equipment 5–10 years
- Other tangible assets 3–10 years

Land areas are not subject to depreciation. Repair and maintenance costs are recognised as expenses for the period. Improvement investments are capitalised providing they are expected to generate future economic benefits. Gains and losses resulting from the disposal of tangible assets are recognised as other operating income or expense in the statement of comprehensive income.

Property, plant and equipment

EUR million 2021	Land and water	Buildings and constructions	Machinery and equipment	Right-of-use assets[1]	Other tangible assets[2]	Advance payments and construction in progress[3]	Total
Historical cost 1 Jan 2021	1.9	59.2	101.3	245.5	42.1	8.5	**458.4**
Increases	-	0.6	3.1	20.1	1.5	5.2	**30.5**
Decreases	-	-	-2.2	-19.3	-0.0	-0.5	**-22.0**
Reclassifications	-	0.8	2.1	-	0.2	-3.3	**-0.2**
Foreign exchange rate differences	-0.0	-0.4	-1.8	-5.0	-0.9	-0.1	**-8.2**
Historical cost 31 Dec 2021	**1.9**	**60.1**	**102.4**	**241.3**	**43.0**	**9.8**	**458.5**
Accumulated depreciation 1 Jan 2021	-	-39.6	-67.6	-164.2	-24.9	-	**-296.3**
Accumulated depreciation related to decreases and reclassifications	-	-	2.1	19.2	0.0	0.4	**21.7**
Depreciation for the financial year	-	-1.9	-6.9	-20.3	-3.4	-	**-32.5**
Impairments	-	-	-0.1	-0.0	-0.3	-0.4	**-0.9**
Foreign exchange rate differences	-	0.2	1.2	3.5	0.6	0.0	**5.4**
Accumulated depreciation 31 Dec 2021	**-**	**-41.3**	**-71.2**	**-162.0**	**-28.1**	**-**	**-302.5**
Carrying amount 1 Jan 2021	1.9	19.6	33.7	81.2	17.2	8.5	**162.2**
Carrying amount 31 Dec 2021	**1.9**	**18.8**	**31.2**	**79.4**	**14.9**	**9.8**	**155.9**
2020							
Historical cost 1 Jan 2020	1.9	58.0	95.2	222.0	36.3	2.3	**415.7**
Increases	-	0.0	2.2	14.9	3.8	9.7	**30.6**
Decreases	-	-	-1.9	-0.2	-	-0.0	**-2.1**
Reclassifications	-	0.4	2.6	-	0.5	-3.5	**-0.1**
Foreign exchange rate differences	0.0	0.8	3.2	8.8	1.5	0.1	**14.3**
Historical cost 31 Dec 2020	**1.9**	**59.2**	**101.3**	**245.5**	**42.1**	**8.5**	**458.4**
Accumulated depreciation 1 Jan 2020	-	-37.4	-60.2	-139.3	-20.4	-	**-257.4**
Accumulated depreciation related to decreases and reclassifications	-	-	1.6	0.2	0.1	-	**1.9**
Depreciation for the financial year	-	-1.8	-6.7	-18.8	-3.7	-	**-31.0**
Impairments	-	-	-	-	0.1	-	**0.1**
Foreign exchange rate differences	-	-0.3	-2.2	-6.2	-1.0	-	**-9.8**
Accumulated depreciation 31 Dec 2020	**-**	**-39.6**	**-67.6**	**-164.2**	**-24.9**	**-**	**-296.3**
Carrying amount 1 Jan 2020	1.9	20.6	35.0	82.7	15.9	2.3	**158.3**
Carrying amount 31 Dec 2020	**1.9**	**19.6**	**33.7**	**81.2**	**17.2**	**8.5**	**162.2**

[1] For more details about the right-of-use assets please refer to section 7. Leases.
[2] The most significant share of other tangible assets is made up by refurbishment expenditures for rented premises.
[3] The most significant part of advance payments and construction in progress is related to renewal of warehouse premises.

6.2. Goodwill and other intangible assets

Goodwill: Goodwill arising from business combinations is recognised as the amount by which the aggregate of the fair value of the consideration transferred, the acquisition date fair value of any previously held interest and any non-controlling interest exceeds the fair value of the net assets acquired. Goodwill is not amortised but is tested for impairment at least annually according to the business structure in force at the time of impairment testing. For impairment testing, goodwill is allocated to cash-generating units. Goodwill is measured at cost less accumulated impairment losses. Impairment losses are recognised in the statement of comprehensive income.

Other intangible assets: Other intangible assets are initially recognised at historical cost and they are subsequently measured at historical cost less depreciation and impairment losses. Other intangible assets include sales licences, trademarks, patents, software licences and product and marketing rights. Assets with finite useful life are depreciated over their useful life, using the straight-line method. Research and development costs are normally expensed as other operating expenses for the reporting period in which they are incurred. Expenditures on development is capitalised only when it relates to new products or services that are technically and commercially feasible. The majority of the Group's development expenditure does not meet the criteria for capitalisation and are recognised as expenses as incurred. Configuration and customisation costs in a cloud service contract, which do not meet the definition of an intangible asset, and which are distinct from the actual cloud service, are recognised as expense when the service is received. Configuration and customisation costs which are not distinct from the actual cloud services, are recognised as advance payments in the statement of financial position and expensed over the estimated term of the cloud service contract. The estimated useful lives of other intangible assets are as follows:

- Intangible rights
  - Patents and trademarks 10 years
  - Software 5–10 years
- Other intangible assets 3–10 years

Goodwill and other intangible assets

EUR million 2021	Goodwill	Intangible rights	Other intangible assets[1]	Advance payments and construction in progress[2]	Total
Historical cost 1 Jan 2021	278.7	109.6	32.5	17.4	**438.2**
Increases	-	1.7	0.5	10.2	**12.4**
Decreases	-	-	-0.6	-0.0	**-0.7**
Impairments	-0.9	-	-	-	**-0.9**
Reclassifications	-	2.2	3.2	-5.2	**0.2**
Foreign exchange rate differences	-4.4	-2.1	-	-0.2	**-6.7**
Historical cost 31 Dec 2021	**273.5**	**111.3**	**35.5**	**22.3**	**442.6**
Accumulated amortisation 1 Jan 2021	-	-77.2	-12.4	-	**-89.7**
Accumulated amortisation related to decreases and reclassifications	-	-0.0	0.6	-	**0.6**
Amortisation for the financial year	-	-6.8	-3.8	-	**-10.6**
Foreign exchange rate differences	-	1.5	-	-	**1.5**
Accumulated amortisation 31 Dec 2021	**-**	**-82.5**	**-15.6**	**-**	**-98.1**
Carrying amount 1 Jan 2021	278.7	32.3	20.1	17.4	**348.5**
Carrying amount 31 Dec 2021	**273.5**	**28.8**	**19.9**	**22.3**	**344.5**
2020					
Historical cost 1 Jan 2020	270.5	103.8	29.9	9.8	**414.0**
Increases	-	1.4	0.3	10.6	**12.3**
Decreases	-	-0.4	-	-	**-0.4**
Reclassifications	-	0.9	2.2	-3.1	**0.1**
Foreign exchange rate differences	8.2	3.9	-	0.1	**12.2**
Historical cost 31 Dec 2020	**278.7**	**109.6**	**32.5**	**17.4**	**438.2**
Accumulated amortisation 1 Jan 2020	-	-67.0	-9.5	-	**-76.6**
Accumulated amortisation related to decreases and reclassifications	-	0.4	-	-	**0.4**
Amortisation for the financial year	-	-7.3	-2.9	-	**-10.1**
Impairments	-	-0.6	-	-	**-0.6**
Foreign exchange rate differences	-	-2.8	-	-	**-2.8**
Accumulated amortisation 31 Dec 2020	**-**	**-77.2**	**-12.4**	**-**	**-89.7**
Carrying amount 1 Jan 2020	270.5	36.7	20.4	9.8	**337.5**
Carrying amount 31 Dec 2020	**278.7**	**32.3**	**20.1**	**17.4**	**348.5**

[1] Other intangible assets include significant expenses for installation and specialist work related to the implementation of computer software.
[2] Advance payments and construction in progress include mainly costs related to software.

Impairments

Impairment of tangible and intangible assets: The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of the net sales price or value in use, which is the present value of the expected future cash flows expected to be derived from the asset.

The impairment loss is recognised in the statement of comprehensive income if the carrying amount of the asset exceeds the recoverable amount. An impairment loss is reversed if there is a change in the circumstances and the recoverable amount exceeds the carrying amount. The reversal of impairment loss cannot exceed the asset's carrying amount without any impairment loss.

Allocation and impairment testing of goodwill: The goodwill impairment test is conducted at least annually or more frequently if there is any indication that goodwill may be impaired. Impairment testing is conducted according to the business structure in force at the time of impairment testing. Impairment is recognised in the statement of comprehensive income under Depreciation, amortisation and impairments. Goodwill impairment losses are not reversed.

The recoverable amount of the cash-generating units in impairment testing was based on value-in-use calculations. Value-in-use has been determined based on discounted cash flows (DCF-model). The cash flow forecasts are based on three-year strategic plans approved by the management and are consistent with the current business structure. The most important assumptions in the strategic plans are estimates of overall long-term growth in the market and the market position as well as the profitability of the Group businesses. The foreign exchange rates used in converting the calculations into euros are those prevailing at the time of testing.

The main parameters used in the impairment testing are net sales growth percentage, EBIT percentage, terminal growth percentage and discount rate.

The three-year net sales forecasts are based on the management's assessment of the net sales growth, market development forecasts available from external information sources and sales growth based on the Group's actions.

The terminal growth rate used in the calculations is based on the management's assessments of the long-term growth. In estimating the terminal growth rate, both country-specific and business sector growth forecasts available from external information sources as well as the characteristic features of each operating segment and cash generating unit are considered. Terminal growth rate for cash generating units was 2.0% from the year 2024. The discount rate used in the calculation is based on the Group's weighted average cost of capital, taking into account the industry and country specific risks in each of the Group's operating segment. When defining the discount rates, Oriola has acquired the necessary information from an external information source.

Result of goodwill impairment testing

In the second quarter of 2021, an impairment of goodwill totalling EUR 0.9 million was recognised relating to the closing of the service centre in Swedish Retail business. The result of impairment testing performed in the last quarter of the year shows that the "value in use" in the tested cash generating units exceeds the book value of the carrying amounts, and thus no further impairment of goodwill was recognised in 2021.

Sensitivity analysis for the following projection parameters have been performed: discount rate, EBIT percentage, terminal growth percentage, and net sales growth percentage. For Consumer business area the recoverable amount would equal the carrying amount if pre-tax discount rate increased 1.2 percentage points (increased 1.7 percentage points), or if EBIT percentage decreased 0.5 percentage points (decreased 0.7 percentage points), or if terminal growth percentage decreased 1.4 percentage points (decreased 2.0 percentage points), or if sales growth percentage decreased 2.0 percentage points (decreased 2.9 percentage points). For Pharma and Retail business areas, management believes that any reasonably possible change in the projection parameters would not cause carrying amount of the cash-generating units to exceed its recoverable amount.

Use of estimates: *The Group's assets with an indefinite useful life are subject to annual impairment testing and any indication of impairment of assets is assessed using information from external sources on market development as well as information from internal sources on business performance and estimates. When analysing these sources and information and making conclusions, estimates are used. The recoverable values used in impairment testing are discounted future cash flows that can be obtained through usage and possible sale of the assets. If the carrying amount of the asset exceeds either its recoverable amount or fair value, the difference is recognised as an impairment charge. The preparation of such calculations requires the use of estimates. During 2020, the management has followed closely the impacts of the COVID-19 pandemic on the Group's business performance and estimates. At the moment the pandemic is not expected to have significant long-term impacts on Oriola's business performance.*

Goodwill and projection parameters applied

2021	Consumer	Pharma	Retail
Goodwill	210.3	33.0	30.2
Pre-tax discount rate %	7.2	6.7	7.3
Terminal growth	2.0	2.0	2.0

2020	Consumer	Pharma	Retail
Goodwill	214.6	33.0	31.1
Pre-tax discount rate %	7.0	7.2	7.3
Terminal growth	2.0	2.0	2.0

6.3. Other non-current assets

The investment in Doktor.se is accounted for as a financial asset. Oriola classifies the shares of Doktor.se as the investment in Doktor.se is seen as strategic investment, which supports Oriola's business operations. The shares are presented in the consolidated statement of financial position as part of other non-current assets. Possible changes in fair value of the investment are recognised in other comprehensive income and they shall not subsequently be transferred to profit and loss. Possible dividends are recognised as dividend income in the profit and loss.

EUR million 2021	Other shares and shareholdings	Other non-current assets	Total
Carrying amount 1 Jan 2021	22.2	0.1	**22.3**
Increases	0.0	0.6	**0.6**
Decreases	-11.1	-	**-11.1**
Changes in fair value	23.1	-	**23.1**
Foreign exchange rate differences	-0.0	-0.0	**-0.0**
Carrying amount 31 Dec 2021	**34.2**	**0.7**	**34.9**
2020			
Carrying amount 1 Jan 2020	9.4	0.3	**9.7**
Increases	4.8	-	**4.8**
Decreases	-0.0	-0.2	**-0.2**
Changes in fair value	8.0	-	**8.0**
Foreign exchange rate differences	0.0	0.0	**0.0**
Carrying amount 31 Dec 2020	**22.2**	**0.1**	**22.3**

Other shares and shareholdings

In 2018 Oriola Corporation invested EUR 9.4 million in the Swedish online medical centre Doktor.se. In 2020, Oriola made an additional investment totalling EUR 4.8 million in Doktor.se and recognised an increase of EUR 8.0 million to the value of the investment. The increase was based on realised transactions and the present value of discounted cash flows.

In June 2021, Oriola sold approximately 50% of its shareholding in Doktor.se for EUR 33.9 million. The profit from the sale of shares EUR 21.7 was recognised in retained earnings. In taxation, the sales profit has been treated as tax exempt sale of fixed asset shares. In addition, Oriola recognised an increase of EUR 23.1 million to the value of the remaining investment based on realised transactions. Oriola's ownership in Doktor.se 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.

Oriola's ownership at the end of the reporting period was approximately 6% of the total number of shares in Doktor.se. Doktor.se offers personal digital healthcare services to its customers. Doktor.se has a comprehensive organisation with specialist nurses, doctors and psychologists.

Use of estimates: *The management has to evaluate at each balance sheet date whether there have been any changes to the fair value of the shares measured at fair value through other comprehensive income. The applied valuation method for the shares in Doktor.se is based on realised transactions.*

7. Leases

Leases: The Group leases various assets, which are divided into following asset classes:

- Real estate
- IT equipment
- Vehicles
- Other machinery and equipment

The Group's real estate leases include leases of pharmacies, office premises and warehouse premises. Also leases for parking space as well as machinery and equipment of buildings is included the real estate class. The Group has a significant portfolio of lease contracts for pharmacy premises in Sweden. The usual duration of the leases is 3 years, and the contracts are regularly renewed for the next lease period. For most of the contracts the lease payments are adjusted every year based on the change of the consumer price index.

The Group leases of vehicles consist of company cars, which are used as part of employee benefits and forklifts, which are used in warehouses. The lease period for the company cars is usually 3 years and for forklifts 3-5 years.

The Group leases IT equipment such as servers, printers and laptops. The lease period for IT equipment is usually 3-5 years.

Leases of other machinery and equipment include waste presses in the warehouses and dose dispensing equipment, containers, furniture and other machinery and equipment such as franking machines and coffee machines.

At inception of a contract it is assessed whether a contract contains a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In order to assess whether a contract conveys the right to control the use of an identified asset, it is assessed whether:

- The contract involves the use of an identified asset
- Oriola has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use
- Oriola has the right to direct the use of the asset.

The right-of-use asset is initially measured at cost, which comprises:

- The initial amount of lease liability
- Any lease payments made at or before the commencement date
- Any initial direct costs incurred by Oriola
- An estimate of costs to be incurred by Oriola in dismantling and removing the underlying assets or restoring the site on which the assets are located

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments included in the measurement of the lease liability include the following:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or the rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee
- The exercise price of a purchase option that Oriola is reasonably certain to exercise
- Penalties for early termination of a lease if the termination is taken into account in determining lease period.

The lease payments included in the measurement of lease liability exclude variable elements which are dependent on external factors such as e.g. sales volume in pharmacies. Variable payments not included in the initial measurement of the lease liability are recognised as an expense over the lease term.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. At Oriola, the incremental borrowing rates are defined for the lease terms of 1, 3, 5 and 10 years. The components of the incremental borrowing rate are:

- Risk free rate which reflect the different jurisdictions and currencies: SEK and EUR swap rates for 1 to 3 years and Government bonds for Finland and Sweden for 5 to 10 years
- Oriola's internal credit rating for the parent company as a company specific margin. As all the Group's treasury functions are centralized to the parent company and all funding for the Group is managed centrally by the parent company resulting in the parent providing a guarantee of the lease payments to the lessor, the pricing of the lease is more significantly influenced by the credit standing of the parent than that of the subsidiary.
- The incremental borrowing rates are reviewed monthly

The lease term comprises of:

- Non-cancellable period of lease contract
- Periods covered by an option to extend the lease if Oriola is reasonably certain to exercise that option

- Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The exemption for short term leases is applied to real-estate leases and the exemption for low-value assets is applied to leases of IT equipment and other machinery and equipment. For short term leases of real-estate leases that have a lease term of 12 months or less and for low-value leases of IT equipment and other machinery equipment the right-of-use asset and lease liability is not recognised. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term. An asset is considered to be a low-value asset, if the value of the asset when it is new is less than EUR 5,000 or SEK 50,000.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and less any accumulated impairment losses and adjusted for any remeasurements of the lease liability. Depreciation is calculated using the straight-line method from the commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, if there is a change in Oriola's estimate of the amount expected to be payable under a residual value guarantee, or if Oriola changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use assets are presented in property, plant and equipment and the lease liabilities in interest-bearing liabilities in the statement of financial position. The lease liabilities with the maturity of more than 12 months are presented in the non-current interest-bearing liabilities and the lease liabilities with the maturity of 12 months or less are presented in the current interest-bearing liabilities.

The depreciations of right-of-use assets are presented in depreciation, amortisation and impairments in the statement of comprehensive income. The interest expense on the lease liability is presented within the financial expenses. The lease payments of low-value assets and short-term leases are included in other operating expenses in the statement of comprehensive income.

In the statement of cash flows the cash payments for the principal portion of the lease liability are presented within financing activities. The cash payments for the interest portion of the lease liability as well as short term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liabilities are presented within operating activities.

Use of estimates: *In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). In Sweden the leasing contracts for pharmacy premises are usually automatically renewed for the next lease period if not terminated by Oriola. For such contracts Oriola has to use management judgement in determining, whether it will renew the contracts or terminate them. For those pharmacies, which are in attractive locations, which are or are expected to be profitable and which support the Groups strategy, Oriola considers it is reasonably certain to exercise the renewal option.*

7.1. Leases in the statement of financial position

The Group has recognised following amounts in the statement of financial position relating to leases:

Right-of-use assets

EUR million	2021	2020
Real estate	77.9	79.6
IT equipment	0.1	0.3
Vehicles	1.3	1.3
Other machinery and equipment	0.0	0.0
Total	**79.4**	**81.2**

Lease liabilities

EUR million	2021	2020
Current	18.6	19.8
Non-current	60.2	61.9
Total	**78.8**	**81.7**

Additions to the right-of-use assets during year 2021 were EUR 20.1 (14.9) million.

7.2. Leases in the statement of comprehensive income

The Group has recognised following amounts in the statement of comprehensive income relating to leases:

EUR million	2021	2020
Depreciation charge of right-of-use assets		
Real estate	-19.3	-17.8
IT equipment	-0.2	-0.4
Vehicles	-0.8	-0.7
Other machinery and equipment	-0.0	-0.0
Total depreciation	-20.3	-18.8
Interest expense (included in financial expenses)	-1.7	-1.7
Expense relating to short-term leases (included in other operating expenses)	-0.1	-0.1
Expense relating to leases of low-value assets (included in other operating expenses)	-0.5	-0.4
Gains from changes in leases (included in other operating income)	0.0	0.1

The total cash outflow for leases in 2021 was EUR 23.4 (21.7) million.

8. Capital structure

8.1. Financial income and expenses

Interest income and expenses: Interest income and expenses are recognised on a time-proportion basis using the effective interest method.

The average interest rate on the interest-bearing liabilities excluding lease liabilities was 0.96% (1.09%) in 2021.

Financial income and expenses

EUR million	2021	2020
Financial income		
Interest income on financial assets measured at amortised cost	0.2	0.4
Interest income on financial assets and liabilities recognised at fair value	0.1	0.0
Foreign exchange rate gains from financial assets and liabilities recognised at fair value, net	0.2	0.1
Other financial income	-	0.0
Total	**0.5**	**0.5**
Financial expenses		
Interest expenses on interest rate swaps	0.3	0.2
Interest expenses on financial liabilities at amortised cost	2.0	2.5
Interest expenses on leases	1.7	1.7
Foreign exchange rate losses on financial assets and liabilities measured at amortised cost, net	0.0	0.0
Other financial expenses	2.3	2.1
Total	**6.3**	**6.5**
Financial income and expenses, total	**-5.8**	**-6.0**

8.2. Financial assets and liabilities

Classification and measurement: Financial assets and liabilities are recognised at the fair value at the settlement date except derivatives, which are recognised at the trade date in the statement of financial position. The Group's financial assets and liabilities include cash and cash equivalents, loans and other financial receivables, trade receivables, trade payables, loans and derivatives.

Financial assets and liabilities are classified into the following measurement categories:

- Fair value through profit and loss
- Fair value through other comprehensive income
- Amortised cost

The classification of financial assets into different measurement categories depends on the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The classification of financial liabilities into different measurement categories depends on the purpose for which the financial liabilities were initially acquired. The measurement category for financial assets and liabilities is determined at the acquisition date. Financial assets are derecognised when the Group loses the rights to receive the contractual cash flows on the financial asset or it transfers substantially all the risks and rewards of ownership outside the Group. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets measured at fair value through profit and loss: Money market investments, trade receivables held for sale and derivatives which are not designated as hedges are measured at fair value through profit and loss. Assets within this category are short-term assets with a maturity of less than 12 months and are measured at fair value using the market price on the balance sheet date. Both realised and unrealised gains and losses arising from the changes in fair value are recognised in the consolidated statement of comprehensive income for the financial period during which they incurred.

Financial assets measured at amortised cost: Cash and cash equivalents consist of cash in hand and cash at the bank accounts. Items classified as cash and cash equivalents have a maturity of less than 3 months from the acquisition date. The used credit limits are included in current interest-bearing liabilities.

Loans and other receivables are measured at amortised cost. Receivables are classified as current financial assets unless their maturity date is more than 12 months from the balance sheet date. Trade and other receivables are included in this category except for trade receivables held for sale, which are measured at fair value through profit and loss. Trade receivables are recognised at their original book value. A valuation allowance for impairment of trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, the probability of the debtor's bankruptcy, failure to pay and significant delay of payments are considered to be justified reasons for the impairment of trade receivables. The Group applies the simplified approach to providing for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. Impairments are recognised as an expense in the consolidated statement of comprehensive income. Sold non-recourse trade receivables' credit risk and contractual rights are transferred from the Group on the selling date and related expenses are recognised as financial expenses. Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in note 8.3. Financial risk management.

Financial assets measured at fair value through other comprehensive income: In 2018 and 2020, Oriola Corporation invested a total of EUR 14.2 million in the Swedish online medical centre Doktor.se. The investment is accounted for as a financial asset. Oriola classifies the shares of Doktor.se as fair value through other comprehensive income. The investment in Doktor.se is seen as strategic investment, which supports Oriola's business operations. The purchase price of the shares is recognised in the consolidated statement of financial position in other non-current assets. Possible changes in fair value of the investment are recognised in other comprehensive income and they shall not subsequently be transferred to profit and loss. The applied valuation method for the shares in Doktor.se is based on realised transactions. Possible dividends are recognised as dividend income in the profit and loss. In June 2021, Oriola sold approximately 50% of its shareholding in Doktor.se for EUR 33.9 million. More information on the investment in Doktor.se can be found in note 6.3. Other non-current assets.

Financial liabilities measured at amortised cost: Financial liabilities measured at amortised cost are recognised in the consolidated statement of financial position at the net value received on the date of acquisition. Transaction costs are included in the original carrying amount of financial liabilities. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in the statement of comprehensive income using the effective interest method. Financial liabilities that expire within 12 months from the balance sheet date, including bank overdrafts in use, are recognised within current interest-bearing liabilities, and those expiring in a period exceeding 12 months, are recognised within non-current interest-bearing liabilities.

Financial liabilities measured at fair value through profit and loss: The Group's financial liabilities measured at fair value through profit and loss include derivatives which are not designated as hedges. More information on measurement of derivatives can be found from note 8.3. Financial risk management.

Financial assets and liabilities by category

		2021			2020		
EUR million	**Note**	**Fair value**	**Book value**	**Hierarchy**	**Fair value**	**Book value**	**Hierarchy**
Derivatives designated as hedges	8.3.	0.6	0.6	Level 2	-	-	Level 2
Financial assets recognised at fair value through profit and loss							
Derivatives measured at fair value through profit and loss	8.3.	0.0	0.0	Level 2	0.1	0.1	Level 2
Other investments measured at fair value through OCI	6.3.	34.2	34.2	Level 3	22.2	22.2	Level 3
Trade receivables for sale	5.1.	16.1	16.1	Level 2	15.1	15.1	Level 2
Loans and other receivables							
Cash equivalents		109.1	109.1	Level 2	168.2	168.2	Level 2
Trade receivables and other receivables	5.1.	183.4	183.4	Level 2	176.9	176.9	Level 2
Financial assets, total		**343.5**	**343.5**		**382.4**	**382.4**	
Derivatives designated as hedges	8.3.	0.1	0.1	Level 2	0.4	0.4	Level 2
Financial liabilities recognised at fair value through profit and loss							
Derivatives measured at fair value through profit and loss	8.3.	0.2	0.2	Level 2	0.1	0.1	Level 2
Financial liabilities measured at amortised cost							
Non-current interest-bearing liabilities		123.5	123.5	Level 2	127.8	127.8	Level 2
Current interest-bearing liabilities		86.4	86.4	Level 2	167.4	167.4	Level 2
Trade payables and other current liabilities	5.3.	630.4	630.4	Level 2	660.6	660.6	Level 2
Financial liabilities, total		**840.5**	**840.5**		**956.3**	**956.3**	

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

EUR million	2021	2020
Carrying amount 1 Jan	**22.2**	**9.4**
Acquisition of shares	-	4.8
Disposal of shares	-11.1	-
Change in fair value	23.1	8.0
Carrying amount 31 Dec	**34.2**	**22.2**

Financial assets recognised at fair value through other comprehensive income (level 3) include Oriola's holding in the Swedish online medical centre Doktor.se. In the second quarter of 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 shares. In 2020, an increase of EUR 8.0 million was recognised to the value of the shares. More information on the investment in Doktor.se and its valuation can be found in note 6.3. Other non-current assets.

Interest-bearing liabilities

Non-current

EUR million	2021	2020
Loans from financial institutions	63.3	65.9
Lease liabilities	60.2	61.9
Total	**123.5**	**127.8**

Current

EUR million	2021	2020
Loans from financial institutions	2.0	52.0
Issued commercial papers	49.8	78.6
Advances received from pharmacies	16.0	17.0
Lease liabilities	18.6	19.8
Total	**86.4**	**167.4**

Interest-bearing liabilities by currency

EUR million	2021	2020
EUR	103.9	186.3
SEK	106.0	108.9
Total	**209.9**	**295.3**

Net debt

EUR million	2021	2020
Loans from financial institutions	63.3	65.9
Lease liabilities	60.2	61.9
Non-current interest-bearing liabilities	**123.5**	**127.8**
Loans from financial institutions	2.0	52.0
Issued commercial papers	49.8	78.6
Advances received from pharmacies	16.0	17.0
Lease liabilities	18.6	19.8
Current interest-bearing liabilities	**86.4**	**167.4**
Interest-bearing liabilities, total	**209.9**	**295.3**
Cash and cash equivalents	**109.1**	**168.2**
Net debt	**100.8**	**127.1**

Change in net debt

EUR million

2021	Loans from financial institutions	Commercial papers	Advances from pharmacies	Lease liabilities	Cash and cash equivalents	Total
Carrying value, at 1 January 2021	-117.9	-78.6	-17.0	-81.7	168.2	**-127.1**
Change in net debt, cash:						
Repayments of non-current loans	2.0	-	-	-	-	**2.0**
Repayments of current loans	50.0	-	-	-	-	**50.0**
Repayments of lease liabilities	-	-	-	21.2	-	**21.2**
Change in other current liabilities	-	28.8	1.0	-	-	**29.8**
Change in cash and cash equivalents	-	-	-	-	-59.0	**-59.0**
Cash flows, total	**52.0**	**28.8**	**1.0**	**21.2**	**-59.0**	**44.0**
Change in net debt, non-cash:	-	-	-	-19.9	-	**-19.9**
Foreign exchange adjustments	0.6	-	-	1.7	-0.0	**2.2**
Non-cash movements, total	**0.6**	**-**	**-**	**-18.3**	**-0.0**	**-17.7**
Carrying value, at 31 December 2021	**-65.3**	**-49.8**	**-16.0**	**-78.8**	**109.1**	**-100.8**

2020	Loans from financial institutions	Commercial papers	Advances from pharmacies	Finance lease liabilities	Cash and cash equivalents	Total
Carrying value, at 1 January 2020	-57.8	-35.0	-13.2	-84.3	70.8	**-119.6**
Change in net debt, cash:						
Proceeds from non-current loans	-30.0	-	-	-	-	**-30.0**
Repayments of non-current loans	1.1	-	-	-	-	**1.1**
Proceeds from current loans	-40.0	-	-	-	-	**-40.0**
Repayments of current loans	10.0	-	-	-	-	**10.0**
Repayments of lease liabilities	-	-	-	19.6	-	**19.6**
Change in other current liabilities	-	-43.6	-274.8	-	-	**-318.4**
Change in cash and cash equivalents	-	-	-	-	**97.3**	**97.3**
Cash flows, total	**-58.9**	**-43.6**	**-274.8**	**19.6**	**97.3**	**-260.5**
Change in net debt, non-cash:						
Change in lease liabilities	-	-	-	-13.8	-	**-13.8**
Settled against trade receivables	-	-	271.0	-	-	**271.0**
Foreign exchange adjustments	-1.1	-	-	-3.1	0.1	**-4.2**
Non-cash movements, total	**-1.1**	**-**	**271.0**	**-17.0**	**0.1**	**253.0**
Carrying value, at 31 December 2020	**-117.9**	**-78.6**	**-17.0**	**-81.7**	**168.2**	**-127.1**

8.3. Financial risk management

The financial risks relating to the business operations of the Oriola Group are managed in accordance with the treasury policy approved by the Board of Directors. Oriola's centralised Group Treasury is responsible for implementing, monitoring and reporting of the treasury policy.

Oriola's Group Treasury's main objectives are to maintain solid long-term financial position and secure daily liquidity of the Group and to efficiently manage currency and interest rate risks.

The objective of financial risk management is to hedge against unfavourable changes in the financial markets and to minimise the impact of foreign exchange, interest rate, refinancing and liquidity risks on the Group's cash reserves, profits and shareholders' equity. Approved hedging instruments are set in the treasury policy.

Currency risk: The most important country-specific operating currencies for the Oriola Group are the euro (EUR) and the Swedish krona (SEK). A substantial proportion of procurements and sales are conducted in the reporting currency of the subsidiaries, which considerably reduces the currency risk. In accordance with its treasury policy, Oriola's internal loans and deposits are denominated in the local currency of each subsidiary.

Transaction risk: Transaction risks arise from commercial and finance-related transactions and payments made by the business units, which are denominated in a currency other than the unit's reporting currency. Due to the nature of business operations, Oriola's transaction risks are minor. In accordance with its treasury policy, Oriola's internal loans and deposits are denominated in the local currency of each subsidiary, mainly in Swedish krona. In addition, Oriola Corporation had an EUR 28.3 (28.9) million Swedish krona denominated external loan on the balance sheet date. In accordance of the treasury policy, transaction risk arising from the items in the statement of financial position recognised in the statement of comprehensive income is aimed to be fully hedged with derivatives. On the balance sheet date Swedish krona denominated open transaction position was EUR 0.0 (0.0) million.

Translation risk: Oriola's most significant translation risk concerns items in Swedish krona. Translation risks arise from capital investments and goodwill in foreign subsidiaries. On the balance sheet date Oriola had not hedged the equity-related translation risks. On the balance sheet date Swedish krona denominated translation risk position was EUR 268.9 (256.1) million. Translation risk sensitivity: A 10% weakening/strengthening of Swedish krona would have an impact of EUR -/+24.4 (-/+23.3) million in the Group's equity.

Liquidity risk: The objective of liquidity risk management is to maintain adequate liquid assets and revolving credit facilities so that Oriola is able to meet all of its financial obligations. The Group's liquidity management is based on 12-month cash flow forecasts and 4-week rolling cash flow forecasts drawn up on a weekly basis. Oriola has diversified its refinancing risk among several different counterparties and various financing sources.

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 short-term uncommitted credit account limits of EUR 34.9 (35.0) million were unused on the balance sheet date. In addition, Oriola has a EUR 200 (200) million uncommitted commercial paper programme of which EUR 49.8 (78.6) million had been issued on the balance sheet date. 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. Maturity distribution of financial assets and liabilities is presented on page 54. Oriola's cash and cash equivalents at the end of 2021 totalled EUR 109.1 (168.2) million.

Oriola's financial agreements include financial covenants that are maximum net debt to EBITDA -ratio of 3.0 and maximum net debt to equity ratio of 100%. In addition to financial covenants, the margin of the revolving credit facility is linked to the performance of the Group's sustainability targets. Regarding the standard IFRS 16 Leases, the Group has agreed with financial institutions on applying the financial reporting standards in force at the end of 2018 to all of the current long-term agreements. At the end of the reporting period the financial covenants were fulfilled.

Oriola's net working capital was EUR -167.8 (-181.6) million on the balance sheet date. Oriola's net working capital was negative on the balance sheet date owing to the terms of payment defined in principal and customer agreements and to the non-recourse factoring programmes used in the retail and wholesale businesses in Sweden. The Group's principal and customer agreements are based on established, long-term agreements, and no significant changes are anticipated in them during 2022.

Oriola has open-ended frame agreements in Sweden that allow the company to sell trade receivables relating to Swedish retail and wholesale businesses to the financial institutions on a non-recourse basis. Sales of trade receivables were EUR 183.1 (179.6) million in total on the balance sheet date. No significant changes are anticipated in the scope of the agreements to sell trade receivables in 2022.

Interest rate risk: Interest rate risk arise from changes in interest payments of floating rate loans due to changes in market interest rates and market value changes of financial instruments (price risk). The objective of the interest rate risk management is to minimise the impact of interest rate fluctuations on the statement of comprehensive income. The interest rate risk is evaluated using sensitivity analysis and interest rate duration.

On the balance sheet date, Oriola's interest rate risk consisted of EUR 109.1 (168.2) million in cash assets, EUR 209.9 (295.3) million in interest-bearing liabilities, and EUR 183.1 (179.6) million from sales of non-recourse trade receivables in Sweden. The interest-bearing liabilities at the end of 2021 include lease liabilities totalling EUR 78.8 (81.7) million. On the balance sheet date, a total of EUR 70.3 (71.7) million of the interest rate risk was hedged. The average interest rate on interest-bearing liabilities excluding lease liabilities and including the sale of receivables on a non-recourse basis and interest rate hedges, was 0.96% (1.09%), and the interest rate duration was 10 (8) months. One of the interest rate hedges will mature during the third quarter of 2022, the other ones are long-term contracts. Oriola applies hedge accounting for interest rate swaps hedging cash flows relating to selling of non-recourse trade receivables.

Based on the gross debt on the balance sheet date and assuming that the trade receivables sales programmes will continue as normal in Sweden, the effect of a one percentage point increase in market interest rates on the Group's annual earnings after taxes would be EUR -2.1 (-1.2) million (including derivatives) and on equity EUR 2.1 (1.3) million (including derivatives).

Credit and counterparty risks: A credit risk arises from the possibility of a counterparty failing to meet its contractual payment obligations or financial institutions failing to meet their obligations relating to deposits and derivatives trading. Oriola's treasury policy provides the framework for credit-, investment- and counterparty risk management.

Credit limits are determined for investments and derivative agreement counterparties on the basis of creditworthiness and solidity and are monitored and updated on a regular basis.

Business areas are responsible for the credit risk management arising from commercial receivables. The Finnish and Swedish wholesale business is based on well-established customer relationships and contractual terms generally observed within the industry, which significantly reduces the credit risk associated with trade receivables. Due to the nature of the operations there are no significant credit risks associated with the Swedish retail business. The credit risk related to the wholesale business in Finland is reduced by interest-bearing advance payments from pharmacies. These interest-bearing advance payments are presented as current interest-bearing liabilities in the statement of financial position. In the wholesale and retail business in Sweden, the credit risk is reduced by the sale of non-recourse receivables to financial institutions and by the usage of credit loss insurances.

The Group applies the simplified approach to providing for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. The Group uses a provision matrix for loss allowance provision. The matrix is based on historical observed default rates and incorporates forward looking information.

Credit losses recognised in the statement of comprehensive income for the financial year totalled EUR -0.2 (-0.1) million. The ageing of trade receivables is presented in more detail in note 5.1. Trade and other receivables.

Capital management: Oriola's aim is to have an efficient capital structure that allows the company to manage its ongoing obligations and enables cost-effective operations under all circumstances. The return on capital employed (ROCE) and the gearing ratio are the measurements for monitoring capital structure.

Oriola's long-term financial targets are based on growth, profitability and key figures related to the statement of financial position. The Group's long-term targets are to grow at the rate of the market, annual EPS growth over 5% (without adjusting items), return on capital employed of over 20% and adjusted gearing ratio lower than 70%. Non-recourse trade receivables are added to the net debt for adjusted gearing. In addition, Oriola's aim is to pay out an increasing annual dividend of at least 50% of its earnings per share. The targets have been calculated excluding the impact of application of IFRS 16.

For a definition of key figures, please see the section Alternative performance measures.

Maturity distribution of financial assets and liabilities

31 Dec 2021

EUR million	2022	2023	2024	2025>	Total
Interest-bearing					
Loans from financial institutions and commercial paper loans	51.8	32.0	30.3	1.0	**115.1**
Lease liabilities	18.6	17.5	13.7	29.0	**78.8**
Advance payments received	16.0	-	-	-	**16.0**
Non-interest-bearing					
Trade payables and other current liabilities	630.4	-	-	-	**630.4**
Receivables from interest rate swaps	-	-	-0.1	-0.6	**-0.6**
Liabilities from interest rate swaps	0.1		-		**0.1**
Receivables from foreign currency derivatives	-59.5	-	-	-	**-59.5**
Payables on foreign currency derivatives	59.6	-	-	-	**59.6**
Total	**717.0**	**49.5**	**43.9**	**29.5**	**839.9**

31 Dec 2020

EUR million	2021	2022	2023	2024>	Total
Interest-bearing					
Loans from financial institutions and commercial paper loans	130.6	2.0	32.0	31.9	**196.5**
Lease liabilities	19.8	17.1	14.6	30.2	**81.7**
Advance payments received	17.0	-	-	-	**17.0**
Non-interest-bearing					
Trade payables and other current liabilities	660.6	-	-	-	**660.6**
Liabilities from interest rate swaps	0.1	0.2	-	0.2	**0.4**
Receivables from foreign currency derivatives	-12.8	-	-	-	**-12.8**
Payables on foreign currency derivatives	12.8	-	-	-	**12.8**
Total	**828.0**	**19.3**	**46.6**	**62.3**	**956.3**

Derivatives and hedge accounting

Recognition and measurement: Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting month. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument. Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

Oriola has the following derivative instruments:

- Instruments held for trading: Foreign currency forward and swap contracts, interest rate swaps
- Cash flow hedges: Interest rate swaps

The change in fair value of derivatives held for trading is recognised either as other income or expense or as financial income or expense depending on the underlying item being hedged.

Hedge accounting: Oriola applies hedge accounting for the interest rate swaps hedging cash flows relating to selling of non-recourse trade receivables. The fluctuating interest rate has been converted into fixed rate using interest rate swaps. When initiating hedge accounting, the relationship between the hedged item and the hedging instrument is documented along with the objectives of the Group's risk management. The effective portion of the changes in the fair value of interest rate swaps that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the reserves in equity. The ineffective portion, if any, is recognised immediately in the statement of comprehensive income within the financial items.

The fair value of currency forward and swap contracts is determined by measuring them at fair value using market rates on the balance sheet date.

Derivatives

EUR million 2021	Positive fair value	Negative fair value	Nominal value
Derivatives recognised as cash flow hedges			
Interest rate swaps, in hedge accounting	0.6	0.1	70.2
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	0.0	0.2	59.5

2020			
Derivatives recognised as cash flow hedges			
Interest rate swaps, in hedge accounting	-	0.4	51.8
Interest rate swaps, not in hedge accounting	-	0.1	20.0
Derivatives measured at fair value through profit and loss			
Foreign currency forward and swap contracts	0.1	0.1	12.8

Derivatives that are open on the balance sheet date fall due in the 12-month period except part of the interest rate swaps recognised as cash flow hedges. Interest rate risk relating to cash flow from selling of trade receivables has been hedged with interest rate swaps. The fair value of interest rate derivatives is defined by cash flows due to contracts. Interest rate swaps are designated as cash flow hedges and their changes in fair value related to the effective portion of the hedge are recognised in other comprehensive income and the potential ineffective part is recognised within the financial items in the statement of comprehensive income.

Fair values of the derivatives have been recognised in the statement of financial position 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.

Oriola has derivative positions with several banks and related transactions are effected under master derivative agreements. Master derivative agreements allow settlement on a net basis of all outstanding items within the scope of the agreements for example in the event of bankruptcy. On the balance sheet date, the remaining counterparty risk after net settlement, as allowed in the master derivative agreements, was EUR 0.6 (0.1) for Oriola and EUR 0.2 (0.5) million for the counterparties.

The nominal amount of foreign currency derivatives is the euro equivalent of the contracts' currency denominated amount on the balance sheet date.

8.4. Equity, shares and authorisations

Share capital: Oriola Corporation's share capital on 31 December 2021 stood at EUR 147,899,766.14. All issued shares have been paid up in full. There were no changes in share capital in 2021.

Fair value reserve: The fair value reserve includes the change in fair value of financial assets measured at fair value through other comprehensive income as well as the effective portion of the change in fair value of derivative financial instruments that are designated as and qualify for cash flow hedges. At the balance sheet date, the change in fair value of financial assets measured at fair value through other comprehensive income recognised in the fair value reserve totalled EUR 18.0 million. The change in fair value of derivative financial instruments recognised in the reserve totalled EUR 0.8 million (net of tax).

Contingency fund: The contingency fund is included in the unrestricted equity of the company. The contingency fund has been formed in 2006 when Oriola Corporation was entered into the Trade Register. There were no changes in the contingency fund in 2021, and the fund stood at EUR 19.4 million on 31 December 2021.

Other funds

Invested unrestricted equity reserve: Oriola Corporation executed a directed share issue against payment in June 2009, issuing 9,350,000 new class B shares. The net proceeds received from the share issue amounted to EUR 20.7 million. The proceeds from the share issue were credited to the reserve of invested unrestricted equity. In accordance with the decision of the Annual General Meeting of 6 April 2011, the company distributed on 19 April 2011 EUR 0.13 per share from the reserve of invested unrestricted equity as repayment of equity, totalling EUR 19.7 million.

Oriola Corporation completed a rights offering in the first quarter of 2015. The subscription period of the offering ended on 3 March 2015. In the offering 9,429,742 new A shares and 20,798,643 new B shares were subscribed and Oriola Corporation raised gross proceeds of EUR 75.6 million through the offering. Oriola Corporation recognised gross proceeds and the transaction costs less taxes, totalling EUR 73.7 million, in the invested unrestricted equity fund. There were no changes in the invested unrestricted equity reserve in 2021, and the fund stood at EUR 74.8 million on 31 December 2021.

Translation differences: Translation differences include translation differences arisen from the subsidiaries' equity translation during the consolidation, change of the fair values of the net investment in the foreign subsidiary, and foreign exchange rate differences arisen from the conversion of the foreign subsidiaries' income statements using the average exchange rate of the reporting period and the conversion of their balance sheets using the exchange rate quoted on the balance sheet date.

Shares: Of the total number of shares in the company, a maximum of 500,000,000 shall be class A shares and a maximum of 1,000,000,000 class B shares. At the end of 2021, the company had a total of 181,486,213 shares, of which 53,748,313 were class A shares and 127,737,900 were class B shares. The shares do not have a nominal value.

At General Meetings, each class A share carries 20 votes and each class B share one vote. No shareholder may vote using a number of votes that exceeds 1/20 of the total number of votes carried by the shares of different share classes represented at the General Meeting. Both share classes give the shareholder the same rights to the company's assets and dividend distribution. Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares.

Oriola Corporation's class A and B shares are quoted on the main list of the Nasdaq OMX Helsinki exchange. The company's field of business on the stock exchange on 31 December 2021 was Health Care Distributors and the company was classified under Health Care. The ticker symbol for the class A shares is OKDAV and for the class B shares OKDBV.

Treasury shares: Treasury shares acquired by the company and the related costs are presented as a deduction of equity. Gain or loss on surrender of treasury shares are recognised in equity net of tax.

The company holds a total of 138,201 treasury shares, of which 63,650 are class A shares and 74,551 are class B shares. The treasury shares held by the company account for 0.08% of the company's shares and 0.11% of the votes.

Share trading and prices: In 2021, the traded volume of Oriola Corporation shares, excluding treasury shares, corresponded to 32.4% of the total number of shares. The traded volume of class A shares amounted to 15.1% of the average stock, and that of class B shares, excluding treasury shares, to 39.7% of the average stock.

The average share price of Oriola Corporation's class A shares was EUR 2.04 and of its class B shares EUR 1.94. The market value of all Oriola Corporation shares at 31 December 2021 was EUR 362.8 (349.9) million, of which the market value of class A shares was EUR 106.7 million and of class B shares EUR 256.1 million.

Shareholders: On 31 December 2021 Oriola Corporation had a total of 34,677 registered shareholders. There were 23,480,205 nominee-registered shares on 31 December 2021, corresponding to 12.9% of all shares and 2.8% of all votes.

Share conversions: Under Article 3 of the Articles of Association, a shareholder may demand conversion of class A shares into class B shares. In 2021, no class A shares were converted into class B shares.

Management shareholdings: On 31 December 2021, the members of the company's Board of Directors and the President and CEO, the members of the Oriola Management Team and the companies controlled by them had a total of 330,609 shares, corresponding to 0.18% of the total number of shares in the company and 0.03% of the votes.

Management shareholdings

	2021 B shares	2020 B shares
Board of Directors		
Panu Routila, Chairman (from 17 March 2020)	23,558	11,265
Eva Nilsson Bågenholm, Vice Chairman	33,675	26,299
Juko Hakala	32,779	26,633
Anja Korhonen	40,299	32,923
Harri Pärssinen	17,593	11,447
Lena Ridström	25,741	19,595
Mariette Kristenson (until 16 March 2021)		19,595
President and CEO		
Elisa Markula (from 9 August 2021)	0	
Robert Andersson (until 1 February 2021)		88,638
Oriola Management team		
Katarina Gabrielson	49,633	41,158
Hannes Hasselrot (from 1 December 2021)	0	
Anne Kariniemi	21,725	15,518
Tuula Lehto	16,678	10,280
Elina Niemelä (from 9 August 2021)	0	
Charlotta Nyström	24,795	15,292
Fredrik Pamp (from 17 February 2020)	19,898	15,465
Sari Pohjonen (from 8 November 2021)	0	
Petter Sandström	24,235	19,053
Helena Kukkonen (until 1 August 2021)		19,508
Teija Silver (until 8 August 2021)		75,098
Andres Torell (until 30 August 2021)		24,644

Authorisations: The Annual General Meeting of Oriola Corporation held on 16 March 2021 authorised the Board of Directors to decide at its discretion on the payment of dividend up to a maximum of EUR 0.03 per share. The authorisation shall be valid until the beginning of the next Annual General Meeting of the company. The Board of Directors of Oriola Corporation decided on 26 October 2021 that it will not use the authorisation and will not pay additional dividend for 2020.

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.

Share capital

Share capital		A shares	B shares	Total
Number of shares 1 Jan 2021	pcs	53,748,313	127,737,900	**181,486,213**
Conversion of A shares to B shares	pcs	-	-	**0**
Number of shares 31 Dec 2021	pcs	**53,748,313**	**127,737,900**	**181,486,213**
Treasury shares 31 Dec 2021	pcs	63,650	74,551	**138,201**
Votes 31 Dec 2021	pcs	1,074,966,260	127,737,900	**1,202,704,160**
Share capital per share class 31 Dec 2021	EUR million	43.8	104.1	**147.9**
Percentage from the total shares	%	29.6	70.4	**100.0**
Percentage from the total votes	%	89.4	10.6	**100.0**
Number of shares 1 Jan 2020	pcs	55,434,273	126,051,940	181,486,213
Conversion of A shares to B shares	pcs	-1,685,960	1,685,960	0
Number of shares 31 Dec 2020	pcs	**53,748,313**	**127,737,900**	**181,486,213**
Treasury shares 31 Dec 2020	pcs	63,650	109,556	173,206
Votes 31 Dec 2020	pcs	1,074,966,260	127,737,900	1,202,704,160
Share capital per share class 31 Dec 2020	EUR million	43.8	104.1	147.9
Percentage from the total shares	%	29.6	70.4	100.0
Percentage from the total votes	%	89.4	10.6	100.0

EUR million	2021	2020
Parent company share capital 31 Dec	147.9	147.9
Elimination of the revaluation of subsidiary shares in the consolidated financial statements	-111.7	-111.7
Consolidated share capital 31 Dec	**36.2**	**36.2**

8.5. Earnings per share, dividend and other equity distribution

Earnings per share: Basic earnings per share is calculated by dividing the net result attributable to owners of the parent company by the weighted share issue adjusted average number of shares outstanding during the period, excluding shares acquired by the Group and held as treasury shares. When calculating diluted earnings per share, the weighted share-issue adjusted average number of shares outstanding during the period is adjusted by the effect of all dilutive potential shares.

Dividend and other equity distribution: Dividends or other equity distribution includes dividends and other equity distribution approved by the Annual General Meeting. Dividends and other equity distribution proposed by the Board of Directors are not recognised in the financial statements until they have been approved by the shareholders at the Annual General Meeting. Dividend and other equity distribution for shareholders is recognised as a liability in the consolidated statement of financial position for the period during which the dividend is approved by the Annual General Meeting.

Dividend policy and distribution proposal: Oriola Corporation will seek to pay out annually as dividends a minimum 50% of the Group's earnings per share. The Company's strategy and financial position shall be taken into consideration when determining the annual dividend payout ratio. The dividend paid for 2020 was EUR 5.4 million (EUR 0.03 per share) and for 2019 EUR 16.3 million (EUR 0.09 per share). The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 7.3 million, EUR 0.04 per share is paid for 2021.

Earnings per share

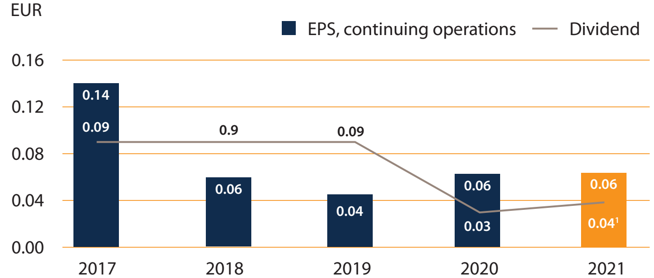
Profit for the period EUR million	2021	2020
Profit attributable to equity owners of the parent	11.3	11.3

Average number of outstanding shares pcs		
Basic	181,341,203	181,388,782
Diluted	181,422,563	181,463,779

Earnings per share EUR		
Basic	0.06	0.06
Diluted	0.06	0.06

EPS[2] and dividend

EUR



[1] Proposal by the Board of Directors. In addition, it is proposed that the Annual General Meeting would authorise the Board of Directors to decide at its discretion on the payment of dividend up to a maximum of EUR 0.04 per share.

[2] The figures in 2017-2018 have been restated due to an error related to previous periods. The restatement had an impact on inventories, deferred tax assets and retained earnings in the consolidated statement of financial position and on material purchases and income taxes in the consolidated statement of comprehensive income. More information on correction of the error is presented in the notes to the Financial statements 2019.

9. Income taxes

9.1. Taxes recognised in the comprehensive income for the period

Tax expense in the consolidated statement of comprehensive income consists of income taxes based on the taxable profit for the financial year, prior period adjustments, and changes in deferred tax assets and liabilities. Income tax for the taxable profit for the period is calculated based on the effective income tax rate for each tax jurisdiction. Taxes are recognised in profit and loss, except when they relate to items recognised directly in equity or in other comprehensive income, when the taxes are also recognised in equity or in other comprehensive income respectively.

Income taxes

EUR million	2021	2020
Taxes for current year	5.3	3.6
Taxes for previous years	-0.0	-0.0
Deferred taxes	-1.9	-0.5
Total	**3.4**	**3.1**

Taxes related to other comprehensive income

EUR million

2021	Before taxes	Tax effect	After taxes
Cash flow hedge	0.9	0.2	0.8
Financial assets recognised at fair value through other comprehensive income	44.8	-	44.8
Actuarial gains and losses	1.3	0.3	1.0
Translation differences	-5.4	-	-5.4
Total	**41.7**	**0.5**	**41.2**

2020			
Cash flow hedge	-0.2	-0.0	-0.2
Financial assets recognised at fair value through other comprehensive income	8.0	-	8.0
Actuarial gains and losses	-0.4	-0.0	-0.4
Translation differences	9.8	-	9.8
Total	**17.2**	**-0.1**	**17.3**

Tax rate reconciliation

EUR million	2021	2020
Profit before taxes	14.7	14.3
Corporate income taxes calculated at Finnish tax rate	2.9	2.9
Effect of different tax rates of foreign subsidiaries	0.1	0.1
Non-deductible expenses and tax-exempt income	0.4	0.2
Adjustments recognised for taxes of previous years	-0.0	-0.0
Changes in tax rates	-	-0.1
Other items	-0.0	0.0
Income taxes in the income statement	**3.4**	**3.1**
Effective tax rate	22.9%	21.3%

Taxes entered with a positive value are recognised as expenses and taxes entered with a negative value are recognised as income.

The Finnish tax rate used to calculate taxes was 20.0% and the Swedish tax rate was 20.6%. In Sweden the corporate tax rate decreased from 21.4% in 2020 to 20.6% in 2021.

9.2. Deferred tax assets and liabilities

Deferred tax is calculated on temporary differences between the carrying amounts and the taxable values of assets and liabilities and for tax loss carry-forwards to the extent that it is probable that these can be utilised against future taxable profits. The largest temporary differences are caused by the depreciation of property, plant and equipment, the defined pension benefit plans and by unused losses in taxation. The deferred taxes are determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Deferred tax assets and liabilities

2021	1 Jan	Items recognised in income statement	Items recognised in other comprehensive income	Translation differences	31 Dec
Deferred tax assets					
Confirmed tax losses	0.2	-0.2	-	-0.0	**0.0**
Inventories	0.3	0.0	-	-0.0	**0.3**
Pension liabilities	2.4	0.1	-0.3	-0.0	**2.2**
Employee benefits	0.2	0.1	-	-	**0.3**
Lease agreements	1.3	-0.2	-	-0.0	**1.1**
Other temporary differences	0.0	0.0	-	-0.0	**0.1**
Deferred tax assets, total	**4.4**	**-0.1**	**-0.3**	**-0.1**	**3.9**
Deferred tax liabilities					
Depreciation difference and other untaxed reserves	9.2	-0.7	-	-0.2	**8.4**
Acquisitions	4.5	-1.1	-	-0.1	**3.3**
Other temporary differences	0.2	-0.1	-	-	**0.1**
Deferred tax liabilities, total	**13.9**	**-1.9**	**-**	**-0.3**	**11.8**

2020	1 Jan	Items recognised in income statement	Items recognised in other comprehensive income	Translation differences	31 Dec
Deferred tax assets					
Confirmed tax losses	0.2	-0.0	-	0.0	**0.2**
Inventories	0.2	0.0	-	0.0	**0.3**
Pension liabilities	2.2	0.0	0.0	0.1	**2.4**
Acquisitions	0.0	-0.0	-	0.0	**0.0**
Employee benefits	0.2	0.0	-	-	**0.2**
Lease agreements	1.5	-0.3	-	0.1	**1.3**
Other temporary differences	0.2	-0.1	-	0.0	**0.0**
Deferred tax assets, total	**4.5**	**-0.3**	**0.0**	**0.2**	**4.4**
Deferred tax liabilities					
Depreciation difference and other untaxed reserves	9.2	-0.3	-	0.3	**9.2**
Acquisitions	5.0	-0.7	-	0.2	**4.5**
Other temporary differences	0.1	0.1	-	-	**0.2**
Deferred tax liabilities, total	**14.3**	**-0.9**	**-**	**0.5**	**13.9**

10. Group structure

Consolidation principles: The consolidated financial statements include Oriola Corporation and those directly or indirectly owned subsidiaries over which Oriola Corporation exercises control. Control is presumed to exist when the Group through participation in an investee becomes exposed to its variable returns or is entitled to its variable returns and is able to have an influence on the returns through exercising power over the investee. Subsidiaries are consolidated from the date the Group has gained control and divested companies are consolidated until the date control is lost.

The acquisition method is used in the accounting for the elimination of internal ownership. All intra-group transactions, as well as intra-group receivables, payables, dividends and unrealised internal margins, are eliminated. The Group's profit for the period is attributed to the equity holders of the parent and non-controlling interests. Identifiable assets acquired and assumed liabilities of an acquired entity are measured at their fair value as of the acquisition date. Any contingent consideration is measured at fair value at the date of acquisition and classified under other interest-bearing liabilities. Changes in the contingent consideration and acquisition-related expenses are recognised as an expense in the statement of comprehensive income.

Changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. As at the date when control is lost, any investment retained in the former subsidiary is recognised at fair value and the difference is recorded through the statement of comprehensive income.

Joint ventures are joint arrangements where the Group has joint control with other parties and the parties have rights to the arrangement's net assets. Interests in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost after which the Group's share of the post-acquisition retained profits and losses is included as part of investments in joint ventures in the consolidated statement of financial position. Under the equity method the share of profits and losses of joint ventures is presented separately in the statement of comprehensive income.

Foreign currency denominated items: The consolidated financial statements have been presented in euros, which is the functional and presentation currency of the Group's parent company. The items included in the financial statements of the subsidiaries are valued in the currency, which best describes the financial operating conditions of each subsidiary "functional currency".

Transactions in foreign currencies are translated into functional currency/euro at the rates of exchange prevailing at the dates of transactions. Monetary items have been translated into euros using the rates of exchange as at the balance sheet date and non-monetary items using the rates of exchange at the dates of transactions, excluding items measured at fair value, which have been translated using the rates of exchange on the date of valuation. Gains and losses arising from the translation are recognised in the profit or loss. Foreign exchange gains and losses from operations are included within the corresponding items above EBIT. Foreign exchange gains and losses from loans denominated in a foreign currency are included within financial income and expenses.

The income statements of foreign group companies outside the eurozone are translated into euros using the weighted average rate of exchange of the financial year and the statements of financial position using the rates of exchange as at the balance sheet date. Differences resulting from the translation of the result for the period at a different rate in the statement of comprehensive income and in the statement of financial position are recognised as a separate item within the consolidated statement of comprehensive income. Translation differences arising from the acquisition cost elimination of foreign subsidiaries and from the translation of equity items accrued after the acquisition date are recognised in other comprehensive income. When a subsidiary is sold in full or in part, related translation differences are included in the calculation of gain or loss for the sale and recognised in the profit or loss for the period. The parent company's receivables from foreign subsidiaries are considered as part of the net investment if there is no plan for the repayment and repayment cannot be reasonably anticipated in the future. Exchange differences arising from such receivables are recognised in the consolidated financial statements in translation differences within equity.

10.1. Subsidiaries

Subsidiaries	Domicile	Group Ownership %	Group Share of votes %	Parent company Ownership %	Parent company Share of votes %
Parent company Oriola Corporation	**Finland**				
Oriola Finland Oy	Finland	100	100	100	100
Oriola Sweden AB	Sweden	100	100	100	100
Kronans Apotek AB	Sweden	100	100	100	100
Svensk dos AB	Sweden	100	100	100	100
Pharmaservice Oy	Finland	100	100	100	100
Farenta Oy	Finland	100	100	100	100
Oriola Sweden AB	Sweden	100	100	100	100
ICTHS Health Support AB	Sweden	100	100		

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

10.2. Related party transactions

Related parties in the Oriola Group are deemed to comprise the members of the Board of Directors and the President and CEO of Oriola Corporation, the other members of the Oriola Management Team of the Oriola Group (key management), the immediate family of the aforementioned persons and companies controlled by the aforementioned persons, the Group's subsidiaries and joint ventures. The information on remuneration of key management is presented in note 4.4. Employee benefits.

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.

11. Unrecognised items

11.1. Commitments and contingent liabilities

EUR million	2021	2020
Commitments for own liabilities		
Guarantees on behalf of subsidiaries	7.1	7.3
Mortgages on company assets	2.0	2.1
Other guarantees and liabilities	8.0	9.9
Total	**17.2**	**19.3**

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

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 started in the autumn 2021 and the new warehouse will be ready during the second half of 2022. The lease contract is for ten years and will add right-of-use assets and lease liabilities with approximately EUR 7.4 million in the second half of 2022.

11.2. Future lease payments

Committed future minimum lease payments:

EUR million	2021	2020
Within one year	0.6	0.6
One to five years	0.4	0.5
Total	**0.9**	**1.1**

Future payments consist of minimum leasing commitments related to low-value assets and short-term leases, to which the Group elected to apply recognition exemptions permitted by IFRS 16. For details about leases please refer to section 7. Leases. The leasing expenses related to short-term leases and leases of low-value assets are presented in note 7.2. Leases in the statement of comprehensive income.

11.3. Litigation

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.

11.4. Events after the balance sheet date

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

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

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

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

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

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

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

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

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

EUR million	31 Dec 2021
Assets	426,6
Liabilities	120,3
Net asset and liabilities total	**306,3**

12. Other notes

12.1. Application of new and amended IFRS standards and IFRIC interpretations

Certain new or revised standards and interpretations have been published by the International Accounting Standards Board (IASB) that are not mandatory for 31 December 2021 reporting periods and have not yet been applied by the Group. 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.

The Group will apply each new standard and interpretation from the effective date. If the effective date is other than the first day of a financial year, the Group will apply the standard or interpretation from the beginning of the following financial year.

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

Parent company financial statements

Parent company income statement (FAS)

EUR thousand	Note	2021	2020
Other operating income	2	17,296.1	17,244.5
Personnel expenses	3	-8,832.4	-7,964.4
Depreciation, amortisation and impairment charges	4	-3,820.3	-2,885.1
Other operating expenses	5	-15,386.1	-14,973.3
Operating result		**-10,742.7**	**-8,578.3**
Financial income and expenses	6	-58,251.3	2,075.8
Result before appropriations and taxes		**-68,994.0**	**-6,502.5**
Appropriations	7	15,276.5	14,320.3
Income taxes	8	-1,065.8	-901.8
Result for the period		**-54,783.4**	**6,915.9**

Parent company balance sheet (FAS)

EUR thousand	Note	31 Dec 2021	31 Dec 2020
Assets			
Non-current assets			
Intangible assets	9		
Intangible rights		434.0	539.5
Other intangible assets		19,346.4	19,640.8
Advance payments and construction in progress		8,182.8	9,182.4
		27,963.2	29,362.8
Property, plant and equipment	10		
Land and water areas		77.4	77.4
Machinery and equipment		12.0	67.9
Other tangible assets		7.5	7.5
		96.9	152.8
Investments	11		
Holdings in group companies		569,284.9	651,786.6
Other shares		8,203.2	14,186.3
Receivables from group companies		28,291.9	28,900.9
		605,779.9	694,873.7
Non-current assets, total		633,840.0	724,389.3
Current assets			
Receivables	12		
Long-term receivables			
Other recivables		611.0	-
Short-term receivables			
Trade receivables		2.5	-
Receivables from group companies		18,724.0	14,746.2
Other receivables		401.4	410.0
Accrued receivables		1,301.4	1,176.8
		21,040.4	16,333.0
Cash and cash equivalents		106,562.3	165,758.4
Current assets, total		127,602.7	182,091.4
Assets total		**761,442.7**	**906,480.7**

EUR thousand	Note	31 Dec 2021	31 Dec 2020
Equity and liabilities			
Equity	13		
Share capital		147,899.8	147,899.8
Other funds		19,418.7	19,418.7
Invested unrestricted equity reserve		76,957.5	76,957.5
Retained earnings		223,736.2	222,348.5
Result for the financial year		-54,783.4	6,915.9
		413,228.9	473,540.5
Appropriations	14	1,772.7	1,595.6
Liabilities	15		
Long-term liabilities			
Borrowings		63,291.9	65,900.9
Accrued liabilities		-	395.6
		63,291.9	66,296.5
Short-term liabilities			
Borrowings		2,000.0	52,000.0
Trade payables		1,121.6	1,274.7
Liabilities to group companies		226,439.0	228,726.5
Other liabilities		51,856.9	80,765.1
Accrued liabilities		1,731.8	2,281.7
		283,149.2	365,048.1
Liabilities total		346,441.1	431,344.6
Equity and liabilities total		**761,442.7**	**906,480.7**

Parent company cash flow statement (FAS)

EUR thousand	2021	2020
Cash flow from operating activities		
Result before appropriations and taxes	-68,994.0	-6,502.5
Adjustments		
Depreciation, amortisation and impairment charges	3,820.3	2,885.1
Unrealised foreign exchange gains and losses	440.8	2,694.1
Other non-cash items	-43.4	-40.7
Financial income and expenses	57,810.5	-4,769.9
	-6,965.8	-5,733.9
Change in working capital		
Change in current non-interest-bearing receivables	-1,295.1	-1,433.1
Change in non-interest-bearing current liabilities	-84.8	-1,662.8
	-8,345.7	-8,829.8
Paid and received other financial expenses and income	988.2	1,795.0
Interest received	1,282.9	2,995.7
Interest paid	-2,114.0	-2,881.1
Income taxes paid	-901.8	-2,205.6
Cash flow from operating activities	**-9,090.4**	**-9,125.8**
Cash flow from investing activities		
Investments in tangible and intangible assets	-2,814.7	-4,555.1
Proceeds from sale of tangible and intangible assets	41.0	48.1
Investments to holdings and shares	-3,898.3	-14,518.2
Change in loan receivables	609.0	66,343.6
Proceeds from sale of other investments	33,843.7	-
Dividends received	450.0	15,000.0
Cash flow from investing activities	**28,230.7**	**62,318.4**
Cash flow from financing activities		
Purchase of own shares	-88.8	-100.8
Repayments of long-term loans	-2,000.0	-64,429.3
Proceeds from long-term loans	-	30,000.0
Proceeds from short-term loans	-	40,000.0
Repayments of short-term loans	-50,000.0	-10,000.0
Change in other current financing	-35,447.5	50,698.0
Group contributions received	14,627.7	14,500.0
Dividends paid	-5,427.6	-16,316.0

EUR thousand	2021	2020
Cash flow from financing activities	**-78,336.2**	**44,351.8**
Change in cash and cash equivalents	**-59,196.0**	**97,544.5**
Cash and cash equivalents at the beginning of period	165,758.4	68,213.9
Net change in cash and cash equivalents	-59,196.0	97,544.5
Cash and cash equivalents at the end of period	**106,562.3**	**165,758.4**

Notes to the parent company financial statements (FAS)

1. Accounting principles

Oriola Corporation is the parent company of the Oriola Group, domiciled in Espoo, Finland. Oriola Corporation provides administrative services to group companies. These administrative services are centralised to the parent company. Copies of the consolidated financial statements of the Oriola Group are available at the head office of Oriola Corporation, Orionintie 5, FI-02200 Espoo, Finland (investor.relations@oriola.com).

Oriola Corporation´s financial statements are prepared in euros and according to Generally Accepted Accounting Principles in Finland (Finnish GAAP) and according to corporate legislation. The financial statements are presented in thousand euros.

When appropriate, the financial statements of Oriola Corporation comply with the Group's accounting principles based on IFRS. Below are described those accounting principles in which the financial statements of Oriola Corporation differ from the accounting principles of the consolidated financial statements. The accounting principles for the consolidated financial statements are presented in the notes to the consolidated financial statements.

Financial assets and liabilities: Financial items classified as loans and receivables or other financial liabilities are carried at amortised cost.

The change in the fair value of the effective portion of interest rate derivative agreements under hedge accounting made to hedge cash flows is directly recognised against the fair value reserve included in equity. Derivatives acquired to hedge balance sheet items like bank accounts, loans and receivables denominated in foreign currencies and derivatives made to hedge cash flows that are not under hedge accounting are recorded in exchange gains and losses in the financial items.

Share-based payments: The accounting treatment of Oriola Corporations share-based incentive plans is described in the accounting principles for the consolidated financial statements. The share incentive plans of Oriola Corporation are a combination of shares and a cash payment. The granted amount of the incentive plans, settled in shares, is measured at share price of the grant date less expected dividends. The cash-settled part of the plans is measured at fair value, which is the share price at the end of the reporting period. The expenses arising from the incentive plans are recognised in the income statement over the vesting period. In the financial statements of the parent company the component settled in shares as well as the cash-settled part are recognised as accrued liability until paid out. When paid out the share settled part is credited to the equity.

Pension arrangements: The Statutory pension coverage of Oriola Corporation is provided by Ilmarinen Mutual Pension Insurance Company. Supplementary pension coverage is provided by OP Life Assurance Company Ltd. Pension-related payments are recognised as pension expenses on an accrual basis. No other pension liabilities arising from pension arrangements are recognised in the balance sheet except for pension-related accruals.

Leases: The lease agreements of Oriola Corporation consist mainly of information and communication technology equipment. Lease payments are expensed over the rental period and they are included in other operating expenses. Assets leased and related liabilities are not recognised in the parent company's balance sheet.

Subsidiary shares: The carrying amounts of subsidiary shares are assessed as part of the Group's impairment testing, where cash flow forecasts based on value-in-use calculations are prepared for the Group's cash-generating units. In the impairment testing of subsidiary shares, the cash flows are further allocated to subsidiaries' recoverable amounts. The impairment loss is recognised, if the carrying amount of the subsidiary shares and the amount of net loan receivables from the subsidiary exceed the recoverable amount of the corresponding assets.

2. Other operating income

EUR thousand	2021	2020
Rental income	22.4	-
Other service charges	17,248.8	17,130.2
Other operating income	24.8	114.3
Total	**17,296.1**	**17,244.5**

3. Personnel

EUR thousand	2021	2020
Personnel costs		
Salaries and fees	7,424.7	6,711.4
Pension costs	1,144.9	986.3
Other personnel costs	262.8	266.6
Total	**8,832.4**	**7,964.4**
Average number of personnel	80	73
Salaries and bonuses to the Management		
CEO and Members of the Board of Directors	1,884.3	1,130.2

Remuneration and pension costs for the CEO and the members of the Board of Directors are disclosed in the consolidated financial statement in note 4.4. Employee benefits.

4. Depreciation, amortisation and impairment charges

EUR thousand	2021	2020
Depreciation	3,820.3	2,885.1
Total	**3,820.3**	**2,885.1**

Criteria applied for the straight-line depreciation is disclosed in notes 6.1. and 6.2. to the consolidated financial statement. Depreciation by asset class is presented in notes 9-10.

5. Other operating expenses

EUR thousand	2021	2020
Postage, telephone and banking expenses	223.0	192.9
IT expenses	8,809.0	10,344.3
Travelling and car expenses	108.8	131.2
Administrative consultancy services	4,136.5	2,655.2
Other operating expenses	2,108.8	1,649.8
Total	**15,386.1**	**14,973.3**

Other operating costs are mainly costs related to the ownership.

Audit costs included in other operating costs	2021	2020
Audit fees	51.5	45.6
Other fees	9.0	17.4
Total	**60.5**	**62.9**

6. Financial income and expenses

EUR thousand	2021	2020
Income from group companies		
Dividend income from group companies	450.0	15,000.0
Income from investments		
Gains on sales of shares	27,860.6	-
Other interest and financial income		
Interest income from group companies	1,194.4	2,944.5
Interest income from other companies	88.5	51.2
Other financial income	6,676.3	4,791.1
Interest and other financial expenses		
Interest expenses to group companies	-	-858.2
Interest expenses to other companies	-1,992.2	-2,368.5
Other financial expenses	-6,128.8	-5,690.2
Impairment on investments		
Impairment on investments in non-current assets	-86,400.0	-11,794.1
Total	**-58,251.3**	**2,075.8**
Financial income and expenses include:		
Interest income	1,282.9	2,995.7
Interest expenses	-1,992.2	-3,226.7
Exchange rate gains/losses	446.3	107.9

Gains on sales of shares include Oriola Oyj's sale of shares in Doktor.se. Impairment on investments in non-current assets include impairment on subsidiary shares.

7. Appropriations

EUR thousand	2021	2020
Change in depreciation difference	-177.1	-307.4
Group contribution received	15,453.6	14,627.7
Total	**15,276.5**	**14,320.3**

8. Income taxes

EUR thousand	2021	2020
Income taxes for the financial period	1,065.8	901.8
Total	**1,065.8**	**901.8**

9. Intangible assets

EUR thousand 2021	Intangible rights	Other intangible assets	Advance pay-ments and construction in progress	Total
Historical cost 1 Jan	966.1	26,772.4	9,182.4	**36,920.9**
Increases	-	234.5	2,169.6	**2,404.1**
Reclassifications	-	3,169.2	-3,169.2	**-**
Historical cost 31 Dec	**966.1**	**30,176.1**	**8,182.8**	**39,325.0**
Accumulated amortisation 1 Jan	426.6	7,131.5	-	**7,558.1**
Amortisation for the financial year	105.6	3,698.1	-	**3,803.7**
Accumulated amortisation 31 Dec	**532.2**	**10,829.6**	**-**	**11,361.8**
Carrying amount 31 Dec	**434.0**	**19,346.4**	**8,182.8**	**27,963.2**
2020				
Historical cost 1 Jan	966.1	24,217.8	6,894.8	**32,078.8**
Increases	-	342.9	4,499.2	**4,842.1**
Reclassifications	-	2,211.7	-2,211.7	**-**
Historical cost 31 Dec	**966.1**	**26,772.4**	**9,182.4**	**36,920.9**
Accumulated amortisation 1 Jan	317.4	4,390.4	-	**4,707.8**
Amortisation for the financial year	109.2	2,741.1	-	**2,850.3**
Accumulated amortisation 31 Dec	**426.6**	**7,131.5**	**-**	**7,558.1**
Carrying amount 31 Dec	**539.5**	**19,640.9**	**9,182.4**	**29,362.8**

10. Property, plant and equipment

EUR thousand 2021	Land and water areas	Machinery and equipment	Other tangible assets	Total
Historical cost 1 Jan	77.4	160.4	7.5	**245.2**
Decreases	-	-92.4	-	**-92.4**
Historical cost 31 Dec	**77.4**	**68.0**	**7.5**	**152.9**
Accumulated depreciation 1 Jan	-	92.5	-	**92.5**
Accumulated depreciation related to decreases	-	-53.1	-	**-53.1**
Depreciation for the financial year	-	16.6	-	**16.6**
Accumulated depreciation 31 Dec	**-**	**56.0**	**-**	**56.0**
Carrying amount 31 Dec	**77.4**	**12.0**	**7.5**	**96.9**
2020				
Historical cost 1 Jan	77.4	265.4	7.5	**350.3**
Decreases	-	-105.1	-	**-105.1**
Historical cost 31 Dec	**77.4**	**160.4**	**7.5**	**245.2**
Accumulated depreciation 1 Jan	-	140.3	-	**140.3**
Accumulated depreciation related to decreases	-	-82.6	-	**-82.6**
Depreciation for the financial year	-	34.8	-	**34.8**
Accumulated depreciation 31 Dec	**-**	**92.5**	**-**	**92.5**
Carrying amount 31 Dec	**77.4**	**67.9**	**7.5**	**152.8**

11. Investments

EUR thousand 2021	Holdings in group companies	Other shares	Receivables from group companies	Total
Historical cost 1 Jan	665,946.2	14,186.3	28,900.9	**709,033.4**
Increases	3,898.3	-	9,215.9	**13,114.2**
Decreases	-	-5,983.1	-9,824.9	**-15,808.0**
Historical cost 31 Dec	**669,844.5**	**8,203.2**	**28,291.9**	**706,339.6**
Accumulated impairments 1.1.	-14,159.7	-	-	**-14,159.7**
Impairments	-86,400.0	-	-	**-86,400.0**
Impairment 31 Dec	**-100,559.7**	**-**	**-**	**-100,559.7**
Carrying amount 31 Dec	**569,284.9**	**8,203.2**	**28,291.9**	**605,779.9**
2020				
Historical cost 1 Jan	656,195.8	9,418.5	95,244.5	**760,858.8**
Increases	9,750.4	4,767.8	153,543.7	**168,061.9**
Decreases	-	-	-219,887.3	**-219,887.3**
Historical cost 31 Dec	**665,946.2**	**14,186.3**	**28,900.9**	**709,033.4**
Accumulated impairments 1.1.	-2,365.6	-	-	**-2,365.6**
Impairments	-11,794.1	-	-	**-11,794.1**
Impairment 31 Dec	**-14,159.7**	**-**	**-**	**-14,159.7**
Carrying amount 31 Dec	**651,786.6**	**14,186.3**	**28,900.9**	**694,873.8**

During the financial year 2021 Oriola Oyj sold approximately 50% of its shareholding in Doktor.se.

12. Receivables

EUR thousand	2021	2020
Receivables from group companies		
Short-term receivables		
Trade receivables	79.3	118.5
Other receivables	3,191.1	-
Accrued income and prepaid expenses	15,453.6	14,627.7
Total	**18,724.0**	**14,746.2**
Items included in accrued receivables		
Arrangement fees relating to loans	438.8	222.3
Income tax receivables	365.0	529.0
Exchange rate profit on hedges	8.3	-
Compensations not received	15.1	13.8
Group contribution	15,453.6	14,627.7
Other accrued receivables	474.3	411.9
Total	**16,755.0**	**15,804.5**

13. Equity

EUR thousand	2021	2020
Share capital 1 Jan	147,899.8	147,899.8
Share capital 31 Dec	**147,899.8**	**147,899.8**
Restricted equity	**147,899.8**	**147,899.8**
Contingency fund 1 Jan	19,418.7	19,418.7
Contingency fund 31 Dec	**19,418.7**	**19,418.7**
Invested unrestricted equity reserve 1 Jan	76,957.5	76,957.5
Invested unrestricted equity reserve 31 Dec	**76,957.5**	**76,957.5**
Profit/ loss from previous years 1 Jan	229,264.4	238,775.4
Dividend paid	-5,439.4	-16,326.1
Share-based compensation	-161.5	-173.6
Purchase of own shares [1)]	-88.8	-100.8
Delivery of own shares	161.5	173.6
Profit/loss from previous years 31 Dec	**223,736.2**	**222,348.5**
Result for the period	-54,783.4	6,915.9
Non-restricted equity	265,329.1	325,640.7
Total	**413,228.9**	**473,540.5**

[1] Shares purchased for the share based incentive programme.

Distributable funds 31 Dec	**2021**	**2020**
Contingency fund	19,418.7	19,418.7
Invested unrestricted equity reserve	76,957.5	76,957.5
Profit/ loss from previous years	223,736.2	222,348.5
Net profit for the period	-54,783.4	6,915.9
Distributable funds 31 Dec	**265,329.1**	**325,640.7**

14. Appropriations

EUR thousand	2021	2020
Cumulative accelerated depreciation difference	1,772.7	1,595.6
Total	**1,772.7**	**1,595.6**

15. Liabilities

EUR thousand	2021	2020
Liabilities to group companies		
Short term liabilities		
Trade payables	20.5	4.0
Other liabilities	226,418.5	228,722.5
Total	**226,439.0**	**228,726.5**
Items included in accrued liabilities		
Long-term accrued liabilities		
Change of fair value for interest rate swap	66.5	395.6
Short-term accrued liabilities		
Items related to personnel	1,427.9	1,861.9
Interest	244.8	366.6
Other accrued liabilities	59.1	3.0
Change of fair value for interest rate swap	-	50.2
Total	**1,731.8**	**2,677.4**

16. Guarantees, liability engagements and other liabilities

EUR thousand	2021	2020
Guarantees and other liabilities		
Guarantees for group companies	432.6	342.7
Other liabilities and engagements	7,000.0	9,000.0
Total	**7,432.6**	**9,342.7**
Rental liabilities on real estate		
Maturity within one year	33.0	33.0
Total	**33.0**	**33.0**
Rental liabilities on machinery and fixtures		
Maturity within one year	371.3	331.6
Maturity within 1–5 years	255.4	234.9
Total	**626.6**	**566.5**

17. Derivatives and financial risk management

EUR thousand	2021	2020
Book values of derivative instruments		
Interest rate swap agreements	70,241.8	71,753.9
Foreign currency forward and swap contracts	47,803.5	-
Total	**118,045.3**	**71,753.9**
Fair values of derivative instruments		
Interest rate swap agreements	544.6	-445.9
Foreign currency forward and swap contracts	-51.9	-
Total	**492.7**	**-445.9**

Oriola Corporation has interest rate swap agreements hedging the Oriola Group's cash flows as well as foreign currency forward and swap contracts with various counterparties. These derivatives are managed in accordance with the treasury policy approved by the Oriola Corporation Board of Directors. While the Oriola Group's interest rate risks from Oriola Sweden AB's selling of trade receivables are hedged with derivative agreements on a group level, the hedging presents an interest rate risk to Oriola Corporation.

More information on the Oriola Group's financial risk management and derivatives are presented in note 8.3. Financial Risk Management in the notes to the consolidated Financial Statements.

18. Ownership in other companies

The Parent company's ownership in other companies is presented in the note 10.1. Subsidiaries, in the notes to the Consolidated Financial Statements.

Oriola Corporation established a new subsidiary, Farenta Oy, in December 2021.

The Board of Directors' proposal for the profit distribution and Auditor's Note

Proposal for the profit distribution

According to the parent company's balance sheet as at 31 December 2021, the total distributable funds are:

Other funds, EUR	19,418,729.58
Invested unrestricted equity reserve, EUR	76,957,531.72
Retained earnings, EUR	223,736,247.97
Profit for the period, EUR	-54,783,375.92
Total distributable funds, EUR	265,329,133.35

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.04 per share will be distributed to 181,348,012 shares, EUR 7,253,920.48 for year 2021 and EUR 258,075,212.87 will be retained in equity.

There have been no material changes in the financial position of the company after the end of the financial year.

Auditor's Note

The Auditor's report has been issued today.
Helsinki, 17 February 2022
KPMG Oy Ab

Kirsi Jantunen
Authorised Public Accountant

Signatures for the financial statements and the report of the Board of Directors

Espoo 17 February 2022

Panu Routila
Chairman

Eva Nilsson Bågenholm
Vice Chairman

Juko-Juho Hakala

Anja Korhonen

Harri Pärssinen

Lena Ridström

Elisa Markula
President and CEO

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of Oriola Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oriola Corporation (business identity code 1999215-0) for the year ended December 31, 2021. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 4.3 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The key audit matter	How the matter was addressed in the audit
Valuation of goodwill (refer to accounting principles for the consolidated financial statements and note 6.2)	
The total carrying value of goodwill amounted to EUR 274 million, representing 25% of the consolidated total assets. Goodwill is tested for impairment when indicators of impairment exist, or at least annually. Goodwill impairment testing is conducted by comparing the carrying value with the recoverable amount. Management estimates the recoverable amount using a discounted cash flow model. Determining the key assumptions used in the impairment tests requires management judgement and estimates especially relating to long term growth, profitability and discount rates. Valuation of goodwill is considered a key audit matter due to the significant carrying values and high level of management judgement involved.	We obtained an understanding of management's impairment assessment process and assessed the impairment tests prepared by the Company. Our detailed audit work with the involvement of KPMG valuation specialists included testing the integrity of the calculations and the technical model. We challenged the assumptions used by management in respect of forecasted growth rates and profitability as well as the appropriateness of the discount rates used. We also validated the assumptions used in relation to market and industry information. We also evaluated the cash flows used by comparing them to the group's strategic plans and budget, external sources and the understanding we gained from our audit. Furthermore, we considered the appropriateness of the group's disclosures in respect of goodwill and impairment testing.
Revenue recognition (refer to accounting principles for the consolidated financial statements and notes 4.2)	
Revenue is mainly generated through the sale of goods and services. The revenue earned is recognized when the control is transferred to the customer in accordance with the terms of delivery or agreement. In the Pharma segment there are two types of agreements with the pharmaceutical companies in which Oriola acts either as a principal or an agent. For agreements in which Oriola acts as a principal the legal title, control and payment liability has been transferred to Oriola and the revenue is recognized on gross basis. For consignment agreements where Oriola acts as an agent, only the distribution fee is recognized as revenue. Analysis of the agreements and the related revenue recognition method requires management judgement, considering the various contractual terms. Due to the large volumes of transactions and management judgement involved revenue recognition has been identified as an area of focus in the audit.	We obtained an understanding of the revenue recognition processes and evaluated the design and tested the controls over revenue recognition. With special focus on identifying unusual sales transactions we also performed substantive procedures such as testing samples of sales agreements and year-end transactions to ensure appropriate application of revenue recognition criteria. For revenue in the Pharma segment, we examined sales contracts to ensure that revenue was recognized in accordance with the terms of the contract and the group's accounting policy. Audit procedures were performed over revenue recognition at the group level and at each of the reporting components that were in scope for the group audit. In addition, we have assessed the appropriateness of accounting policy and disclosure information related to revenue recognition in the financial statements.
Valuation of Inventories (refer to accounting principles for the consolidated financial statements and note 5.2)	
The carrying value of inventories amounted to EUR 229 million at the end of the financial year. Inventory management, stocktaking routines and pricing of inventories are key factors in the valuation of inventories. In the Pharma segment Oriola has different types of contracts with pharmaceutical companies which are either accounted for as own inventory or consignment stock. In addition, the valuation of inventories requires management estimates in respect of obsolescence assessment. Due to management judgement and the significant carrying amount involved, valuation of inventories is determined a key audit matter that our audit is focused on.	We evaluated the appropriateness of the accounting policies by reference to IFRS standards, as well as the functionality of the key IT systems of inventory management. We tested the controls over inventory management, accuracy of inventory amounts and valuation of inventories. We performed substantive audit procedures in relation to pricing of inventory and provision for obsolete inventory. We reviewed a sample of contracts to ensure that inventory is accounted appropriately in line with the terms of the contract and the group's accounting policy. We also attended physical inventory counting at selected locations to assess the appropriateness of stocktaking routines.
Holdings in group companies in the parent company's financial statements (refer to notes 1 and 11 to the parent company's financial statements)	
After recognizing an impairment amounting to EUR 86 million the parent company has investments in subsidiaries amounting to EUR 569 million at December 31, 2021. The recoverable amounts for holdings in group companies is tested as part of group impairment testing based on the discounted cash flow model. Due to the high level of judgment incorporated in respect of the future cash flows and the significant carrying amounts involved, this is considered one of the key areas that our audit is focused on.	Our audit procedures with the involvement of KPMG valuation specialists included testing the integrity of the calculations and the technical model. We challenged the assumptions used by management in respect of forecasted growth rates and profitability as well as the appropriateness of the discount rates used. We also validated the assumptions used in relation to market and industry information. We evaluated the cash flows used by comparing them to the group's budgeting process, external sources and the understanding we gained from our audit.

Responsibilities of the Board of Directors and the President and CEO for the Financial Statements

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the President and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the President and CEO are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the President and CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on March 19, 2018, and our appointment represents a total period of uninterrupted engagement of 4 years.

Other Information

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, February 17, 2022

KPMG OY AB

Kirsi Jantunen
Authorized Public Accountant, KHT