



Building well-being

ORION GROUP  
Financial  
Statement Release  
2023





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## Orion Group Financial Statement Release January–December 2023

- Net sales totalled EUR 1,189.7 (January–December 2022: 1,340.6) million
- Operating profit was EUR 274.9 (439.6) million
- Basic earnings per share were EUR 1.54 (2.49)
- Cash flow from operating activities per share was EUR 0.85 (3.09)
- Refined strategy and new financial targets for 2024–2028
- The Board of Directors proposes a dividend of EUR 1.62 per share to be paid for 2023. The dividend is proposed to be paid in two instalments.
- Outlook for 2024: Net sales are estimated to be EUR 1,340 million to EUR 1,410 million. Operating profit is estimated to be EUR 270 million to EUR 310 million.

### Key figures

|   | 10-12/23     | 10-12/22 | Change % | 1-12/23        | 1-12/22 | Change % |
|---|--------------|----------|----------|----------------|---------|----------|
| Net sales, EUR million  | <b>321.1</b> | 294.5    | +9.0%    | <b>1,189.7</b> | 1,340.6 | -11.3%   |
| EBITDA, EUR million   | <b>106.0</b> | 53.2     | +99.3%   | <b>326.4</b>   | 487.1   | -33.0%   |
| % of net sales  | <b>33.0%</b> | 18.1%    |          | <b>27.4%</b>   | 36.3%   |          |
| Operating profit, EUR million   | <b>92.9</b>  | 40.7     | > 100 %  | <b>274.9</b>   | 439.6   | -37.5%   |
| % of net sales  | <b>28.9%</b> | 13.8%    |          | <b>23.1%</b>   | 32.8%   |          |
| Profit before taxes, EUR million  | <b>92.4</b>  | 40.5     | > 100 %  | <b>271.9</b>   | 440.3   | -38.3%   |
| % of net sales  | <b>28.8%</b> | 13.7%    |          | <b>22.9%</b>   | 32.8%   |          |
| Profit for the period, EUR million  | <b>75.1</b>  | 31.7     | > 100 %  | <b>216.8</b>   | 349.5   | -38.0%   |
| % of net sales  | <b>23.4%</b> | 10.7%    |          | <b>18.2%</b>   | 26.1%   |          |
| Research and development expenses, EUR million                                | <b>36.6</b>  | 38.0     | -3.6%    | <b>126.9</b>   | 133.2   | -4.7%    |
| % of net sales  | <b>11.4%</b> | 12.9%    |          | <b>10.7%</b>   | 9.9%    |          |
| Capital expenditure, excluding acquired in business combinations, EUR million | <b>26.0</b>  | 60.4     | -56.9%   | <b>92.7</b>    | 109.6   | -15.4%   |
| % of net sales  | <b>8.1%</b>  | 20.5%    |          | <b>7.8%</b>    | 8.2%    |          |
| Acquired in business combination, net of cash, EUR million                    |              | -0.3     |          | <b>0.1</b>     | 82.0    | -99.8%   |
| Interest-bearing net liabilities, EUR million                                 |              |          |          | <b>93.3</b>    | -118.7  | > 100 %  |
| Basic earnings per share, EUR   | <b>0.54</b>  | 0.23     | > 100 %  | <b>1.54</b>    | 2.49    | -37.9%   |
| Cash flow from operating activities per share, EUR                            | <b>0.35</b>  | 0.04     | > 100 %  | <b>0.85</b>    | 3.09    | -72.6%   |
| Equity ratio, %   |              |          |          | <b>62.3%</b>   | 60.9%   |          |
| Gearing, %  |              |          |          | <b>10.5%</b>   | -13.1%  |          |
| Return on capital employed (before taxes), %                                  |              |          |          | <b>25.3%</b>   | 45.1%   |          |
| Return on equity (after taxes), %   |              |          |          | <b>24.1%</b>   | 42.2%   |          |
| Average personnel during the period   |              |          |          | <b>3,599</b>   | 3,472   | +3.7%    |



President and CEO Liisa Hurme:

## Year 2023 concluded as planned - clinical pipeline progressed and Nubeqa® showed strong growth

"Year 2023 was another eventful year for Orion, with the most significant achievements being the progress of the clinical development pipeline and the strong growth of Nubeqa®. We also continued to build Orion's future step by step. It is embodied in our decisions to increase our production capacity and to open an R&D office in the US, to name a few. Our new organisational structure came into effect at the beginning of 2023 and, as expected, has already shown its benefits by allowing the business divisions to focus more on their strengths, respective markets and customers. As always, during the year we also faced some challenges and demanding projects, such as the closure of our business in Russia and the transfer of Orion Pension Fund's statutory pensions to an external pension insurance company. These were also handled very well and I would like to take this opportunity to warmly thank all our employees for their achievements and accomplishments in 2023!

The R&D pipeline and Nubeqa® are also at the heart of our refined strategy. In the strategy period 2024-2028, Innovative Medicines and Nubeqa® will drive Orion's revenue and profit growth, and the other business divisions will also play an important role in the strategy. The Branded Products, Generics and Consumer Health, and Animal Health business divisions have the task of generating a stable revenue stream and pursuing growth. Fermion's key role is to manufacture active pharmaceutical ingredients for Orion's current and future innovative medicines. Our goal is that a growing revenue stream will enable the increased rational investment in R&D and other growth projects required to build Orion's future, and a growing dividend for shareholders. The updated financial targets for 2024-2028 will guide and help us to deliver on our strategy.

Our clinical development pipeline progressed in a number of ways during 2023. In total, we initiated no less than three new Phase III clinical projects in prostate cancer during the year. One trial with Bayer on darolutamide and two with MSD on ODM-208. We also started a Phase IIa clinical trial with ODM-105 for the treatment of insomnia and a Phase I clinical trial with ODM-212 for the treatment of solid tumours. Other clinical trials progressed as planned during the year. The results of our Phase III ARANOTE clinical trial, conducted in collaboration with Bayer, are expected to be completed in the first half of 2024, and we plan to start Phase II clinical trials in both acute and chronic pain with our pain molecule ODM-111, a NaV 1.8 inhibitor, during 2024. Our clinical development pipeline is currently solid, especially for late-stage projects. Our aim and desire is to strengthen the earlier stage as well and bring a steadier flow of new projects into the clinical development pipeline. To this end, we have also been determined to advance and grow our early-stage research pipeline, which should eventually lead to new projects entering the clinical phase.

In January–December 2023, our net sales were EUR 1,189.7 (1,340.6) million and operating profit was EUR 274.9 (439.6) million. The decline in both reported net sales and operating profit is due to a significant EUR 228 million upfront payment recorded in 2022. Excluding this upfront and its EUR 208 million net impact on profits in 2022 as well as the EUR 30.7 million item related to the transfer of the Orion Pension Fund's B fund in 2023, both net sales and operating profit increased slightly in 2023. The most important drivers for this positive development were the increase in Nubeqa® royalties, the increase in sales of the Easyhaler® product portfolio as well as EUR 30 million Nubeqa® sales milestone. Overall, 2023 progressed as expected, with the exception of lower than expected deliveries to our partners of entacapone products and some animal health products.

In our outlook for 2024 Orion's net sales is estimated to be EUR 1,340 million to EUR 1,410 million and operating profit EUR 270 million to EUR 310 million. Both net sales and operating profit assume that during 2024 Orion will receive one Nubeqa® sales milestone payment of EUR 70 million.

The guidance range in the operating profit estimate is mainly due to Nubeqa's sales booked by Orion and the development of R&D costs. The exact level of Nubeqa® royalties and timing of deliveries are difficult to predict and any variances from the predicted levels and timings may have notable impact on our operating profit.

Over the past few years, we have been determined to increase our investment in early-stage research in line with our growth strategy. This work is now starting to bear fruit and several projects are approaching the clinical development phase. Progressing these projects will also require significantly higher R&D expenditure than in the past. At the same time, projects in the clinical development phase have advanced and will advance during 2024, which will increase project costs. However, there are uncertainties related to the progress and timing of projects, which may mean that not all the costs projected for 2024 will materialise. The assumptions behind the outlook are explained in the section of this review entitled 'Basis for outlook in more detail'.

Orion enters 2024 with confidence and in a good position. We expect net sales and operating profit to improve year-on-year. In line with our refined strategy, the growing revenue stream will provide us with opportunities to invest more in R&D and other growth projects. The road is open for profitable growth!"



## Outlook for 2024

Net sales are estimated to be EUR 1,340 million to EUR 1,410 million.

Operating profit is estimated to be EUR 270 million to EUR 310 million.

Basis for the outlook and an overview of near-term risks and uncertainties are provided at the end of this review.

## Impacts of the war in Ukraine on Orion

Orion has discontinued business operations in Russia.

Financial risks for Orion caused by the war in Ukraine relate to net sales, receivables and inventories in Ukraine. Such risks, however, are not financially material to Orion. Orion does not have any proprietary fixed assets in Ukraine nor in Russia.

Orion has exported commercial deliveries of medicines and donated medicines through charity organisations to Ukraine. The company will continue efforts to deliver medicines to Ukraine also going forward.

Orion does not procure energy, raw materials, or other utilities from Russia. The availability of natural gas and raw materials from Russia and Ukraine could cause potential risks to Orion's suppliers. Together with its partners, Orion works to analyse and minimise possible risks.

## Change in reporting from 1 January 2023

Orion's new organisational structure entered into force on 1 January 2023, as a result of which, starting from the beginning of reporting period 2023, Orion is reporting its net sales by business division in accordance with the new organisational structure. The business divisions are Innovative Medicines, Branded Products, Generics and Consumer Health, Animal Health, and Fermion.

In addition to the new organisational structure and how Orion itemises net sales, the company revised its accounting practice as of 1 January 2023 by re-assigning expenses associated with information management - previously reported as cost of goods sold, sales and marketing expenses or research and development expenses - to administrative expenses. The change does not affect the Group's reported key figures, operating profit or balance sheet, but it increases previously reported administrative expenses for 2022 by EUR 6.6 million and correspondingly decreases the cost of goods sold, sales and marketing expenses and research and development

expenses. More information on the impact of the revision is provided in a stock exchange release published on 27 March 2023.

## Net sales and profits in October-December 2023

### Net sales

Orion Group's net sales increased by 9.0% and totalled EUR 321.1 (294.5) million. The growth was driven by Nubeqa® and the Easyhaler® product portfolio. Exchange rate fluctuations did not have material impact on net sales during the period.

### Operating profit

Orion Group's operating profit increased by more than 100% and totalled EUR 92.9 (40.7) million. The transfer of the insurance portfolio of the Orion Pension Fund's B fund to an external pension insurance company on 31 December 2023 had a positive impact of EUR 30.7 million on operating profit. Growing net sales, especially the growth of Nubeqa royalties, also contributed to the growth of operating profit. Other income includes an additional gain of EUR 3.4 million related to the sale of some self-care brands in Russia, which took place already earlier in 2023.

### Profit for the period

Profit for the period increased by more than 100% and totalled EUR 75.1 (31.7) million. Basic earnings per share were EUR 0.54 (0.23).

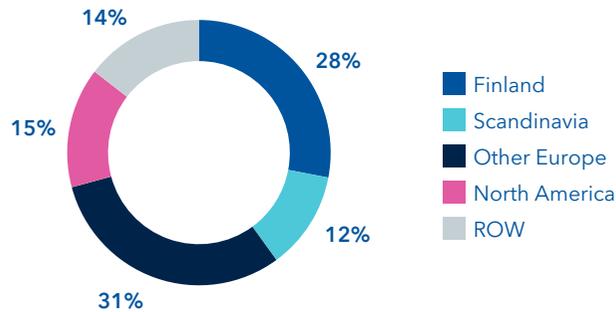


# Net sales and profits in January-December 2023

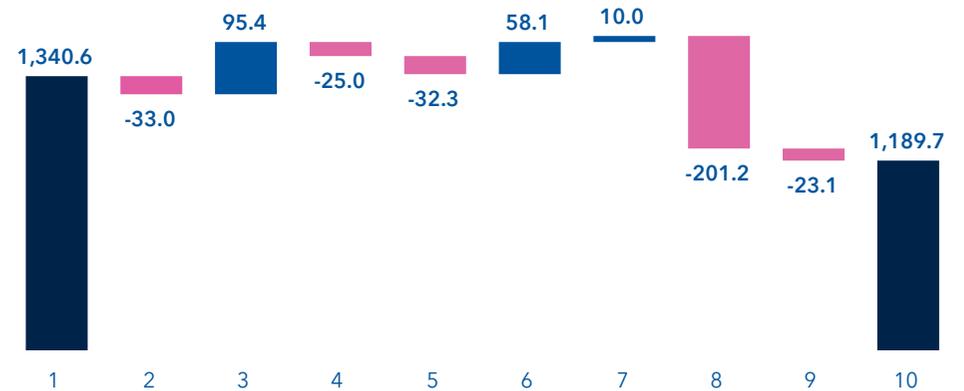
## Net sales

Orion Group's net sales decreased by 11.3% and totalled EUR 1,189.7 (1,340.6) million. The decline is due to a significant EUR 228 million upfront payment recorded in the comparative period. Excluding the upfront payment, net sales were slightly higher than in the comparative period. Net sales in 2023 includes a EUR 30 million milestone payment. Exchange rate fluctuations had a EUR 23.1 million negative impact on net sales during the period compared to the comparative period when exchange rate fluctuations had a large positive impact on net sales mainly due to RUB. Net sales of Orion's top ten pharmaceuticals amounted to EUR 568.5 (536.7) million. They accounted for 47.8% (40.0%) of total net sales.

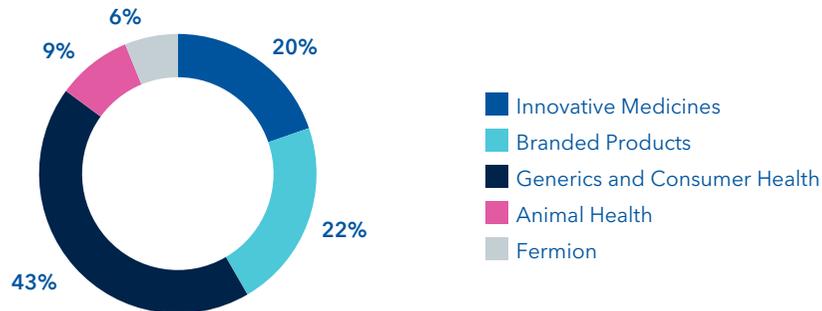
### Net sales split by region 1-12/2023



### Development of net sales 1-12/2023 vs. 1-12/2022



### Net sales split by business units 1-12/2023



|   |   |    |   |
|---|---|----|---|
| 1 | Net sales in 1-12/2022                    | 6  | Other products and services (excl. Animal Health and Fermion) |
| 2 | Simdax® and dexmedetomidine for human use | 7  | Animal Health and Fermion                                     |
| 3 | Nubeqa® (product sales & royalty)         | 8  | Milestones  |
| 4 | Entacapone products                       | 9  | Exchange rates  |
| 5 | Russia                                    | 10 | Net sales in 1-12/2023  |

The figures in the chart are rounded, which is why the total sums of individual figures may differ from the total sums. Chart not to scale.



## Operating profit

Orion Group's operating profit decreased by 37.5% and totalled EUR 274.9 (439.6) million. The decline is due to a significant EUR 228 million upfront payment recorded in the comparative period and its net impact of EUR 208 million on operating profit. The transfer of the insurance portfolio of the Orion Pension Fund's B fund to an external pension insurance company on 31 December 2023 had a positive impact of EUR 30.7 million on operating profit in 2023. Excluding these items, operating profit in the review period was slightly higher than in 2022. Operating profit in 2023 includes a EUR 30 million milestone payment.

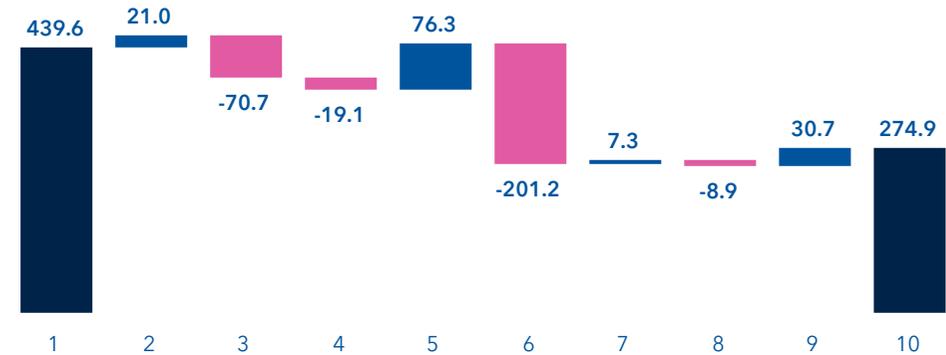
The total impact of Russia-related items on operating profit was EUR 23.3 million negative. Exchange rates had a negative impact of EUR 8.2 million and lower sales and margins had a negative impact of EUR 26.1 million. Divestment of some of Orion's self-care brands in Russia had a EUR 7.2 million positive impact and fixed costs had a EUR 3.8 million positive impact.

Gross profit from sales in local currencies increased by EUR 21.0 million from the comparative period driven by higher Nubeqa® delivery volumes to Bayer and growth of Easyhaler® product portfolio. Price, cost and product portfolio changes had a negative impact of EUR 70.7 million on gross profit, of which roughly EUR 15 million are due to cost increases and changes in the product mix, and roughly EUR 56 million due to price decreases. A significant part of the EUR 56 million is explained by the fact that during the first half of 2023 Orion supplied Nubeqa® to Bayer at a lower price than in the first half of 2022. The impact of this price decrease on operating profit was significant during the first half of 2023 compared to the first half of 2022. However, since the lower supply price has correspondingly reduced the deductions from royalties starting from Q4 2022, the change in delivery price has only had a temporary timing impact on Orion's profits. In addition, in January-March 2023 Orion sold some of the remaining inventories in Russia at a clearly lower price than before. Currency rate changes had a negative impact of EUR 19.1 million. With the combined impact of these items, the gross profit from product and service sales was EUR 68.8 million lower than in the comparative period.

Milestone payments accounted for EUR 32.4 (233.7) million and royalties for EUR 123.9 (47.7) million of net sales and operating profit. Other operating income and expenses accounted for EUR 43.7 (5.7) million of operating profit. Other operating income includes EUR 7.2 million gain from selling some of Orion's self-care brands in Russia, and the EUR 30.7 million item recognised from the transfer of Orion Pension Fund's B fund.

Operating expenses increased by EUR 8.9 million.

## Development of operating profit 1-12/2023 vs. 1-12/2022



|   |  |    |                                     |
|---|--|----|-------------------------------------|
| 1 | Operating profit in 1-12/2022  | 6  | Milestones                          |
| 2 | Product & service sales without sales margin and product mix change and exchange rate effect | 7  | Other operating income and expenses |
| 3 | Product sales margin and product mix change but without exchange rate effect                 | 8  | Fixed cost                          |
| 4 | Exchange rate effect on gross margin   | 9  | Pension Fund transfer               |
| 5 | Royalties  | 10 | Operating profit in 1-12/2023       |

The figures in the chart are rounded, which is why the total sums of individual figures may differ from the total sums.

## Operating expenses

Sales and marketing expenses increased by 7.5% and totalled EUR 224.8 (209.1) million. The growth was mostly as planned. Sales and marketing costs increased because in the comparative period COVID-19 still restricted promotional activities and because the costs now also include sales and marketing costs of the acquired animal health company VMD (Inovet), which were absent in January-June 2022. Research and development expenses decreased by 4.7% and totalled EUR 126.9 (133.2) million. R&D costs accounted for 10.7% (9.9%) of the Group's net sales. Administrative expenses decreased by 0.7% and were EUR 74.8 (75.4) million. In the comparative period, ODM-208 agreement related operating expenses were approximately EUR 20 million of which most were recorded as administrative expenses. The underlying increase in administrative expenses is explained partly by VMD, partly by the new organisational structure as the costs of the new group-level function Corporate Strategy and Program Management are included in administrative expenses, and partly by increased information management costs. The role of various information management tools and systems is becoming more important and consequently related costs have increased. In addition, the ongoing revamping of Orion's Enterprise Resource Planning (ERP) system causes extra temporary costs.



### Profit for the period

Profit for the period decreased by 38.0% and totalled EUR 216.8 (349.5) million. Basic earnings per share were EUR 1.54 (2.49).

## Financial position and cash flow in January-December 2023

Cash flow from operating activities decreased by 72.6% and was EUR 119.0 (434.4) million. The decrease is explained mainly by the decline in operating profit and the fact that working capital increased more than in the comparative period. Currently, Nubeqa®-related inventories are growing, and also the increasing Nubeqa® royalties are having a large impact on working capital as royalties from the previous two quarters are included in the receivables. The EUR 30 million milestone that was recorded in the third quarter of 2023 is also temporarily increasing receivables. Receivables also increased as a result of the transfer of the Orion Pension Fund's B fund to an external pension insurance company. The excess cash from the Pension fund is expected to be received by the end of the first half of the year 2024.

Cash flow from investing activities was EUR -108.4 (-154.3) million. January-December 2023 cash flow includes the upfront payments to Amneal and Jemincare, the total of EUR 33 million, and the comparative period cash flow includes the VMD acquisition which happened in June 2022.

Cash flow from financing activities was EUR -243.2 (-159.8) million. The difference is mainly explained by the EUR 100 million loan that was withdrawn in the comparative period.

Group's total liabilities as at 31 December 2023 were EUR 548.6 (595.5) million. Interest-bearing liabilities amounted to EUR 200.0 (214.0) million. Of the total interest-bearing liabilities, EUR 171.0 (196.8) million were long-term liabilities. The Group had EUR 106.7 (332.6) million in cash and cash equivalents at the end of the reporting period.

Group's gearing was 10.5% (-13.1%) and the equity ratio 62.3% (60.9%). Equity per share was EUR 6.34 (6.48).

## Capital expenditure in January-December 2023

Capital expenditure totalled EUR 92.7 (109.6 excluding assets acquired in business combination) million. This comprised EUR 72.3 (59.1) million on property, plant and equipment and EUR 20.4 (50.5) million on intangible assets. The increase is mainly due to various initiatives to increase capacity at Orion's production sites.



## Business review

### Review of the Finnish human pharmaceuticals market

Finland is an important market for Orion, generating about a quarter of the Group's net sales. According to Pharmarket statistics (1-12/2023), the total sales of Orion's human pharmaceuticals in January-December 2023, including both medicinal and non-medicinal products, grew by 2.5% from the previous year.

A significant product group for Orion in Finland are reference-priced prescription drugs in the pharmacy channel. The sales of Orion's reference-priced prescription drugs increased by 8.6% while the total market fell by 5.8% from the comparative period. The increase in Orion's reference-priced prescription medicines in the statistics is explained by strong volume growth. The average price of Orion's reference-priced drugs was at a similar level to the comparative period. The average price of reference-priced drugs in the market declined by approximately 11% from the comparative period (Source: Pharmarket). The strong decrease in the overall market and the average price of reference-priced drugs is explained by the statistical method, which takes into account products that are reference-priced prescription medicines at the time the statistics are compiled. The statistics for January-December 2023 include several products that were priced significantly higher in the comparative period because they were not yet included in the reference price category. The impact of constant price competition on Orion has been significant due to the Company's broad product range and significant market share in Finland.

Despite the challenging operating environment, Orion has maintained its position as a leader in marketing pharmaceuticals in Finland. Orion has a particularly strong position in reference-priced prescription drugs and self-care products, with its market share being a quarter of the market in each.

### Sales of human pharmaceuticals in Finland (medicinal and non-medicinal products):

| EUR million   | 1-12/23        | 1-12/22 | Change % |
|---|----------------|---------|----------|
| <b>Total sales of human pharmaceuticals (hospital and pharmacy channel)</b> |                |         |          |
| Market  | <b>3,218.4</b> | 3,097.7 | +3.9%    |
| Orion   | <b>345.3</b>   | 336.8   | +2.5%    |
| <b>Prescription drugs total (pharmacy channel)</b>                          |                |         |          |
| Market  | <b>1,843.7</b> | 1,760.8 | +4.7%    |
| Orion   | <b>200.4</b>   | 189.1   | +6.0%    |
| <b>Reference priced prescription drugs (pharmacy channel)<sup>1</sup></b>   |                |         |          |
| Market  | <b>369.2</b>   | 392.0   | -5.8%    |
| Orion   | <b>101.1</b>   | 93.0    | +8.6%    |
| <b>Self-care products (pharmacy channel)</b>                                |                |         |          |
| Market  | <b>487.5</b>   | 476.9   | +2.2%    |
| Orion   | <b>119.1</b>   | 116.4   | +2.3%    |

<sup>1</sup> The reference-priced prescription drugs group metric counts in products that were reference-priced prescription drugs at the time the statistics were compiled. For this reason, sales and market share figures in the comparative period may deviate from previously published data.

Source: Pharmarket sales statistics 1-12/2023

### Orion's market share in the sales of human pharmaceuticals in Finland (medicinal and non-medicinal products):

| Orion's market share, %   | 1-12/23      | 1-12/22 |
|---|--------------|---------|
| Human pharmaceuticals in total (hospital and pharmacy channel)      | <b>10.7%</b> | 10.9%   |
| Prescription drugs total (pharmacy channel)                         | <b>10.9%</b> | 10.7%   |
| Reference priced prescription drugs (pharmacy channel) <sup>1</sup> | <b>27.4%</b> | 23.7%   |
| Self-care products (pharmacy channel)                               | <b>24.4%</b> | 24.4%   |

<sup>1</sup> The reference-priced prescription drugs group metric counts in products that were reference-priced prescription drugs at the time the statistics were compiled. For this reason, sales and market share figures in the comparative period may deviate from previously published data.

Source: Pharmarket sales statistics 1-12/2023



## Orion's sales network

Orion's products are sold globally in over one hundred countries through Orion's own sales network and by partners. Orion has its own sales network in Europe and five countries in the Asia-Pacific region. Elsewhere in the world, Orion's human pharmaceuticals are sold mainly by the company's partners. Orion is engaged in the sale of veterinary drugs through its own sales network in the Nordic countries, Belgium, France, some Eastern European countries and Vietnam. Elsewhere, these products are sold by partners. The company is also engaged in the sale of Fermion and contract manufacturing products and services globally. In addition, Orion markets and sells drugs and products manufactured by several other companies.

In January 2023, Orion announced it has signed a long-term license agreement with Amneal Pharmaceuticals, Inc. to commercialise Amneal's generic products in most parts of Europe as well as in Australia and New Zealand. The initial portfolio will include a mix of generic products commercially available in the U.S. today, as well as selected pipeline products currently under development. Registration of the initial products in Europe, Australia and New Zealand started in 2023, with launches expected over the coming years.

During 2023, Orion made the first launches of a combination product of naproxen sodium and sumatriptan in Europe. The product, which is for the treatment of acute migraine attacks, is licensed from Nuvo Ireland and Orion has an exclusive right to package, distribute, market and sell the product in most European countries. Launches will continue in 2024.

Orion is establishing a sales office in Japan, where initially the company plans to sell Parkinson's disease products when the rights of entacapone products in Japan will be repatriated to Orion during 2024.

## Top ten best-selling pharmaceutical products

| EUR million   | <sup>1</sup> | 1-12/23      | 1-12/22 | Change % |
|---|--------------|--------------|---------|----------|
| Nubeqa® (prostate cancer) <sup>4</sup>                              | A            | 182.5        | 87.1    | > 100 %  |
| Easyhaler® product portfolio (asthma, COPD)                         | B            | 144.2        | 129.7   | +11.1%   |
| Entacapone products <sup>2</sup> (Parkinson's disease)              | B            | 88.4         | 113.4   | -22.0%   |
| Simdax® (acute decompensated heart failure)                         | C            | 25.7         | 42.9    | -40.0%   |
| Burana® (inflammatory pain)   | C            | 25.1         | 26.7    | -6.0%    |
| Dexdomitor®, Domitor®, Domosedan® and Antisedan® (animal sedatives) | D            | 22.8         | 36.3    | -37.4%   |
| Dexmedetomidine products for human use <sup>3</sup>                 | C            | 21.5         | 37.3    | -42.5%   |
| Divina® series (menopausal symptoms)                                | B            | 21.0         | 27.6    | -24.0%   |
| Trexan® (rheumatoid arthritis, cancer)                              | C            | 19.1         | 15.2    | +25.4%   |
| Biosimilars (rheumatoid arthritis, inflammatory bowel diseases)     | C            | 18.2         | 20.4    | -10.5%   |
| <b>Total</b>  |              | <b>568.5</b> | 536.7   | +5.9%    |
| Share of net sales, %   |              | <b>47.8%</b> | 40.0%   |          |

<sup>1</sup> Business division, A = Innovative Medicines, B = Branded Products, C = Generics and Consumer Health, D = Animal Health

<sup>2</sup> Entacapone products include Stalevo®, Comtess®, Comtan® and all other products including entacapone.

<sup>3</sup> Includes Dexdor®, Precedex® and other dexmedetomidine products for human use

<sup>4</sup> Starting from reporting period January-June 2023, the income from Nubeqa® packaging is included in contract manufacturing and no longer reported as part of Nubeqa® product sales; for this reason, the comparative figures from prior periods differ from previously published figures.



## Innovative Medicines

The Innovative Medicines business division includes medicines with patent or other product protection. In addition to the commercial sales and royalties from these products, any milestone payments or other revenue, such as product sales for R&D use, related to the products or research and development projects of the business division, are included in its net sales.

Net sales of the unit in January–December 2023 decreased by 28.6% and totalled EUR 235.1 (329.4) million. The decline is due to a significant EUR 228 million upfront payment recorded in the comparative period. Excluding the upfront payment, net sales more than doubled from the comparative period. Net sales in 2023 include a EUR 30 million milestone payment, related to Nubeqa® sales. Currently, the net sales of the business division are mainly generated by Orion's sales of Nubeqa®. Orion's sales of Nubeqa® in January–December 2023 increased by more than 100% and totalled EUR 182.5 (87.1) million, of which royalties were EUR 119.7 (40.2) million and product sales, i.e., deliveries to Bayer, EUR 62.8 (46.9) million.

Nubeqa® (darolutamide) is approved in more than 80 countries around the world for the treatment of patients with non-metastatic castration-resistant prostate cancer (nmCRPC), who are at high risk of developing metastatic disease. It is also approved for the treatment of patients with metastatic hormone-sensitive prostate cancer (mHSPC) in combination with chemotherapy in a number of markets including the U.S., Japan, EU and China. Filings in other regions are underway or planned by Bayer.

In July 2023, Orion's collaboration partner Marinus Pharmaceuticals, Inc. received European Union marketing authorisation for ganaxolone (brand name Ztalmly®) oral suspension for the adjunctive treatment of epileptic seizures associated with cyclin-dependent kinase-like 5 (CDKL5) deficiency disorder (CDD) in patients two to 17 years of age. Treatment may be continued in patients 18 years of age and older. Orion has the right to sell and market ganaxolone in Europe. Following the European Commission approval, Orion is focusing on making ganaxolone available for patients in Europe and has pricing and reimbursement processes planned or underway in Europe.

## Branded Products

The Branded Products business division includes products that have a strong brand name which provides a competitive advantage. Currently, most of the business division's products are products developed by Orion. Key products are the Easyhaler® product portfolio, the entacapone products and the Divina® series. Total net sales of the Branded Products business division in January–December 2023 decreased by 6.3% and were EUR 260.9 (278.5) million.

Orion's Easyhaler® is a dry-powder inhaler developed in-house, for which Orion has developed Easyhaler®-adapted dry-powder formulations of several well-known generic active pharmaceutical ingredients (salbutamol, beclometasone, budesonide, formoterol, salmeterol

and fluticasone). Total net sales of the Easyhaler® product portfolio for the treatment of asthma and chronic obstructive pulmonary disease increased by 11.1% and amounted to EUR 144.2 (129.7) million. The sales of the budesonide-formoterol combined formulation increased by 14.0% to EUR 94.3 (82.7) million. The sales of other Easyhaler® products (beclometasone, budesonide, formoterol, salbutamol and salmeterol-fluticasone combined formulation) increased by 6.1% to EUR 49.9 (47.0) million. In June 2023, Orion announced that the Company will build by 2026 a new dry-powder inhaler filling line in its Espoo pharmaceuticals manufacturing plant to increase the production capacity of the Easyhaler® products. Orion has announced that the Easyhaler® product portfolio has potential to exceed EUR 200 million in peak annual sales. The estimate is based on, among others, recent initiatives and recommendations by healthcare systems and health organisations to prefer dry-powder inhalers over metered-dose inhalers due to climate reasons.

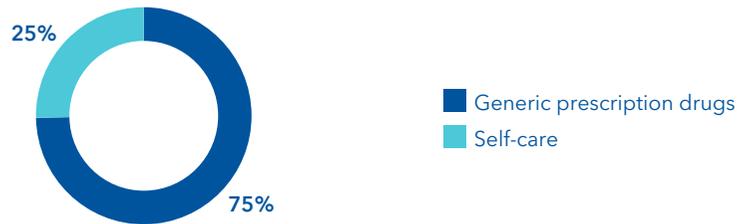
Orion's entacapone products for the treatment of Parkinson's disease are Stalevo®, Comtess®, Comtan® and other entacapone-containing products. Their total net sales in January–December 2023 decreased by 22.0% and amounted to EUR 88.4 (113.4) million. The decrease is mainly due to lower partner sales than in the comparative period, resulting from increased competition, lower prices and inventory optimisation. Orion's own sales have also been affected by competition and lower prices. Orion markets entacapone products in Europe and in some countries in the Asia-Pacific region. Elsewhere, the products are sold by partners. The most important individual market for Orion's entacapone products is currently Japan, where Orion is taking over sales when the distribution agreement with Novartis expires in 2024. Orion has developed a generic levodopa-carbidopa combination product for the treatment of Parkinson's disease, and the product is in launch phase in Europe.

Sales of the Divina® series of hormone replacement products decreased by 24.0% to EUR 21.0 (27.6) million. The decrease is due to Russia, where the product series was not sold anymore in 2023.

## Generics and Consumer Health

Net sales of the Generics and Consumer Health business division, comprising generic (off-patent) prescription drugs (including biosimilars) and self-care products, decreased by 7.1% in January–December 2023 and amounted to EUR 517.6 (557.2) million. The decline is explained by the declining sales of Simdax®, dexmedetomidine products for human use, and the discontinuation of business operations in Russia, where sales were strong in the comparative period before the outbreak of the war. Excluding these items, business was solid and net sales were flat compared to the year before which demonstrates good performance of the rest of the portfolio in challenging market. Generic prescription drugs accounted for 75% (75%) and self-care products for 25% (25%) of the business division's net sales. The net sales of generic prescription drugs decreased by 7.9% and were EUR 386.7 (419.8) million and the net sales of self-care products decreased by 4.7% and were EUR 130.9 (137.3) million.

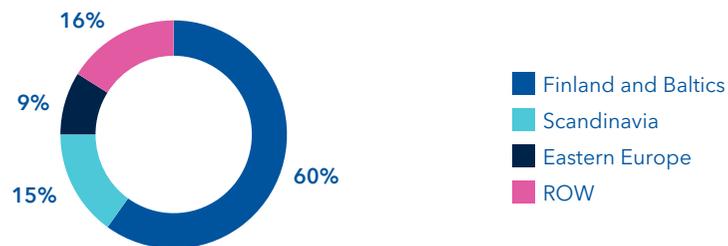
## Net sales split by product groups 1-12/2023



The Generics and Consumer Health business division has four geographic regions, which are Finland and Baltics, Scandinavia, Eastern Europe, and Rest of the World (ROW). The unit's sales in Finland and Baltics increased by 2.9% and amounted to EUR 310.2 (301.5) million. The increase came from both generic prescription drugs and self-care products. The general decline in the prices of reference-priced generic drugs due to price competition continued, but Orion was able to increase sales with strong volume development. In Scandinavia, the division's sales decreased by 1.2% and totalled EUR 78.0 (79.0) million. In Eastern Europe, the division's sales increased by 1.3% and amounted to EUR 46.2 (45.5) million.

Sales in ROW declined by 36.6% and stood at EUR 83.2 (131.2) million. The decline is mostly due to the generic competition and declining prices of Simdax® and dexmedetomidine products for human use, together with the discontinuation of business operations in Russia where sales were strong in the comparative period before the outbreak of the war.

## Net sales split 1-12/2023



## Animal Health

In the Nordic countries, Belgium, France, some Eastern European markets and Vietnam, Orion sells veterinary drugs itself, while the Company operates through partners in other markets. In addition, Orion markets and sells veterinary drugs manufactured by several other companies.

Net sales of the Animal Health business division in January–December 2023 increased by 5.1% and amounted to EUR 103.9 (98.9) million. Sales include the turnover of the animal health company VMD (Inovet), acquired in June 2022, which explains the slight increase from the comparative period. However, due to the changes in the economic environment the animal health market as a whole experienced weakening of demand both in companion animal and livestock segments in 2023, which lowered the sales. In addition, deliveries to partners were lower than in 2022. These are the reasons for the clearly lower net sales in the second half of 2023 compared to 2022. The building of the new manufacturing plant at Arques site in France is ongoing.

Sales of animal sedative products accounted for 21.9% (36.7%), or EUR 22.8 (36.3) million, of the unit's total net sales. The decrease is mainly due to lower deliveries to partners. The animal sedative product family comprises Orion's animal sedatives Dexdomitor® (dexmedetomidine), Domitor® (medetomidine) and Domosedan® (detomidine), and antagonist Antisedan® (atipamezole), which reverses the effects of the sedatives.

## Fermion

Fermion manufactures active pharmaceutical ingredients for Orion and other pharmaceutical companies. Its product range comprises nearly 30 pharmaceutical ingredients. It produces active pharmaceutical ingredients for Orion's proprietary drugs developed in-house as well as for certain generic drugs. Fermion manufactures generic pharmaceutical ingredients for other pharmaceutical companies and offers contract manufacturing services for the development and manufacturing of new active pharmaceutical ingredients.

Net sales of Fermion in January–December 2023, excluding deliveries for Orion's own use, increased by 7.2% and totalled EUR 73.7 (68.7) million. In recent years, order cycles in the trade in pharmaceutical raw materials have become increasingly shorter. This has led to clearly greater fluctuation in business volumes than before, both within each annual period and between different years. Demand for Fermion products has been good and production capacity has been nearly fully utilised. The production capacity is increasingly more allocated to the manufacturing of Orion's active pharmaceutical ingredients.

In June 2023, Orion announced that the company will invest in Fermion's Hanko plant to increase the manufacturing capacity of darolutamide.



## Key licensing and collaboration agreements regarding assets in the clinical development or commercialisation phase

Orion has an agreement with Bayer for the development and commercialisation of darolutamide (i.e. Nubeqa®). Bayer holds global commercial rights to darolutamide, and Orion is entitled to receive annually tiered royalties on global darolutamide sales. The average annual royalty rate is initially approximately 20% including product sales to Bayer. As the annual global sales increase, the average annual royalty rate will increase. If the annual global darolutamide sales were EUR 3 billion, Orion's average annual royalty rate would be slightly above 25%. Orion manufactures the product for global markets, i.e. carries the cost of goods sold, and co-promotes the product in Europe with Bayer. In addition to royalties, Orion is entitled to receive progressive one-off milestone payments from Bayer that may total EUR 280 million, depending on the future sales development of Nubeqa®. The first such milestone, EUR 30 million, was recorded in the third quarter of 2023.

Orion has a global development and commercialisation agreement with MSD (tradename of Merck & Co., Inc. Rahway NJ USA) for Orion's investigational candidate ODM-208 and other drugs targeting cytochrome P450 11A1 (CYP11A1). Under the terms of the agreement, Orion and MSD, acting through its subsidiary, Merck Sharp & Dohme LLC, will co-develop and co-commercialise ODM-208. Orion will be responsible for the manufacture of clinical and commercial supply of ODM-208. Of the USD 290 million upfront payment received in Q3 2022, Orion has reserved EUR 60 million to cover its share of ODM-208 development costs to be accrued. Currently Orion is not booking any cost from the development of ODM-208. In addition, the contract provides both parties with an option to convert the initial co-development and co-commercialisation agreement into a global exclusive license to MSD. If the option is exercised, MSD would assume full responsibility for all accrued and future development and commercialisation expenses associated with the program. Orion would be eligible to receive milestone payments associated with progress in the development and commercialisation of ODM-208 as well as tiered double-digit royalties on sales if the product is approved. The total amount potentially accrued from multiple regulatory and sales milestone events represents a substantial opportunity for Orion. If the option is used, Orion could release the EUR 60 million from the balance sheet and book it as revenue and operating profit.

Orion has an agreement with Jemincare, through which Orion has exclusive global development and commercialisation rights, excluding mainland China, Hong Kong, Macau, and Taiwan, for a potent and selective NaV 1.8 blocker (ODM-111). Orion also has ownership of certain key patent applications relating to the compound within its own territory. Orion is fully responsible for its own development and commercialisation costs. In addition, Orion will manufacture the products, including active pharmaceutical ingredient, for its markets. Jemincare is upon achievement of certain development, commercialisation and sales targets entitled to receive milestone payments, which may be significant. In addition, Jemincare is eligible to receive tiered royalty of 8% to 15% on future sales in Orion territory.

Orion has a European wide marketing and distribution agreement with Marinus Pharmaceuticals, Inc. for ganaxolone (i.e. Ztalmu®). Under the terms of the agreement, Orion has the right to sell and market ganaxolone in Europe. Marinus is eligible to receive tiered royalty ranging from low double-digits to low twenties on Orion's future sales. In addition, Marinus is eligible to receive milestone payments upon achievement of certain development and commercialisation milestones. Marinus is the marketing authorisation holder and responsible for current and future clinical trials of ganaxolone. Orion is responsible for market access in all 30 countries comprising the European Economic Area (EEA) as well as in the United Kingdom and Switzerland.

Orion has a long-term license agreement with Amneal Pharmaceuticals, Inc. to commercialise Amneal's generic products in Orion territories. Under the terms of the agreement, Orion has exclusive license to commercialise and sell Amneal's generic products in most parts of Europe as well as in Australia and New Zealand. The initial portfolio includes a mix of generic products commercially available in the U.S. today, as well as selected pipeline products currently under development.

In addition to the above agreements, Orion has a number of other licensing agreements with various pharmaceutical companies, all of which are important but not considered key agreements for the Group.



## Research and development

The core therapy areas of Orion's pharmaceutical research are oncology and pain. The company also develops veterinary drugs and selected generic drugs. Orion's key clinical development projects are listed in the table on the next page.

In the early research phase, Orion has several projects investigating cancer and pain. Additionally, Orion has projects underway to develop new veterinary drugs and selected generic drugs. Together with Propeller Health, Orion has an ongoing development project in which the Easyhaler® device is equipped with a sensor that monitors the use of the device.

Orion also has two clinical projects in the field of digital therapies. The ODD-402 project in collaboration with Healthware Group investigates how the care of Parkinson's patients could be developed, personalised and improved using a digital tool that collects data from patients.

Orion has out-licensed ODD-403, a digital therapeutic (DTx) developed by Orion for patients suffering from chronic pain and particularly from fear of movement and re-injury, to Newel Health. Under the terms of the agreement, Newel will have global exclusive right to develop, manufacture and commercialise ODD-403. Orion is entitled to receive royalty from the sales of the product as well as sales milestone payments.

### Key R&D events in January-December 2023

In March 2023, Orion and Bayer announced the initiation of Phase III ARASTEP clinical trial, which investigates the efficacy of darolutamide plus androgen deprivation therapy (ADT) versus ADT alone in hormone-sensitive prostate cancer, in patients with high-risk biochemical recurrence (BCR) who have no evidence of metastatic disease by conventional imaging and a positive PSMA PET/CT at baseline.

In Half-Year Report 2023, Orion announced that the company has initiated a Phase IIa clinical trial, which investigates the efficacy of tasipimidine (ODM-105) for the treatment of insomnia, which is often associated with pain and difficult to treat.

In Interim Report January-September 2023, Orion announced that the company has established an R&D office in the United States. The office of few people in New York will coordinate Orion's current and future R&D projects in North America.

In Interim Report January-September 2023, Orion announced that the company has initiated a Phase I clinical trial with ODM-212 molecule, which is a TEAD inhibitor aimed for the treatment of solid tumours with YAP/TEAD activation.

In December 2023, Orion and MSD initiated two Phase III trials, OMAHA1 and OMAHA2a, evaluating ODM-208 (MK-5684, an investigational CYP11A1 inhibitor) in combination with hormone replacement therapy (HRT), for the treatment of certain patients with metastatic castration-resistant prostate cancer (mCRPC). During 2023, the CYPIDES phase II with ODM-208 proceeded as planned.

Also ODM-111 phase I proceeded as planned. SAD (single ascending dose) and MAD (multiple ascending dose) cohorts in the ODM-111 phase I are already finalised. No significant safety findings were identified in these cohorts and Orion is preparing to initiate phase II trials with ODM-111 for both acute and chronic pain during 2024. More detailed data from the phase I is planned to be presented later in a scientific conference or publication.

Orion Group's R&D expenses in January-December 2023 decreased by 4.7% and totalled EUR 126.9 (133.2) million. They accounted for 10.7% (9.9%) of the Group's net sales.



## Key clinical development projects

| Project   | Indication              | Phase I | Phase II          | Phase III | Registration |
|---|-------------------------|---------|-------------------|-----------|--------------|
| ARANOTE (darolutamide) <sup>1</sup>               | Prostate cancer (mHSPC) |         |                   | Ongoing   |              |
| ARASTEP (darolutamide) <sup>1</sup>               | Prostate cancer (BCR)   |         |                   | Ongoing   |              |
| OMAHA1 (ODM-208, CYP11A1 inhibitor) <sup>2</sup>  | Prostate cancer (mCRPC) |         |                   | Initiated |              |
| OMAHA2a (ODM-208, CYP11A1 inhibitor) <sup>2</sup> | Prostate cancer (mCRPC) |         |                   | Initiated |              |
| CYPIDES (ODM-208, CYP11A1 inhibitor) <sup>2</sup> | Prostate cancer (mCRPC) |         | Ongoing           |           |              |
| ODM-105 (tasipimidine)                            | Insomnia                |         | Phase IIa ongoing |           |              |
| ODM-111 (NaV 1.8 blocker)                         | Pain                    | Ongoing |                   |           |              |
| ODM-212 (TEAD inhibitor)                          | Solid tumours           | Ongoing |                   |           |              |

<sup>1</sup> In collaboration with Bayer

<sup>2</sup> In collaboration with MSD



## Personnel

The average number of employees in the Orion Group in January–December 2023 was 3,599 (3,472). At the end of December 2023 the Group had a total of 3,632 (3,527) employees, of whom 2,727 (2,648) worked in Finland and 905 (879) outside Finland.

Salaries and other personnel expenses in January–December 2023 totalled EUR 273.0 (263.9) million.

## Changes in Executive Management

On 7 July 2023, Orion announced that Chief Financial Officer Jari Karlson will retire on 30 April 2024. Karlson will continue in his current position and as a member of the Executive Management Board of the Orion Group until 30 April 2024.

On 22 August, Orion announced that Julia Macharey has been appointed Senior Vice President of Orion Group's new People & Culture group-level function and member of the Executive Management Board of Orion Group as of 1 February 2024.

After the end of the reporting period on 23 January 2024, Orion announced that René Lindell has been appointed Chief Financial Officer of Orion Group as of 1 May 2024. Lindell will start already as of 1 April 2024 as Executive Advisor (until 30 April 2024) and member of the Group Executive Management Board.

## Transfer of pension insurance portfolio to a pension insurance company

Orion transferred the insurance portfolio of the Orion Pension Fund's B fund to an external pension insurance company at the end of 2023. The transfer had EUR 30.7 million positive impact on Orion's result in 2023. In addition, the transfer will have approximately EUR 40–45 million positive impact on Orion's cash flow during 2024. The amount of the cash flow impact depends on the final valuation of the transferred pension liabilities and some illiquid investments, which will only be available by the end of H1/2024.

## Significant legal proceedings

On 26 October 2023, Orion Corporation filed together with Bayer et al a patent infringement lawsuit against Hetero USA Inc. et al in the United States District Court for the District of Delaware. Hetero USA Inc. (et al) has filed an Abbreviated New Drug Application ("ANDA") for

Nubeqa® (darolutamide) with the U.S. Food and Drug Administration seeking approval to commercialise a generic version of Nubeqa® prior to certain patents expiring in 2036 and 2038. However, according to Orion's information, the ANDA as filed does not seek approval prior to the expiry of the compound patent protection for Nubeqa® (darolutamide) in the U.S.

In the U.S., generic pharmaceutical companies may apply for an ANDA after a certain time has lapsed from the grant of the marketing authorisation of the originator's product, and such applications will occur in the ordinary course of business.

In addition to the above, companies belonging to the Orion Group are parties to various legal disputes, which are not, however, considered to be significant legal proceedings for the Group.

## Key events in 2023

|             |  |
|-------------|--|
| 27 Jan 2023 | Positive CHMP opinion for darolutamide in combination with docetaxel for the treatment of metastatic hormone-sensitive prostate cancer   |
| 27 Feb 2023 | Darolutamide receives approval for additional prostate cancer indication in Japan.   |
| 1 Mar 2023  | Darolutamide receives EU approval for additional indication in prostate cancer.  |
| 20 Mar 2023 | Darolutamide approved for additional prostate cancer indication in China.  |
| 22 Mar 2023 | Orion Corporation's Annual General Meeting was held in Helsinki.   |
| 23 Mar 2023 | Orion and Bayer announced that the companies will expand clinical development program for darolutamide in prostate cancer.   |
| 25 May 2023 | Orion held Capital Markets Day in Helsinki, Finland.   |
| 28 Jun 2023 | Orion announced that the Company will invest EUR 30 million to increase production capacity in Finland.  |
| 7 Jul 2023  | Orion announced that CFO Jari Karlson will retire on 30 April 2024.  |
| 31 Jul 2023 | Orion announced European Commission approval of Ztalmy® (ganaxolone) for the adjunctive treatment of epileptic seizures associated with CDKL5 deficiency disorder.   |
| 22 Aug 2023 | Orion announced that Julia Macharey has been appointed Senior Vice President of Orion Group's new People & Culture group-level function and member of the Executive Management Board of Orion Group as of 1 February 2024. |
| 20 Nov 2023 | Orion Animal Health received FDA approval for Bonqat® (pregabalin oral solution)   |



## Key events after the reporting period

|             |   |
|-------------|---|
| 5 Jan 2024  | Orion and MSD announced the initiation of two phase 3 trials evaluating ODM-208/MK5684 in certain patients with metastatic castration-resistant prostate cancer.  |
| 11 Jan 2024 | Orion announced that the insurance portfolio of Orion Pension Fund's B fund has been transferred to an external pension insurance company, and the transfer has approximately EUR 31 million positive impact on the company's result in 2023. |
| 23 Jan 2024 | Orion announced that René Lindell has been appointed Chief Financial Officer of Orion Group as of 1 May 2024.   |

## Shares and shareholders

On 31 December 2023 Orion had a total of 141,134,278 (141,134,278) shares, of which 33,351,382 (34,186,494) were A shares and 107,782,896 (106,947,784) B shares. The Group's share capital is EUR 92,238,541.46 (92,238,541.46). At the end of December 2023, Orion held 782,973 (932,771) B shares as treasury shares. On 31 December 2023, the aggregate number of votes conferred by the A and B shares was 774,027,563 (789,744,893) excluding treasury shares.

### Voting rights conferred by shares

Each A share entitles its holder to twenty (20) votes at General Meetings of Shareholders and each B share to one (1) vote. However, a shareholder cannot vote more than 1/20 of the aggregate number of votes from the different share classes represented at a General Meeting of Shareholders. The Company itself and Orion Pension Fund do not have the right to vote at an Orion Corporation General Meeting of Shareholders. Both share classes, A and B, confer equal rights to the Company's assets and dividends.

### Conversion of shares

The Articles of Association entitle shareholders to demand the conversion of their A shares to B shares within the limitation on the maximum number of shares of a class. A total of 835,112 A shares were converted into B shares in January-December 2023.

### Trading in Orion's shares

Orion's A shares and B shares are quoted on Nasdaq Helsinki in the Large Cap group under the Healthcare sector heading under the trading codes ORNAV and ORNBV. Trading in both of the Company's share classes commenced on 3 July 2006, and information on trading in the Company's shares has been available since that date. On 31 December 2023, the market capitalisation of the Company's shares, excluding treasury shares, was EUR 5,509.3 million.

In 2023, a total of 1,213,681 of Orion's A shares and 64,267,609 B shares were traded on Nasdaq Helsinki. The total value of the shares traded was EUR 2,651.5 million. During the year, 3.6% of the A shares and 59.6% of the B shares were traded. The average turnover in Orion's shares was 46.4%.

The price of Orion's A shares decreased by 23.3% and the price of its B shares decreased by 23.4% in 2023. On 31 December 2023 the closing quotation was EUR 39.20 for the A shares and EUR 39.27 for the B shares. The highest quotation for Orion's A shares in 2023 was EUR 55.00 and the lowest quotation was EUR 34.25. The highest quotation for the B shares in 2023 was EUR 55.16 and the lowest quotation was EUR 32.89.

Orion shares are also traded on various alternative trading platforms in addition to Nasdaq Helsinki.

### Authorisations of the Board of Directors

On 22 March 2023, the Annual General Meeting of Orion Corporation authorised the Board of Directors to decide on a share issue by issuing new shares. The Board of Directors shall be entitled to decide on the issuance of no more than 14,000,000 new Class B shares. The share issue authorisation shall be valid until the next Annual General Meeting of the Company. The terms of the authorisation are reported in more detail in a stock exchange release on 22 March 2023.

On 23 March 2022, the Annual General Meeting authorised the Board of Directors to decide on a share issue by conveying own shares. The Board of Directors is entitled to decide on the conveyance of no more than 1,000,000 own Class B shares held by the Company. The authorisation to convey own shares is valid for five years from the decision of the Annual General Meeting. The terms of the authorisation are reported in more detail in a stock exchange release on 23 March 2022.

The Board of Directors is not authorised to increase the share capital or to issue bonds with warrants or convertible bonds or stock options.

### Share-based incentive plans

The Group has two currently operating share-based incentive plans for key persons of the Group: Orion Group's Long-Term Incentive Plan 2019, announced in a stock exchange release published on 6 February 2019, and Orion Group's Long-Term Incentive Plan 2022, announced in a stock exchange release published on 10 February 2022.

### Share ownership

Orion's shares are in the book-entry system maintained by Euroclear Finland, and Euroclear Finland maintains Orion's official shareholder register.



At the end of December 2023, Orion had a total of 88,722 (79,423) registered shareholders, of whom 95% (96%) were private individuals. They held 39% (38%) of the entire share stock and had 62% (61%) of the total votes. There were 46 (56) million nominee-registered and foreign-owned shares, which was 32% (40%) of all shares, and they conferred entitlement to 9% (10%) of the total votes.

At the end of December 2023, Orion held 782,973 (932,771) B shares as treasury shares, which is 0.55% (0.66%) of the Company's total share stock and 0.10% (0.12%) of the total votes.

### Flagging notifications

On 21 June 2023, Orion received a disclosure under Chapter 9, Section 5 of the Securities Market Act, according to which the total number of Orion shares owned directly or indirectly by Ilmarinen Mutual Pension Insurance Company (Ilmarinen) increased on 21 June 2023 above five (5) per cent of Orion Corporation's total voting rights.

The details of the notifications published by Orion are available at [www.orion.fi/en/flaggings](http://www.orion.fi/en/flaggings).

### Management's shareholdings

At the end of 2023, the members of the Board of Directors owned a total of 695,603 of the Company's shares, of which 625,563 were A shares and 70,040 B shares. At the end of 2023, the President and CEO owned 30,020 of the Company's shares, which were all B shares. The members of the Group's Executive Management Board (excluding the President and CEO) owned a total of 217,574 of the Company's shares, which were all B shares. Thus, the Company's executive management held 0.67% of all of the Company's shares and 1.65% of the total votes. These shareholdings include holdings by controlled corporations.

## Orion's dividend distribution policy

Orion's dividend distribution takes into account the distributable funds and the capital expenditure and other financial requirements in the medium and long term to achieve the financial objectives.

## Proposal by Orion Corporation's Board of Directors on use of profit funds from the financial year 2023

Orion Corporation's distributable funds at 31 December 2023 are EUR 596,791,619.35 of which the profit for the financial year is EUR 231,377,914.00. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.62 per share be paid for the financial year that ended on 31 December 2023. No dividend shall be paid on treasury shares held by the Company on the record date for dividend payment. On the date of the proposal on the distribution of profits there are 140,351,305 shares entitling to dividend, and thus the total dividend would be EUR 227,369,114.10.

According to the proposal, the dividend would be paid in two instalments. The first instalment of EUR 0.81 per share would be paid to a shareholder who is on the record date for the payment of the dividend, 22 March 2024, registered in the Company's shareholders' register maintained by Euroclear Finland Oy. The Board of Directors proposes that the first instalment would be paid on 3 April 2024. The second instalment of EUR 0.81 per share would be paid to a shareholder who is on the record date for the payment of the dividend, 16 October 2024, registered in the Company's shareholders' register maintained by Euroclear Finland Oy. The Board of Directors proposes that the second instalment would be paid on 23 October 2024.

The Board of Directors proposes that the Annual General Meeting would authorise the Board of Directors to resolve, if necessary, on a new record date for payment and payment date for the second instalment of the dividend in case of changes in the rules of Euroclear Finland Oy or the regulations regarding the Finnish book-entry system or if other rules binding the Company so require.

In addition, the Board of Directors proposes to the Annual General Meeting that EUR 350,000 of the Company's distributable funds be donated to medical research and other purposes of public interest as decided by the Board of Directors. Any remaining distributable funds would be allocated to retained earnings.

There have been no material changes in the Company's financial position since the end of the financial year. The liquidity of the Company is good and, in the opinion of the Board of Directors, the proposed profit distribution would not compromise the liquidity of the Company.

## Corporate responsibility: Material themes and indicators

Orion is committed to continuously improving its performance in sustainability. In managing matters related to the environment, occupational health and safety, and human resources, and ensuring its operations are ethical, the Company strives to achieve the high objectives it has set for the above. Based on a materiality assessment the Company has identified material themes and indicators for its corporate responsibility. They are prioritised in the development of operations, and the Company also regularly reports on the indicators. The key themes of Orion's Sustainability Agenda are ensuring patient safety and reliable supply of medications, and responsibility for the environment, its employees, business ethics and transparency. In 2023, the Company has advanced its Sustainability Agenda, prepared for Corporate Sustainability Reporting Directive's requirements and further developed sustainability dialogue with stakeholders. A separate Sustainability Report for 2023 will be published in April 2024. A third-party limited assurance has been conducted to the non-financial reporting key figures and selected figures in the Sustainability Report.

|  | 1-12/2023 | 1-12/2022 |
|--|-----------|-----------|
| <b>Total energy consumption, energy savings and greenhouse gas emissions<sup>1</sup></b>                               |           |           |
| Total absolute energy consumption (MWh) <sup>2</sup>   | 159,242   | 154,832   |
| Energy savings achieved by saving measures and efficiency improvements (MWh) <sup>3</sup>                              | 11,459    | 858       |
| Energy efficiency targets achieved <sup>4</sup>  | 108%      | 60%       |
| Greenhouse gas emissions, Scope 1 (tCO <sub>2</sub> e)   | 5,511     | 5,110     |
| Greenhouse gas emissions, Scope 2, market-based (tCO <sub>2</sub> e) <sup>5</sup>                                      | 8,429     | 10,786    |
| <b>Occupational well-being of personnel: Workplace injuries and sick leave of the personnel</b>                        |           |           |
| Lost time incident frequency, LTIF 1 <sup>6</sup>  | 4.8       | 3.7       |
| Absence due to illness (hours of absence due to illness as percentage of total theoretical working hours) <sup>7</sup> | 3.5%      | 4.1%      |
| <b>Respect for human rights and prevention of corruption and bribery</b>   |           |           |
| Code of Conduct training, number of participants <sup>8,9</sup>  | 460       | 682       |
| Anti-corruption and anti-bribery training, number of participants <sup>8,10</sup>                                      | 348       | 1,800     |
| <b>Product quality and safety</b>  |           |           |
| Number of GxP audits/inspections of Orion's operations, total <sup>11</sup>  | 78        | 63        |
| Inspections by authorities   | 15        | 12        |
| Audits by collaboration partners   | 63        | 51        |
| Non-compliances from authority inspections   | 0         | 0         |
| Number of GxP audits undertaken by Orion <sup>11</sup>   | 248       | 281       |
| Rejections   | 2         | 1         |
| Number of customer complaints about the Pharmaceuticals business (ppm <sup>12</sup> )                                  | 59        | 60        |

<sup>4</sup> The energy savings target for 2025 is 15% of the energy consumption in 2016.

<sup>5</sup> 2022 figures restated due to refinement of the calculation of the emission factor

<sup>6</sup> Indicates the workplace injury rate as injuries causing an absence of at least one day per million total actual working hours. 2022 reporting includes Orion Group employees globally. VMD employees of production sites in France and Belgium are included as of July 2022.

<sup>7</sup> Hours of absence due to illness as percentage of total theoretical working hours of Company personnel. Reporting covers the Orion Group's employees in Finland.

<sup>8</sup> Participants in training: all individuals who completed the training in the course of the year, including those in part-time, temporary and past employment.

<sup>9</sup> VMD employees are included to training participants as of July 2022.

<sup>10</sup> VMD employees are included to training participants as of 2023.

<sup>11</sup> Inspections and audits of Good Practices (GxP) and ISO 13485 audits.

<sup>12</sup> Ppm = parts per million packages sold.

<sup>1</sup> VMD production plants in France and Belgium are included to the figures as of July 2022.

<sup>2</sup> Orion Group's properties that do not contribute significantly to the total and have no production operations, such as rented offices, are excluded from reporting.

<sup>3</sup> Energy savings are estimates calculated in compliance with the guidelines of the Energy Authority.



# Strategy

Orion's Board of Directors has confirmed the Company's strategy for 2024–2028.

## Global trends and operating environment for pharma Industry

The following key global trends drive growth opportunities and challenges in pharma industry and affect Orion's operating environment:

- Demographics and aging of population: as population ages, the prevalence of various diseases increases, causing increased demand for drugs and treatments.
- Cost pressure in healthcare and pharmaceuticals: the share of healthcare costs of available funds continues to increase, both at national and individual level, creating needs for cost-effective drugs and treatments. Geopolitical developments are decreasing predictability and causing challenges in global supply chains.
- Advancements in science and technologies: personalised medicine, increased genetic and epigenetic data and developments in drug dosing and diagnostics create possibilities and markets for new treatments and therapies.
- Sustainability regulation and demand for sustainability: sustainability and compliance in all business sectors increasingly guide the actions and decisions of consumers, authorities and investors.
- Digitalisation, the use of AI and real time data: The amount and significance of data is growing, and it has become a valuable tool for generating competitive business opportunities. Societies and companies are increasingly relying on artificial intelligence, machine learning, and automation.

## Our purpose is building well-being

Well-being means something unique for each human being in all stages of life. We draw on our century-long experience in healthcare while keeping our sights firmly set on future innovations to support you every step of your way.

Our novel therapies help change the lives of patients across the globe. We serve societies in sustaining health systems with a diverse portfolio of cost-effective and value-adding drugs. Our veterinary products enable pet owners and farmers to care for their animals.

Inspired by our Nordic heritage, we strive to empower people around the world to live their lives to the fullest – today and tomorrow.

## Orion's strategy 2024–2028, with a direction into the 2030s

Orion is an innovative, research-focused pharmaceutical company with a strong Nordic heritage that serves societies and helps change lives across the globe. All business divisions play a key role in Orion's growth strategy. The three key elements in the strategy are the following:

### 1) Build a customer driven portfolio through our competitive businesses:

- Innovative Medicines focuses on oncology and pain management, leveraging Orion's R&D expertise in these crucial and expanding fields.
- Branded Products continues building on its strength and success in Respiratory and Parkinson's disease.
- Generics and Consumer Health provides a large cost-effective generics portfolio complemented by value-added and complex generics to European hospitals and other selected markets and caters to customer needs with consumer health products with value propositions.
- Animal Health continues building a competitive portfolio for companion and livestock animals.
- Fermion manufactures key APIs to all business divisions.

### 2) Expand to new geographies:

- Strengthen European market position.
- Strengthen and expand operations in Asia Pacific including Japan.
- Establish operations in USA to build R&D and commercialisation capabilities.

### 3) Develop growth enablers:

Orion has determined the following areas where it builds its capabilities in order for the company to achieve strategic success:

- Competences and culture development in accordance with Orion's values.
- Safety and sustainability – Prioritise patient safety and sustainability across the entire product lifecycle, positioning Orion as a trustworthy European partner, known for dependable delivery, transparency, and responsibility.
- Global commercialisation capabilities – build the expertise to enable the global commercialisation of our products on a larger scale.
- Data driven execution excellence – Build expertise and operational models for a data-driven approach, optimising decision-making based on hard data.



- Master End-to-End value chain developing competitive advantage in every step from molecule development to marketing and distribution.

#### The roles of the business divisions in Orion's business portfolio:

- In Innovative Medicines patients with cancer and pain meet innovations and disruptive pharma to transform their lives. Innovative Medicines is the global growth driver for Orion.
- Branded Products provides the platform for growth in Europe & Asia. In Branded Products the target is to be an impactful player in Respiratory, Central Nervous System, and Women's Health in Europe and Asia.
- Generics and Consumer Health is Orion's solid bedrock. In Generics and Consumer Health we create everybody access to affordable quality medicines and help individuals to promote their health.
- Animal Health is committed to the well-being of companion animals and livestock.
- Fermion manufactures key APIs to all business divisions.

#### Orion's growth strategy in three steps according to Orion strategic roadmap:

- 1) Short term: Strengthen & Expand - Strengthen European and Asia Pacific market positions
- 2) Mid-term: Build and Invest - Build and invest into global commercial assets and capabilities
- 3) Long-term (2030s): Accelerate - Grow and maximise value of global assets

#### Non-financial targets - Orion's sustainability commitments

We are taking proactive steps in business sustainability transformation. We address both sustainability regulations and increasing demand for sustainability, reinforcing Orion's competitiveness and market access in a dynamic operating environment. Orion's Sustainability Agenda is a systematic approach to sustainability across the value chain. With this, we aim to minimise our footprint and adverse impacts while enhancing our positive impacts on the environment, people, and society.

- Patient safety as a top priority: Patient safety has been a priority for us for a hundred years and it continues to be the cornerstone of our daily operations. We play a significant role in ensuring reliable supply of medications - even in the wake of a crisis.
- Active work for a better environment: We want to be the environmental leaders in our industry. We continuously raise the bar in climate and environmental responsibility, and we challenge others to follow. We are strongly heading towards achieving carbon neutrality in our own operations by 2030.

- Care for well-being professionals: We want to take care of our employees - professionals who put their heart and expertise in everything they do. Our workplace is inspiring. We want our people to feel well.
- Ethics at the core of our business: We maintain strict ethical standards and act responsibly in all situations. Together with our partners we are building a transparent and sustainable business.

## Financial objectives

Through the financial objectives, Orion aims to develop the Group's shareholder value and ensure financial stability and profitable growth. Orion's financial objectives for 2024-2028 are:

- To grow net sales with a compound average annual growth rate (CAGR) of at least 8%.
- To grow operating profit faster than net sales.
- To maintain an equity ratio of at least 50% and to generate return on equity (ROE) of 25% or higher.
- To increase the dividend per share annually with a payout ratio of 50% to 100%.

Achievement of these objectives requires continuous and sufficient investments in development of the product portfolio and growth. Received milestone payments which are part of Orion's business model can generate volatility in short term growth on net sales and operating profit.



## Outlook for 2024

Net sales are estimated to be EUR 1,340 million to EUR 1,410 million.

Operating profit is estimated to be EUR 270 million to EUR 310 million.

## Basis for outlook in more detail

Collaboration agreements with other pharmaceutical companies are an integral part of Orion's business model. Agreements often include payments recorded in net sales and operating profit that vary greatly from year to year. Forecasting the timing and amount of these payments is difficult. In some cases, they are conditional on terms such as R&D outcomes which are not known until studies have been completed, the progress of R&D projects or the attainment of specified sales levels. Regarding possible new contracts under negotiation, neither the outcome nor the schedule of contract negotiations is generally known before the final signing of the agreement.

Orion is eligible to receive milestone payments from Bayer based on sales of the Nubeqa® product upon meeting certain global annual sales thresholds for the first time. In 2023 Orion received one such milestone payment of EUR 30 million. The outlook for 2024 includes one Nubeqa® sales-related milestone payment of EUR 70 million which is included in both the net sales outlook and the operating profit outlook. The outlook does not include any other material milestone payments or one-offs.

The outlook assumes that Orion's own production and other operations will be able to operate normally throughout the year, and the supply chains of raw materials or ready-made products are not facing significant disruptions. These and other risks are discussed in more detail under 'Near-term risks and uncertainties'.

The outlook does not include income, expenses or other impacts related to any future material product or company acquisition or divestment.

### Milestone payments received by Orion in 2019-2023

| Year        | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------|------|------|------|------|------|
| EUR million | 51   | 42   | 3    | 234  | 32   |

### Net sales

The outlook assumes that the net sales of Nubeqa® booked by Orion, and thus the net sales of the Innovative Medicines business division, will clearly increase in 2024. Orion's assumption is based on forecasts received from its partner Bayer. However, it is difficult to predict the exact

level of product sales and royalties for the whole year of a strongly growing product. In addition, the EUR 70 million Nubeqa®-related milestone is expected to increase the net sales of the Innovative Medicines business division.

Branded Products and Animal Health business divisions are also estimated to improve their net sales in 2024. Branded Products growth is anticipated to be driven by the Easyhaler® product portfolio. The sales of entacapone products are assumed to recover somewhat after challenging year 2023. At the same time, however, the market conditions for the entacapone products continue to be tough with increasing competition and declining prices in many markets, and as a result, the sales of the entacapone products are anticipated to be flat in 2024. Animal Health growth is anticipated to be driven by sedatives portfolio, products in launch phase and improving market conditions.

Generics and Consumer Health business division continues to suffer from the decline of Simdax® and dexmedetomidine products due to generic competition and falling prices, but less than in the recent years. Overall volume of generic products are expected to grow but at the same time prices are expected to decline. Due to the aforementioned reasons, the net sales of the Generic and Consumer Health business division is assumed to decrease slightly in 2024.

Fermion has been operating at very near full capacity over the past few years. The share of manufacturing of the active pharmaceutical ingredients of Orion's own proprietary drugs is estimated to increase, which may restrict capacity allocated to external business.

### Operating profit

Gross profit is expected to increase clearly driven by growing Nubeqa® royalties and the anticipated EUR 70 million Nubeqa®-related sales milestone.

The wide range in the operating profit estimate is mainly due to Nubeqa's sales booked by Orion and the development of R&D costs. It is difficult to predict the exact level of royalties for the whole year of a strongly growing product. Any variance from the predicted level can have notable impact on Orion's operating profit. Also, the mechanism by which each quarter's product deliveries are always fully deducted from the next quarter's royalty payments, is causing variance to operating profit. Even though this impact on operating profit is only temporary, the timing of product deliveries may have notable impact on Orion's operating profit in one calendar year.

Over the past few years, Orion has been determined to increase its investment in early-stage research in line with its growth strategy. This work is now starting to bear fruit and several projects are approaching the clinical development phase. Progressing these projects will also require significantly higher R&D expenditure than in the past. At the same time, projects in the clinical development phase have advanced and will advance during 2024, which will increase project costs. However, there are uncertainties related to the progress and timing of projects, which may mean that not all the costs projected for 2024 will materialise. Currently Orion is not



booking any costs related to the development of ODM-208 and thus the outlook does not include any ODM-208 related R&D costs.

Sales and marketing expenses are expected to increase mainly due to growing investments to the Easyhaler® sales and increasing Nubeqa® royalty payable due to an agreement with Endo Pharmaceuticals.

### Capital expenditure

The Group's total capital expenditure in 2024 is expected to be at a similar level as in 2023, when capital expenditure was EUR 93 million. The estimate of capital expenditure does not include any investments related to any future material product or company acquisition.

## Near-term risks and uncertainties

The outlook assumes that Orion's own production and other operations will be able to operate normally. The realisation of sales of Orion-manufactured products requires that production and the related supply chains and other operations are able to operate at the planned level. There are a number of risks that could even materially disrupt Orion's production or other operations. Such risks include, for example, accidents, strikes, employee illness, poor availability of supplies, equipment, spare parts, products, energy, starting materials or semi-finished products, and the failure of logistics chains or serious disruptions to information or communication systems. Current risks to supply and logistics chains include geopolitical conflicts and unrest around the world. In addition to conflicts and unrest, any other unforeseen changes in the operating environment could cause disruptions to Orion's production, supply chains or other operations. Such risks may include accidents, strikes, natural disasters, epidemics and pandemics, wars, terrorism, cyber-attacks or hybrid influencing.

Sales of individual products and also Orion's sales in individual markets may vary, for example depending on the extent to which the ever-tougher price and other competition prevailing in pharmaceutical markets in recent years will specifically focus on Orion's products. Changes in pharmaceutical regulation in individual markets or more broadly, for example at EU level, may affect the sales and profitability of Orion's products. Changes in overall market demand may also have negative impact on sales.

Product deliveries to key partners are based on timetables that are jointly agreed in advance. Nevertheless, they can change, for example as a consequence of decisions concerning adjustments of stock levels. In addition, changes in market prices and exchange rates affect the value of deliveries.

Currently no single currency is posing a material exchange rate risk for Orion. In Orion's total net sales, the share of invoicing in US dollars has fallen to around ten per cent. At the same time, the

value of purchases in dollars has increased. The weight of the US dollar will increase due to increasing sales of Nubeqa®. Other key currencies that carry an exchange rate risk are European currencies other than EUR. However, the overall effect of the risk arising from currencies of European countries will be abated by the fact that Orion has organisations of its own in most European countries, which means that in addition to sales income there are also costs in these currencies. The exchange rate performance of the Japanese yen is significant due to sales of Parkinson's drugs in Japan.

The current geopolitical conflicts and unrest, and other challenges in the global supply and logistics chains of pharmaceuticals have increased the already elevated risk of supply disruptions. Moreover, the disruptions, production volume changes and logistical challenges experienced in other industries may also have unexpected and sudden ramifications that can manifest as shortages of necessary raw materials, supplies and equipment in the chemical and pharmaceutical industries and as increases in prices. The possible rise of raw material prices and other supply chain costs deteriorates the profitability of Orion's products, since in the pharmaceuticals industry it is very difficult to pass on cost increases to the prices of own products, especially prescription medicines, particularly in Europe. If high cost inflation occurs, it will pose a risk to Orion's profitability.

Authorities and key customers in different countries carry out regular and detailed inspections of drug development and manufacturing at Orion's production sites. Any remedial actions that may be required may at least temporarily have effects that decrease delivery reliability and increase costs. Orion's product range also contains products manufactured by other pharmaceutical companies and products that Orion manufactures on its own but for which other companies supply active pharmaceutical or other ingredients and components or parts (among these the Easyhaler® products). Possible problems related to the delivery reliability or quality of the products of those manufacturers may cause a risk to Orion's delivery reliability. The single-channel system used for pharmaceuticals distribution in Finland, in which Orion's products have been delivered to customers through only one wholesaler, may also cause risks to delivery reliability.

Research projects always entail uncertainty factors that may either increase or decrease estimated costs. The projects may progress more slowly or faster than assumed, or they may be discontinued. Nonetheless, changes that may occur in ongoing clinical studies are reflected in costs relatively slowly and are not expected to have a material impact on earnings in the current year. Owing to the nature of the research process, the size and costs of new studies that are being started are known relatively well in advance. However, there are uncertainties in the timing and progression of any individual study. Any changes in the timing of new research or development phases that are being launched may have a material impact on the projected cost structure within a single year. Orion often undertakes the last, in other words Phase III, clinical trials in collaboration with other pharmaceutical companies. Commencement of these



collaboration relationships and their structure also materially affect the schedule and cost level of research projects.

Collaboration arrangements are an important component of Orion's business model. Possible collaboration and licensing agreements related to these arrangements also often include payments to be recorded in net sales that may materially affect Orion's financial results. The payments may be subject to conditions relating to the progress of research projects or sales or to new contracts to be signed, and whether these conditions or contracts materialise and what their timing is, will always entail uncertainties.

## Upcoming events

|  |                                     |
|--|-------------------------------------|
| Annual General Meeting 2024                  | Planned to be held on 20 March 2024 |
| Interim Report January-March 2024            | Thursday 25 April 2024              |
| Half-Year Financial Report January-June 2024 | Thursday 8 August 2024              |
| Interim Report January-September 2024        | Tuesday 29 October 2024             |

The Financial Statements and the Report of the Board of Directors for 2023 will be published on the Company's website at the latest in week 9/2024.

Espoo, 13 February 2024

Board of Directors of Orion Corporation



## Tables

### CONSOLIDATED INCOME STATEMENT

| EUR million                         | 10-12/23      | 10-12/22 | Change % | 1-12/23        | 1-12/22 | Change % |
|-------------------------------------|---------------|----------|----------|----------------|---------|----------|
| <b>Net sales</b>                    | <b>321.1</b>  | 294.5    | +9.0%    | <b>1,189.7</b> | 1,340.6 | -11.3%   |
| Cost of goods sold                  | <b>-144.3</b> | -138.5   | +4.2%    | <b>-531.9</b>  | -489.0  | +8.8%    |
| <b>Gross profit</b>                 | <b>176.9</b>  | 156.1    | +13.3%   | <b>657.7</b>   | 851.6   | -22.8%   |
| Other operating income and expenses | <b>35.8</b>   | 1.3      | > 100 %  | <b>43.7</b>    | 5.7     | > 100 %  |
| Sales and marketing expenses        | <b>-62.3</b>  | -58.7    | +6.1%    | <b>-224.8</b>  | -209.1  | +7.5%    |
| Research and development expenses   | <b>-36.6</b>  | -38.0    | -3.6%    | <b>-126.9</b>  | -133.2  | -4.7%    |
| Administrative expenses             | <b>-20.8</b>  | -20.0    | +4.1%    | <b>-74.8</b>   | -75.4   | -0.7%    |
| <b>Operating profit</b>             | <b>92.9</b>   | 40.7     | > 100 %  | <b>274.9</b>   | 439.6   | -37.5%   |
| Finance income and expenses         | <b>-0.5</b>   | -0.2     | > 100 %  | <b>-3.0</b>    | 0.7     | < -100 % |
| <b>Profit before taxes</b>          | <b>92.4</b>   | 40.5     | > 100 %  | <b>271.9</b>   | 440.3   | -38.3%   |
| Income tax expense                  | <b>-17.3</b>  | -8.8     | +95.6%   | <b>-55.1</b>   | -90.8   | -39.3%   |
| <b>Profit for the period</b>        | <b>75.1</b>   | 31.7     | > 100 %  | <b>216.8</b>   | 349.5   | -38.0%   |

#### PROFIT ATTRIBUTABLE TO

|  |             |      |         |              |       |        |
|--|-------------|------|---------|--------------|-------|--------|
| Owners of the parent company                       | <b>75.1</b> | 31.7 | > 100 % | <b>216.8</b> | 349.5 | -38.0% |
| <b>Basic earnings per share, EUR<sup>1</sup></b>   | <b>0.54</b> | 0.23 | > 100 % | <b>1.54</b>  | 2.49  | -37.9% |
| <b>Diluted earnings per share, EUR<sup>1</sup></b> | <b>0.54</b> | 0.23 | > 100 % | <b>1.54</b>  | 2.49  | -37.9% |

<sup>1</sup>Earnings per share has been calculated from the profit attributable to the owners of the parent company.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR million   | 10-12/23     | 10-12/22 | Change % | 1-12/23      | 1-12/22 | Change % |
|---|--------------|----------|----------|--------------|---------|----------|
| <b>Profit for the period</b>  | <b>75.1</b>  | 31.7     | > 100 %  | <b>216.8</b> | 349.5   | -38.0%   |
| Translation differences   | <b>1.1</b>   | -1.5     |          | <b>-0.3</b>  | -2.9    |          |
| <b>Items that may be reclassified subsequently to profit and loss</b> | <b>1.1</b>   | -1.5     |          | <b>-0.3</b>  | -2.9    |          |
| Remeasurement of pension plans, net of tax                            | <b>-27.9</b> | -84.9    |          | <b>-16.2</b> | 37.0    |          |
| <b>Items that will not be reclassified to profit and loss</b>         | <b>-27.9</b> | -84.9    |          | <b>-16.2</b> | 37.0    |          |
| <b>Other comprehensive income, net of tax</b>                         | <b>-26.8</b> | -86.4    |          | <b>-16.5</b> | 34.2    |          |
| <b>Comprehensive income for the period</b>                            | <b>48.3</b>  | -54.8    | > 100 %  | <b>200.3</b> | 383.7   | -47.8%   |

#### COMPREHENSIVE INCOME ATTRIBUTABLE TO

|                              |             |       |         |              |       |        |
|------------------------------|-------------|-------|---------|--------------|-------|--------|
| Owners of the parent company | <b>48.3</b> | -54.8 | > 100 % | <b>200.3</b> | 383.7 | -47.8% |
|------------------------------|-------------|-------|---------|--------------|-------|--------|



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### ASSETS

| EUR million                     | 12/23          | 12/22          | Change %     |
|---------------------------------|----------------|----------------|--------------|
| Property, plant and equipment   | 400.9          | 373.3          | +7.4%        |
| Goodwill                        | 87.2           | 87.2           | 0.0%         |
| Intangible rights               | 106.8          | 100.0          | +6.8%        |
| Other intangible assets         | 6.1            | 3.8            | +59.2%       |
| Investment in associate         | 0.1            | 0.1            |              |
| Other investments               | 0.2            | 0.2            | -0.1%        |
| Pension assets                  | 6.9            | 56.2           | -87.7%       |
| Deferred tax assets             | 4.3            | 3.1            | +37.0%       |
| Other non-current assets        | 0.9            | 1.0            | -13.8%       |
| <b>Non-current assets total</b> | <b>613.3</b>   | <b>624.9</b>   | <b>-1.9%</b> |
| Inventories                     | 362.2          | 315.6          | +14.7%       |
| Trade receivables               | 247.1          | 180.7          | +36.7%       |
| Current tax receivables         | 0.6            | 4.9            | -88.4%       |
| Other receivables               | 108.8          | 44.8           | > 100 %      |
| Cash and cash equivalents       | 106.7          | 332.6          | -67.9%       |
| <b>Current assets total</b>     | <b>825.3</b>   | <b>878.7</b>   | <b>-6.1%</b> |
| <b>Assets total</b>             | <b>1,438.6</b> | <b>1,503.6</b> | <b>-4.3%</b> |

### EQUITY AND LIABILITIES

| EUR million  | 12/23          | 12/22          | Change %      |
|--|----------------|----------------|---------------|
| Share capital  | 92.2           | 92.2           |               |
| Other reserves   | 4.6            | 3.3            | +39.6%        |
| Cumulative translation adjustments                         | -9.8           | -10.8          | -9.5%         |
| Retained earnings  | 802.9          | 823.3          | -2.5%         |
| <b>Equity attributable to owners of the parent company</b> | <b>890.1</b>   | <b>908.1</b>   | <b>-2.0%</b>  |
| <b>Equity total</b>  | <b>890.1</b>   | <b>908.1</b>   | <b>-2.0%</b>  |
| Deferred tax liabilities                                   | 31.8           | 42.2           | -24.6%        |
| Pension liabilities  | 4.1            | 3.0            | +39.0%        |
| Non-current provisions                                     | 0.5            | 0.6            | -18.7%        |
| Interest-bearing non-current liabilities                   | 171.0          | 196.8          | -13.1%        |
| Other non-current liabilities                              | 76.4           | 77.7           | -1.7%         |
| <b>Non-current liabilities total</b>                       | <b>283.8</b>   | <b>320.2</b>   | <b>-11.4%</b> |
| Current provisions   | 0.0            | 0.1            | -34.0%        |
| Interest-bearing current liabilities                       | 29.0           | 17.2           | +68.6%        |
| Trade payables   | 102.3          | 114.4          | -10.5%        |
| Current tax liabilities                                    | 13.3           | 1.4            | > 100 %       |
| Other current liabilities                                  | 120.1          | 142.3          | -15.6%        |
| <b>Current liabilities total</b>                           | <b>264.8</b>   | <b>275.4</b>   | <b>-3.8%</b>  |
| <b>Liabilities total</b>                                   | <b>548.6</b>   | <b>595.5</b>   | <b>-7.9%</b>  |
| <b>Equity and liabilities total</b>                        | <b>1,438.6</b> | <b>1,503.6</b> | <b>-4.3%</b>  |



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| EUR million                        | Equity attributable to owners of the parent company |                |                                    |                                |                 |                   |                         | Equity total  |
|------------------------------------|---|----------------|------------------------------------|--------------------------------|-----------------|-------------------|-------------------------|---------------|
|                                    | Share capital                                       | Other reserves | Cumulative translation adjustments | Remeasurement of pension plans | Treasury shares | Retained earnings | Retained earnings total |               |
| <b>Equity at 1 January 2022</b>    | 92.2  | 3.3            | -8.4                               | 0.0                            | -18.2           | 678.9             | 660.7                   | <b>747.9</b>  |
| Profit for the period              |   |                |                                    |                                |                 | 349.5             | 349.5                   | <b>349.5</b>  |
| <b>Other comprehensive income</b>  |   |                |                                    |                                |                 |                   |                         |               |
| Cumulative translation adjustments |   |                | -2.4                               |                                |                 | -0.5              | -0.5                    | <b>-2.9</b>   |
| Remeasurement of pension plans     |   |                |                                    | 37.0                           |                 |                   | 37.0                    | <b>37.0</b>   |
| <b>Transactions with owners</b>    |   |                |                                    |                                |                 |                   |                         |               |
| Dividends paid                     |   |                |                                    |                                |                 | -211.2            | -211.2                  | <b>-211.2</b> |
| Repurchase of treasury shares      |   |                |                                    |                                | -17.9           |                   | -17.9                   | <b>-17.9</b>  |
| Share-based incentive plans        |   |                |                                    |                                | 1.3             | 4.3               | 5.7                     | <b>5.7</b>    |
| Other adjustments                  |   | -0.0           |                                    |                                |                 | 0.0               | 0.0                     | <b>0.0</b>    |
| <b>Equity at 31 December 2022</b>  | 92.2  | 3.3            | -10.8                              | 37.1                           | -34.8           | 821.1             | 823.3                   | <b>908.1</b>  |
| <b>Equity at 1 January 2023</b>    | 92.2  | 3.3            | -10.8                              | 37.1                           | -34.8           | 821.1             | 823.3                   | <b>908.1</b>  |
| Profit for the period              |   |                |                                    |                                |                 | 216.8             | 216.8                   | <b>216.8</b>  |
| <b>Other comprehensive income</b>  |   |                |                                    |                                |                 |                   |                         |               |
| Cumulative translation adjustments |   |                | 1.0                                |                                |                 | -1.3              | -1.3                    | <b>-0.3</b>   |
| Remeasurement of pension plans     |   |                |                                    | -16.2                          |                 |                   | -16.2                   | <b>-16.2</b>  |
| <b>Transactions with owners</b>    |   |                |                                    |                                |                 |                   |                         |               |
| Dividends paid                     |   |                |                                    |                                |                 | -224.9            | -224.9                  | <b>-224.9</b> |
| Repurchase of treasury shares      |   |                |                                    |                                |                 |                   |                         |               |
| Share-based incentive plans        |   |                |                                    |                                | 6.8             | -0.2              | 6.6                     | <b>6.6</b>    |
| Other adjustments                  |   | 1.3            |                                    |                                |                 | -1.3              | -1.3                    | <b>0.0</b>    |
| <b>Equity at 31 December 2023</b>  | <b>92.2</b>   | <b>4.6</b>     | <b>-9.8</b>                        | <b>20.9</b>                    | <b>-28.0</b>    | <b>810.0</b>      | <b>802.9</b>            | <b>890.1</b>  |



## CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR million   | 10-12/23     | 10-12/22     | 1-12/23       | 1-12/22       |
|---|--------------|--------------|---------------|---------------|
| Profit before taxes   | 92.4         | 40.5         | 271.9         | 440.3         |
| Adjustments   | -9.8         | 16.0         | 36.1          | 113.6         |
| Change in working capital                                       | -27.9        | -0.7         | -144.8        | -25.0         |
| Net financial items   | -1.9         | -0.3         | -3.0          | 1.0           |
| Income taxes paid   | -4.0         | -50.0        | -41.2         | -95.6         |
| <b>Total net cash flow from operating activities</b>            | <b>48.9</b>  | <b>5.5</b>   | <b>119.0</b>  | <b>434.4</b>  |
| Investments in property, plant and equipment                    | -15.8        | -21.0        | -65.6         | -56.5         |
| Investments in intangible assets                                | -6.3         | -5.3         | -51.2         | -16.6         |
| Acquired in business combination, net of cash                   |              | 0.3          | -0.1          | -82.0         |
| Sales of property, plant and equipment and other investments    | 3.6          | 0.2          | 8.5           | 0.9           |
| <b>Total net cash flow from investing activities</b>            | <b>-18.4</b> | <b>-25.7</b> | <b>-108.4</b> | <b>-154.3</b> |
| <b>Cash flow from operating and investing activities, total</b> | <b>30.4</b>  | <b>-20.2</b> | <b>10.7</b>   | <b>280.1</b>  |
| Changes in current loans including leasing liabilities          | -2.6         | 0.9          | -6.6          | -11.4         |
| Proceeds of non-current loans                                   |              | 0.8          |               | 100.8         |
| Repayment of non-current loans                                  |              | -0.8         | -11.8         | -20.0         |
| Repurchase of treasury shares                                   |              | -9.9         |               | -17.9         |
| Dividends paid and other distribution of profits                |              |              | -224.9        | -211.2        |
| <b>Total net cash flow from financing activities</b>            | <b>-2.6</b>  | <b>-9.1</b>  | <b>-243.2</b> | <b>-159.8</b> |
| Net change in cash and cash equivalents                         | 27.8         | -29.3        | -232.6        | 120.4         |
| Cash and cash equivalents at the beginning of the period        | 77.9         | 367.1        | 332.6         | 216.7         |
| Foreign exchange differences                                    | 1.0          | -5.2         | 6.6           | -4.4          |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>106.7</b> | <b>332.6</b> | <b>106.7</b>  | <b>332.6</b>  |

### Reconciliation of cash and cash equivalents in statement of financial position

| EUR million   | 10-12/23     | 10-12/22     | 1-12/23      | 1-12/22      |
|---|--------------|--------------|--------------|--------------|
| Cash and cash equivalents in statement of financial position at the end of the period | 106.7        | 332.6        | 106.7        | 332.6        |
| Money market investments at the end of the period                                     |              |              |              |              |
| <b>Cash and cash equivalents in the statement of cash flows</b>                       | <b>106.7</b> | <b>332.6</b> | <b>106.7</b> | <b>332.6</b> |



## Appendices

### NET SALES BY REVENUE FLOWS

| EUR million                | 10-12/23     | 10-12/22 | Change % | 1-12/23        | 1-12/22 | Change % |
|----------------------------|--------------|----------|----------|----------------|---------|----------|
| Sale of goods              | 278.9        | 269.1    | +3.6%    | 1,033.3        | 1,059.3 | -2.5%    |
| Royalty income             | 41.3         | 24.9     | +65.7%   | 123.9          | 47.7    | > 100 %  |
| <b>Total sale of goods</b> | <b>320.2</b> | 294.0    | +8.9%    | <b>1,157.2</b> | 1,106.9 | +4.5%    |
| Milestone payments         | 1.0          | 0.5      | > 100 %  | 32.4           | 233.7   | -86.1%   |
| <b>Total</b>               | <b>321.1</b> | 294.5    | +9.0%    | <b>1,189.7</b> | 1,340.6 | -11.3%   |

In January-December 2023, EUR 1.9 (3.3) million has been entered as income from performance obligations transferred to customers over time and they are included in the Milestone payments. The Group recognised EUR 1.7 (14.4) million of sales revenue to Sale of goods and Royalty income from performance obligations satisfied during previous financial periods.

### NET SALES BREAK-DOWN

| EUR million                                  | 10-12/23     | 10-12/22 | Change % | 1-12/23        | 1-12/22 | Change % |
|--|--------------|----------|----------|----------------|---------|----------|
| Innovative Medicines                         | 68.1         | 38.8     | +75.6%   | 235.1          | 329.4   | -28.6%   |
| Branded Products                             | 72.4         | 67.4     | +7.5%    | 260.9          | 278.5   | -6.3%    |
| Generics and Consumer Health                 | 134.0        | 142.2    | -5.8%    | 517.6          | 557.2   | -7.1%    |
| Animal Health                                | 26.8         | 33.6     | -20.1%   | 103.9          | 98.9    | +5.1%    |
| Fermion                                      | 19.6         | 16.1     | +22.2%   | 73.7           | 68.7    | +7.2%    |
| Translation differences and Other operations | 0.2          | -3.5     | > 100 %  | -1.6           | 7.8     | < -100 % |
| <b>Total</b>                                 | <b>321.1</b> | 294.5    | +9.0%    | <b>1,189.7</b> | 1,340.6 | -11.3%   |

### QUARTERLY NET SALES BY REGION

| EUR million   | 2023         |              |              |              | 2022         |              |              |              |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|               | 10-12        | 7-9          | 4-6          | 1-3          | 10-12        | 7-9          | 4-6          | 1-3          |
| Finland       | 90.6         | 81.3         | 82.4         | 79.2         | 89.4         | 80.1         | 81.2         | 75.7         |
| Scandinavia   | 36.4         | 35.8         | 36.4         | 33.8         | 34.8         | 32.3         | 35.8         | 36.1         |
| Other Europe  | 87.8         | 80.4         | 99.1         | 99.2         | 100.2        | 97.7         | 101.9        | 98.7         |
| North America | 47.7         | 51.3         | 41.3         | 34.3         | 35.2         | 251.7        | 27.5         | 20.3         |
| Other markets | 58.7         | 52.2         | 30.6         | 31.3         | 34.9         | 30.0         | 37.3         | 39.9         |
| <b>Total</b>  | <b>321.1</b> | <b>301.1</b> | <b>289.6</b> | <b>277.9</b> | <b>294.5</b> | <b>491.8</b> | <b>283.7</b> | <b>270.6</b> |

### OPERATING PROFIT BY QUARTER

| EUR million      | 2023  |      |      |      | 2022  |       |      |      |
|------------------|-------|------|------|------|-------|-------|------|------|
|                  | 10-12 | 7-9  | 4-6  | 1-3  | 10-12 | 7-9   | 4-6  | 1-3  |
| Operating profit | 92.9  | 80.0 | 46.5 | 55.5 | 40.7  | 245.4 | 82.0 | 71.5 |



## TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

| EUR million   | 10-12/23     | 10-12/22     | Change %      | 1-12/23      | 1-12/22      | Change %     |
|---|--------------|--------------|---------------|--------------|--------------|--------------|
| Nubeqa® (prostate cancer) <sup>1</sup>                              | 62.2         | 34.4         | +81.0%        | 182.5        | 87.1         | > 100 %      |
| Easyhaler® product portfolio (asthma, COPD)                         | 42.6         | 36.1         | +18.0%        | 144.2        | 129.7        | +11.1%       |
| Entacapone products (Parkinson's disease)                           | 20.7         | 23.6         | -12.3%        | 88.4         | 113.4        | -22.0%       |
| Simdax® (acute decompensated heart failure)                         | 5.5          | 9.6          | -43.2%        | 25.7         | 42.9         | -40.0%       |
| Burana® (inflammatory pain)   | 6.8          | 7.4          | -7.9%         | 25.1         | 26.7         | -6.0%        |
| Dexdomitor®, Domitor®, Domosedan® and Antisedan® (animal sedatives) | 4.5          | 8.0          | -43.9%        | 22.8         | 36.3         | -37.4%       |
| Dexmedetomidine products for human use                              | 4.8          | 6.4          | -24.9%        | 21.5         | 37.3         | -42.5%       |
| Divina series (menopausal symptoms)                                 | 5.4          | 7.3          | -25.8%        | 21.0         | 27.6         | -24.0%       |
| Trexan® (rheumatoid arthritis, cancer)                              | 3.7          | 4.0          | -7.6%         | 19.1         | 15.2         | +25.4%       |
| Biosimilars (rheumatoid arthritis, inflammatory bowel diseases)     | 4.8          | 5.6          | -12.8%        | 18.2         | 20.4         | -10.5%       |
| <b>Total</b>  | <b>161.0</b> | <b>142.3</b> | <b>+13.1%</b> | <b>568.5</b> | <b>536.7</b> | <b>+5.9%</b> |
| Share of net sales, %   | <b>50.1%</b> | <b>48.3%</b> |               | <b>47.8%</b> | <b>40.0%</b> |              |

<sup>1</sup>Starting from reporting period January-June 2023, the income from Nubeqa® packaging is included in contract manufacturing and no longer reported as part of Nubeqa® product sales; for this reason, the comparative figures from prior periods differ from previously published figures.



## ACQUISITION OF INOVET'S ANIMAL HEALTH BUSINESS IN 2022

Orion acquired on 15 June 2022 from Belgian private company Inovet BV its wholly owned subsidiary V.M.D. NV and all companies belonging to V.M.D. NV's group of companies (V.M.D. NV and its subsidiary companies collectively, "VMD"). VMD is a veterinary pharmaceuticals company specialised in medicines and health products for livestock. It also has a product portfolio for companion animals and minor species. VMD has production sites in Arques, France (manufacturing) and in Arendonk, Belgium (packaging) as well as its own sales operations in Belgium, France, Hungary and Vietnam.

Orion Group has 100 percent equity interest over the acquired companies. Final capital expenditure of the acquisition was in total EUR 94 million including the purchase price, net of cash EUR 82 million and deferred payments of EUR 11 million in 2022 and purchase price of EUR 0.1 million in 2023. The acquisition resulted to EUR 73.7 million goodwill relating to expansion in livestock market, expansion of own geographical presence to Western Europe and expansion in export markets. The acquired business has been consolidated into Group financials from the acquisition date onwards.

Final fair values of assets acquired, liabilities assumed, and goodwill recognised at the date of acquisition, together with net cash flow impact for acquisition is summarised in the table. The net assets acquired for the business combination is denominated in euros.

## FAIR VALUES OF ASSETS ACQUIRED AND LIABILITIES ASSUMED AND GOODWILL AT THE DATE OF ACQUISITION

| EUR million                                      |             |
|--|-------------|
| <b>Non-current assets total</b>                  | <b>32.1</b> |
| Inventories                                      | 26.3        |
| Trade receivables and other receivables          | 14.6        |
| Cash and cash equivalents                        | 0.2         |
| <b>Current assets total</b>                      | <b>41.1</b> |
| <b>Assets total</b>                              | <b>73.2</b> |
| Deferred tax liabilities                         | 1.3         |
| Pension liability                                | 0.5         |
| Interest-bearing non-current liabilities         | 23.9        |
| <b>Non-current liabilities total</b>             | <b>25.7</b> |
| Interest-bearing current liabilities             | 13.2        |
| Trade payables and other current liabilities     | 16.6        |
| <b>Current liabilities total</b>                 | <b>29.8</b> |
| <b>Liabilities total</b>                         | <b>55.5</b> |
| <b>Net assets acquired</b>                       | <b>17.7</b> |
| Goodwill   | 73.7        |
| Interest accrual on deferred purchase price      | 2.2         |
| <b>Purchase consideration including interest</b> | <b>93.6</b> |
| Deferred purchase price and earn-out             | 11.2        |
| <b>Consideration transferred</b>                 | <b>82.4</b> |

## CASH FLOWS ASSOCIATED WITH THE ACQUISITION

| EUR million                        | 1-12/22     |
|------------------------------------|-------------|
| Consideration transferred in cash  | 82.3        |
| Cash and cash equivalents acquired | -0.2        |
| <b>Net cash outflow</b>            | <b>82.0</b> |

Cash flow associated with acquisition amounted to EUR 0.1 million in 2023.

## OTHER OPERATING INCOME AND EXPENSES

| EUR million  | 10-12/23    | 10-12/22   | 1-12/23     | 1-12/22    |
|--|-------------|------------|-------------|------------|
| Gains on sales of property, plant and equipment, intangible assets and other investments | 3.7         | 0.1        | 7.9         | 0.4        |
| Settlement gain of Pension Fund's B fund   | 30.7        |            | 30.7        |            |
| Rental income  | 0.6         | 0.6        | 2.3         | 2.1        |
| Foreign exchange gains and losses  | -0.2        | 0.5        | -0.4        | 0.8        |
| Other operating income   | 1.1         | 0.4        | 3.5         | 2.7        |
| Other operating expenses   | 0.0         | -0.2       | -0.2        | -0.4       |
| <b>Total</b>   | <b>35.8</b> | <b>1.3</b> | <b>43.7</b> | <b>5.7</b> |

The insurance portfolio of the Orion Pension Fund's B fund has been transferred to pension insurance company on 31 December 2023. The transfer has EUR 30.7 million positive impact on Orion's result in 2023.

## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

| EUR million                                     | 12/23        | 12/22        |
|---|--------------|--------------|
| Carrying amount at the beginning of the period  | 373.3        | 332.6        |
| Additions                                       | 72.3         | 59.1         |
| Acquired in business combination                |              | 28.0         |
| Depreciation and impairment for the period      | -43.6        | -40.9        |
| Disposals and other changes                     | -1.1         | -5.5         |
| <b>Carrying amount at the end of the period</b> | <b>400.9</b> | <b>373.3</b> |

## CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

| EUR million                                     | 12/23        | 12/22        |
|---|--------------|--------------|
| Carrying amount at the beginning of the period  | 103.8        | 55.5         |
| Additions                                       | 20.4         | 50.5         |
| Acquired in business combination                |              | 4.1          |
| Amortisation and impairment for the period      | -7.9         | -6.5         |
| Disposals and other changes                     | -3.4         | 0.3          |
| <b>Carrying amount at the end of the period</b> | <b>112.9</b> | <b>103.8</b> |

## CHANGES IN FINANCIAL LIABILITIES

Orion Group has withdrawn two loans from the European Investment Bank, which include financial covenants. If the financial covenants in the terms of the loan agreements of the European Investment Bank are breached, the lender optionally has the right to demand early repayment of the loan. As at 31 December 2023 Orion met these financial covenants.

## COMMITMENTS AND CONTINGENCIES

### Contingencies for own liabilities

| EUR million       | 12/23 | 12/22 |
|-------------------|-------|-------|
| Guarantees        | 2.6   | 5.1   |
| Other liabilities |       | 0.3   |

### Commitments

Orion has commitments for the acquisition of property, plant and equipment, which mainly concern existing factories and premises in Finland.

## DERIVATIVES

### Nominal values of currency derivatives

| EUR million                                   | 12/23 | 12/22 |
|---|-------|-------|
| Currency forward contracts and currency swaps | 49.3  | 39.3  |
| Currency options                              | 28.0  | 25.7  |

### Fair values of currency derivatives

| EUR million                                   | 12/23 | 12/22 |
|---|-------|-------|
| Currency forward contracts and currency swaps | 0.3   | -0.2  |
| Currency options                              | -0.1  | 0.0   |



## FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS, 31 December 2023

| EUR million                          | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|---------|---------|---------|-------|
| Currency derivatives                 |         | 0.7     |         | 0.7   |
| Shares and investments               |         |         | 0.2     | 0.2   |
| <b>Assets total</b>                  |         | 0.7     | 0.2     | 0.9   |
| Deferred purchase price and earn-out |         |         | -9.3    | -9.3  |
| Currency derivatives                 |         | -0.5    |         | -0.5  |
| <b>Liabilities total</b>             |         | -0.5    | -9.3    | -9.9  |

The fair value of level 1 financial instrument is based on quotations available in active markets. The fair value of level 2 derivatives is based on prices available in the markets. The fair value of level 3 financial instruments cannot be estimated on the basis of data available in the markets.

In the Group the principle is applied that transfers between levels of fair value hierarchy are recognised on the date on which the event triggering the transfer occurred. No transfers between levels occurred during the reporting period.

## RELATED PARTY TRANSACTIONS

| EUR million                      | 1-12/23 | 1-12/22 |
|----------------------------------|---------|---------|
| Management's employment benefits | 8.8     | 4.8     |

The table presents paid employment benefits related to management compensation. Orion Group related party includes also Orion Pension Fund and Aava Oy medical center. Transactions with these related parties have not changed materially during the reporting period.

## BASIC SHARE INFORMATION, 31 December 2023

|  | A share      | B share       | Total         |
|--|--------------|---------------|---------------|
| Trading code on Nasdaq Helsinki                                    | ORNAV        | ORNBV         |               |
| Listing day  | 1 Jul 2006   | 1 Jul 2006    |               |
| ISIN code  | FI0009014369 | FI0009014377  |               |
| ICB code   | 4500         | 4500          |               |
| Reuters code   | ORNAV.HE     | ORNBV.HE      |               |
| Bloomberg code   | ORNAV.FH     | ORNBV.FH      |               |
| Share capital, EUR million   | 21.8         | 70.4          | 92.2          |
| Counter book value per share, EUR                                  | 0.65         | 0.65          |               |
| Minimum number of shares   |              |               | 1             |
| Maximum number of A and B shares, and maximum number of all shares | 500,000,000  | 1,000,000,000 | 1,000,000,000 |
| Votes per share  | 20           | 1             |               |

Both share classes, A and B, confer equal rights to the Company's assets and dividends.



## KEY FINANCIAL FIGURES

|   | 10-12/23 | 10-12/22 | Change % | 1-12/23 | 1-12/22 | Change % |
|---|----------|----------|----------|---------|---------|----------|
| Net sales, EUR million  | 321.1    | 294.5    | +9.0%    | 1,189.7 | 1,340.6 | -11.3%   |
| EBITDA, EUR million   | 106.0    | 53.2     | +99.3%   | 326.4   | 487.1   | -33.0%   |
| % of net sales  | 33.0%    | 18.1%    |          | 27.4%   | 36.3%   |          |
| Operating profit, EUR million   | 92.9     | 40.7     | > 100 %  | 274.9   | 439.6   | -37.5%   |
| % of net sales  | 28.9%    | 13.8%    |          | 23.1%   | 32.8%   |          |
| Profit for the period, EUR million  | 75.1     | 31.7     | > 100 %  | 216.8   | 349.5   | -38.0%   |
| % of net sales  | 23.4%    | 10.7%    |          | 18.2%   | 26.1%   |          |
| Research and development expenses, EUR million                                | 36.6     | 38.0     | -3.6%    | 126.9   | 133.2   | -4.7%    |
| % of net sales  | 11.4%    | 12.9%    |          | 10.7%   | 9.9%    |          |
| Capital expenditure, excluding acquired in business combinations, EUR million | 26.0     | 60.4     | -56.9%   | 92.7    | 109.6   | -15.4%   |
| % of net sales  | 8.1%     | 20.5%    |          | 7.8%    | 8.2%    |          |
| Acquired in business combination, net of cash, EUR million                    |          | -0.3     |          | 0.1     | 82.0    | -99.8%   |
| Depreciation, amortisation and impairment, EUR million                        | 13.1     | 12.5     | +5.0%    | 51.5    | 47.5    | +8.4%    |
| Personnel expenses, EUR million   | 74.9     | 71.4     | +4.8%    | 273.0   | 263.9   | +3.4%    |
| Equity total, EUR million   |          |          |          | 890.1   | 908.1   | -2.0%    |
| Interest-bearing net liabilities, EUR million                                 |          |          |          | 93.3    | -118.7  | > 100 %  |
| Assets total, EUR million   |          |          |          | 1,438.6 | 1,503.6 | -4.3%    |
| Cash flow from operating activities, EUR million                              | 48.9     | 5.5      | > 100 %  | 119.0   | 434.4   | -72.6%   |
| Equity ratio, %   |          |          |          | 62.3%   | 60.9%   |          |
| Gearing, %  |          |          |          | 10.5%   | -13.1%  |          |
| Return on capital employed (before taxes), %                                  |          |          |          | 25.3%   | 45.1%   |          |
| Return on equity (after taxes), %   |          |          |          | 24.1%   | 42.2%   |          |
| Personnel at the end of the period  |          |          |          | 3,632   | 3,527   | +3.0%    |
| Average personnel during the period   |          |          |          | 3,599   | 3,472   | +3.7%    |



## PERFORMANCE PER SHARE

|  | 10-12/23 | 10-12/22 | Change % | 1-12/23     | 1-12/22     | Change % |
|--|----------|----------|----------|-------------|-------------|----------|
| Basic earnings per share, EUR                      | 0.54     | 0.23     | > 100 %  | 1.54        | 2.49        | -37.9%   |
| Diluted earnings per share, EUR                    | 0.54     | 0.23     | > 100 %  | 1.54        | 2.49        | -37.9%   |
| Cash flow from operating activities per share, EUR | 0.35     | 0.04     | > 100 %  | 0.85        | 3.09        | -72.6%   |
| Equity per share, EUR                              |          |          |          | 6.34        | 6.48        | -2.1%    |
| Proposed dividend per share, EUR                   |          |          |          | 1.62        | 1.60        | +1.3%    |
| Total proposed dividend, EUR million               |          |          |          | 227.4       | 224.3       | +1.4%    |
| Proposed payout ratio, %                           |          |          |          | 104.9%      | 64.3%       |          |
| <b>A share</b>                                     |          |          |          |             |             |          |
| Number of shares at the end of the period          |          |          |          | 33,351,382  | 34,186,494  | -2.4%    |
| % of total share stock                             |          |          |          | 23.6%       | 24.2%       |          |
| Effective dividend yield according to proposal, %  |          |          |          | 4.1%        | 3.1%        | 33.3%    |
| Price/Earnings ratio (P/E)                         |          |          |          | 25.45       | 20.52       | 24.0%    |
| Number of votes excluding treasury shares          |          |          |          | 667,027,640 | 683,729,880 | -2.4%    |
| % of total votes                                   |          |          |          | 86.2%       | 86.6%       |          |
| Total number of shareholders                       |          |          |          | 24,589      | 23,232      | +5.8%    |
| Lowest quotation of review period, EUR             |          |          |          | 34.25       | 33.90       | +1.0%    |
| Average quotation of review period, EUR            |          |          |          | 41.19       | 41.38       | -0.5%    |
| Highest quotation of review period, EUR            |          |          |          | 55.00       | 54.00       | +1.9%    |
| Closing quotation at the end of review period, EUR |          |          |          | 39.20       | 51.10       | -23.3%   |
| Trading volume, EUR million                        |          |          |          | 50.0        | 69.9        | -28.5%   |
| Shares traded                                      |          |          |          | 1,213,681   | 1,684,646   | -28.0%   |
| % of the total number of shares                    |          |          |          | 3.6%        | 4.9%        |          |

|   | 1-12/23     | 1-12/22     | Change % |
|---|-------------|-------------|----------|
| <b>B share</b>  |             |             |          |
| Number of shares at the end of the period, including treasury shares                  | 107,782,896 | 106,947,784 | +0.8%    |
| % of total share stock  | 76.4%       | 75.8%       |          |
| Treasury shares   | 782,973     | 932,771     | -16.1%   |
| Number of shares at the end of the period, excluding treasury shares                  | 106,999,923 | 106,015,013 | +0.9%    |
| Effective dividend yield according to proposal, %                                     | 4.1%        | 3.1%        | +33.1%   |
| Price/Earnings ratio (P/E)  | 25.50       | 20.58       | +23.9%   |
| Number of votes excluding treasury shares   | 106,999,923 | 106,015,013 | +0.9%    |
| % of total votes  | 13.8%       | 13.4%       |          |
| Diluted number of shares, average, excluding treasury shares                          | 106,633,693 | 106,065,089 | +0.5%    |
| % of total share stock  | 75.6%       | 75.2%       |          |
| Total number of shareholders  | 71,309      | 63,016      | +13.2%   |
| Lowest quotation of review period, EUR  | 32.89       | 33.75       | -2.5%    |
| Average quotation of review period, EUR   | 40.48       | 42.16       | -4.0%    |
| Highest quotation of review period, EUR   | 55.16       | 54.18       | +1.8%    |
| Closing quotation at the end of review period, EUR                                    | 39.27       | 51.24       | -23.4%   |
| Trading volume, EUR million   | 2,601.5     | 3,344.4     | -22.2%   |
| Shares traded   | 64,267,609  | 79,342,616  | -19.0%   |
| % of the total number of shares   | 59.6%       | 74.2%       |          |
| <b>A and B share total</b>  |             |             |          |
| Number of shares at the end of the period   | 141,134,278 | 141,134,278 |          |
| Average number of shares during the period excluding treasury shares                  | 140,326,681 | 140,501,281 | -0.1%    |
| Total number of votes conferred by the shares   | 774,027,563 | 789,744,893 | -2.0%    |
| Diluted number of shares, average, excluding treasury shares                          | 140,361,039 | 140,589,736 | -0.2%    |
| Total number of shareholders  | 88,722      | 79,423      | +11.7%   |
| Trading volume, EUR million   | 2,651.5     | 3,414.4     | -22.3%   |
| Shares traded   | 65,481,290  | 81,027,262  | -19.2%   |
| Total shares traded, % of total shares  | 46.4%       | 57.4%       |          |
| Market capitalisation at the end of the period excluding treasury shares, EUR million | 5,509.3     | 7,179.1     | -23.3%   |

## CALCULATION OF THE KEY FIGURES

|  |   |  |                                    |   |  |
|--|---|--|------------------------------------|---|--|
| EBITDA   | = | Operating profit + Depreciation + Amortisation +<br>Impairment losses  | Dividend per share, EUR            | = | $\frac{\text{Dividend to be distributed for the period}}{\text{Number of shares at the end of the period, excluding treasury shares}}$ |
| Interest-bearing net liabilities                   | = | Interest-bearing liabilities - Cash and cash equivalents -<br>Money market investments   | Payout ratio, %                    | = | $\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$   |
| Return on capital employed (ROCE), %               | = | $\frac{\text{Profit before taxes + Interest and other finance expenses}}{\text{Total assets - Non-interest-bearing liabilities (average during the period)}} \times 100$ | Effective dividend yield, %        | = | $\frac{\text{Dividend per share}}{\text{Closing quotation of the period}} \times 100$  |
| Return on equity (ROE), %                          | = | $\frac{\text{Profit for the period}}{\text{Total equity (average during the period)}} \times 100$  | Price/earnings ratio (P/E)         | = | $\frac{\text{Closing quotation of the period}}{\text{Earnings per share}}$   |
| Equity ratio, %                                    | = | $\frac{\text{Equity}}{\text{Total assets - Advances received}} \times 100$   | Average share price, EUR           | = | $\frac{\text{Total EUR value of shares traded}}{\text{Average number of traded shares during the period}}$                             |
| Gearing, %   | = | $\frac{\text{Interest-bearing liabilities - Cash and cash equivalents - Money market investments}}{\text{Equity}} \times 100$  | Market capitalisation, EUR million | = | $\frac{\text{Number of shares at the end of the period excluding treasury shares}}{\text{Closing quotation of the period}}$            |
| Earnings per share, EUR (basic and diluted)        | = | $\frac{\text{Profit attributable to the owners of the parent company}}{\text{Average number of shares during the period, excluding treasury shares}}$                    |                                    |   |  |
| Cash flow from operating activities per share, EUR | = | $\frac{\text{Cash flow from operating activities}}{\text{Average number of shares during the period, excluding treasury shares}}$  |                                    |   |  |
| Equity per share, EUR                              | = | $\frac{\text{Equity attributable to owners of the parent company}}{\text{Number of shares at the end of the period, excluding treasury shares}}$                         |                                    |   |  |



## REPORTING

Orion has a single business area or operating segment that forms the basis of reporting. Orion's net sales are itemised as follows:

- Innovative Medicines
- Branded Products
- Generics and Consumer Health
- Animal Health
- Fermion

In addition to these, net sales reporting contains one further item, "Translation differences and Other operations", which mostly comprises the impact of translation differences on Orion's net sales.

## ACCOUNTING POLICIES

The Consolidated Financial Statements of the Orion Group have been prepared in accordance with International Financial Reporting Standards (IFRS) applying the IAS and IFRS standards as well as IFRIC interpretations effective at 31 December 2023. New standards or amendments to standards, effective from January 1, 2023, has had no material impact to consolidated financial statements. The policies and calculation methods applied during the period can be found on the Orion website at <http://www.orion.fi/en/investors>.

The information published in this release is based on Orion's audited financial statements for 2023. Orion Corporation's financial statement release has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting. Orion has applied the same accounting principles in the preparation of the Financial Statement Release as in the Financial Statements for 2023.

The figures in parentheses are for the comparative period, i.e. the corresponding period of the previous year. All the figures in this report have been rounded, which is why the total sums of individual figures may differ from the total sums shown.

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Orion is a globally operating Finnish pharmaceutical company - a builder of well-being. We develop, manufacture and market human and veterinary pharmaceuticals and active pharmaceutical ingredients. Orion has an extensive portfolio of proprietary and generic medicines and self-care products. The core therapy areas of our pharmaceutical R&D are oncology and pain. Proprietary products developed by Orion are used to treat cancer, neurological diseases and respiratory diseases, among others. Orion's net sales in 2023 amounted to EUR 1,190 million and the company had about 3,600 employees at the end of the year. Orion's A and B shares are listed on Nasdaq Helsinki.