



ORION



Orion Group
Financial Statement Release 2021

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Orion Group Financial Statement Release 2021

- Net sales totalled EUR 1,041 million (EUR 1,078 million in 2020).
- Operating profit was EUR 243 (280) million.
- Profit before taxes was EUR 242 (278) million.
- Equity ratio was 68% (67%).
- ROCE before taxes was 29% (35%).
- ROE after taxes was 26% (29%).
- Basic earnings per share were EUR 1.38 (1.56).
- Cash flow per share before financial items was EUR 0.96 (1.85).
- The Board of Directors proposes payment of a dividend of EUR 1.50 (1.50) per share.
- Orion estimates that net sales in 2022 will be at a similar level as in 2021 (net sales in 2021 were EUR 1,041 million). Operating profit is estimated to be at a similar level as in 2021 (operating profit in 2021 was EUR 243 million).

Key figures

	10-12/21	10-12/20	Change %	1-12/21	1-12/20	Change %
Net sales, EUR million	276.5	255.4	+8.3%	1,041.0	1,078.1	-3.4%
EBITDA, EUR million	52.6	47.8	+10.1%	289.1	336.5	-14.1%
% of net sales	19.0%	18.7%		27.8%	31.2%	
Operating profit, EUR million	39.9	34.2	+16.7%	243.3	280.1	-13.1%
% of net sales	14.4%	13.4%		23.4%	26.0%	
Profit before taxes, EUR million	39.8	33.8	+17.9%	242.3	278.3	-12.9%
% of net sales	14.4%	13.2%		23.3%	25.8%	
Profit for the period, EUR million	32.8	25.5	+28.8%	193.8	219.9	-11.9%
% of net sales	11.9%	10.0%		18.6%	20.4%	
R&D expenses, EUR million	41.0	38.4	+6.9%	117.7	123.2	-4.5%
% of net sales	14.8%	15.0%		11.3%	11.4%	
Capital expenditure, EUR million	19.5	18.0	+8.2%	85.4	48.5	+76.0%
% of net sales	7.0%	7.1%		8.2%	4.5%	
Interest-bearing net liabilities, EUR million				-108.3	-185.8	-41.8%
Basic earnings per share, EUR million	0.23	0.18	+28.7%	1.38	1.56	-11.9%
Cash flow per share before financial items, EUR	0.44	0.33	+34.4%	0.96	1.85	-47.8%
Equity ratio, %				68.1%	66.7%	
Gearing, %				-14.5%	-25.4%	
ROCE (before taxes), %				28.8%	34.8%	
ROE (after taxes), %				26.2%	29.1%	
Average personnel during the period				3,364	3,337	+0.8%

President and CEO Timo Lappalainen:

Again a strong performance by Orion amidst the pandemic - many good news from development projects

“In 2021, Orion and its employees once again performed well as the COVID-19 pandemic continued and affected our operating environment in many ways. Our primary goals have been looking after the health and safety of our employees, ensuring production continuity and product availability, and safeguarding patient safety in ongoing clinical trials. Amidst all this, we also received many good news from our development projects. Our performance was strong under the prevailing conditions, for which I would like to extend heartfelt thanks to all Orion employees and all our partners.

Orion's net sales was slightly lower and operating profit lower than in 2020. The trend was anticipated and is mainly explained by three factors: the milestone payments that were clearly smaller than in the comparison period, a drop in the sales of Dexdor® and Simdax® owing to the expiration of their product protection, and the expiration of a significant distribution agreement for veterinary drugs in the previous year. In other respects, the business achieved strong development in many areas, thereby mitigating the anticipated decline in consolidated net sales and operating profit. Excluding milestone payments, our operating profit was on par with previous year.

Although total net sales decreased year-on-year, we saw positive developments in many areas in 2021. Net sales of the Nubeqa® product booked by Orion continued strong growth as expected throughout the year. The Animal Health unit suffered from the termination of a significant distribution agreement, but excluding that impact, the unit's net sales saw a healthy rise of about 20 per cent. Thanks to a robust year-end, the Specialty Products unit reached modest growth, a commendable outcome under the circumstances where generic drug prices continue to fall. The Easyhaler® portfolio suffered from pandemic-related restrictions in the first half of the year, but eventually achieved small growth due to a robust second half of the year. In addition, the sales of Simdax® exceeded expectations, as the product did not yet face direct generic competition - i.e. competition with identical formulation - in most markets in 2021. The fall in Dexdor® product sales, on the other hand, was tempered by the continued pandemic and the resulting unusually high demand for sedatives throughout the year. The sales of Orion's Parkinson's disease drugs were at our anticipated medium-term level. Demand for Fermion products has remained good, and production has been running at nearly full capacity.

In 2021, we received good news from our research and development projects on several occasions. The most significant piece of news came in December, as the ARASENS trial, the clinical trial carried out in cooperation with Bayer to assess darolutamide as a treatment for metastatic hormone-sensitive prostate cancer, met its primary endpoint. More detailed trial results will be released in the near future. In addition, we launched the new ARANOTE trial on darolutamide with Bayer in the spring. In the summer, the veterinary drugs Bonqat® and Tessie® developed by Orion received marketing authorisation from the European Commission, and positive results were reported from the VIRPI trial, which examined the effects of virtual therapy in the treatment of chronic low back pain. In the autumn we launched a new Phase I clinical trial on tasipimidine (ODM-105), investigating the tolerability and safety of the molecule in healthy volunteers. The molecule is intended for the treatment of psychiatric disorders. At the end of the review period, we made the choice between two novel selective hormone synthesis inhibitors (CYP11A1 inhibitors), ODM-208 and ODM-209, and decided to focus our efforts on ODM-208. We are currently looking for a partner for the development and commercialisation of the molecule, as well as preparing to start the Phase III clinical trial.

We have worked hard for Orion's future by scouting new cooperation opportunities and new product and business acquisition targets. In 2021, we signed a European-wide marketing and distribution agreement with the US company Marinus Pharmaceuticals for ganaxolone, signed an early phase research collaboration and licencing agreement with Alligator Bioscience from Sweden, and launched research collaboration with the Finnish Red Cross Blood Service to develop CAR T-cell therapy. We have continued our geographic expansion beyond Europe, and Orion now has established sales functions in five Asia-Pacific countries. Additionally, production investments were at a higher level than in the preceding years. Systematic work to promote growth will also continue this year.

The disruption risk in global supply and logistic chains has been elevated for two years now, and there is no immediate relief in sight to this situation. Orion has succeeded in managing the supply chain risks by increasing inventory levels, among other measures. Due to worldwide operational bottlenecks, the prices of raw materials and logistics have increased, and there is continued price pressure. For Orion, the increase in costs is particularly challenging, as raising the prices of prescription medicines for human use in Orion's markets is often not an option."

Outlook for 2022

Orion estimates that net sales in 2022 will be at a similar level as in 2021 (net sales in 2021 were EUR 1,041 million).

Operating profit is estimated to be at a similar level as in 2021 (operating profit in 2021 was EUR 243 million).

Basis for the outlook and an overview of near-term risks and uncertainties are provided on pages 23-26 of this review.

Financial review for 1 January-31 December 2021

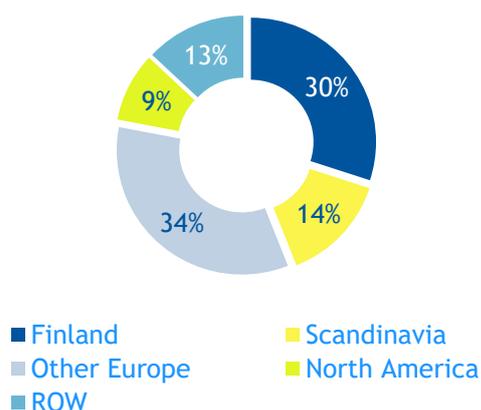
Change in reporting

Orion Group revised its accounting practice as of 1 January 2021 by re-assigning some expenses associated with manufacturing and purchasing, previously reported as administrative expenses, to the cost of goods sold. The change does not affect reported key figures, operating profit or balance sheet, but it reduces previously reported administrative expenses for 2020 by EUR 7.3 million and correspondingly raises the cost of goods sold. More information on the impact of the revision is provided in the notes to this review.

Net sales

Orion Group's net sales in January-December 2021 totalled EUR 1,041 (1,078) million, a decrease of 3%. Exchange rate fluctuations impacted net sales positively by EUR 2 million during the period. Net sales of Orion's top ten pharmaceuticals amounted to EUR 476 (459) million. They accounted for 46% (43%) of the total net sales.

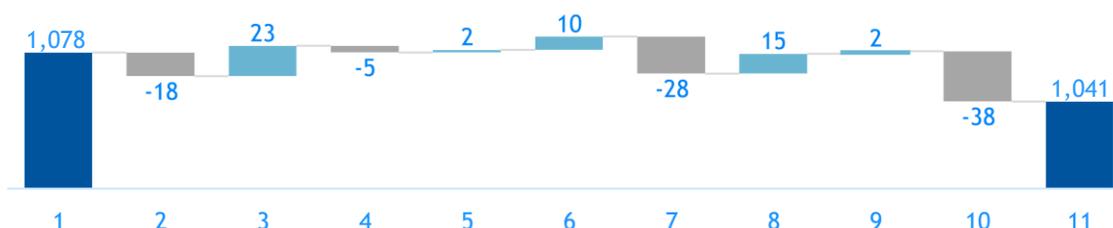
Net sales split by region
1-12/2021



Net sales split by business units
1-12/2021



Development of net sales 1-12/2021 vs. 1-12/2020



1	Net sales in 1-12/2020	7	Animal Health distribution deal
2	Dexdor®	8	Animal Health and Fermion & Contract manufacturing
3	Nubeqa® (product sales & royalty)	9	Exchange rates
4	Simdax®	10	Royalties & milestones (without Nubeqa® royalties)
5	Easyhaler® product portfolio	11	Net sales in 1-12/2021
6	Other Proprietary Products and Specialty Products		

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

Operating profit

The Orion Group's operating profit was down by 13% at EUR 243 (280) million. EBITDA was down by 14% at EUR 289 (337) million.

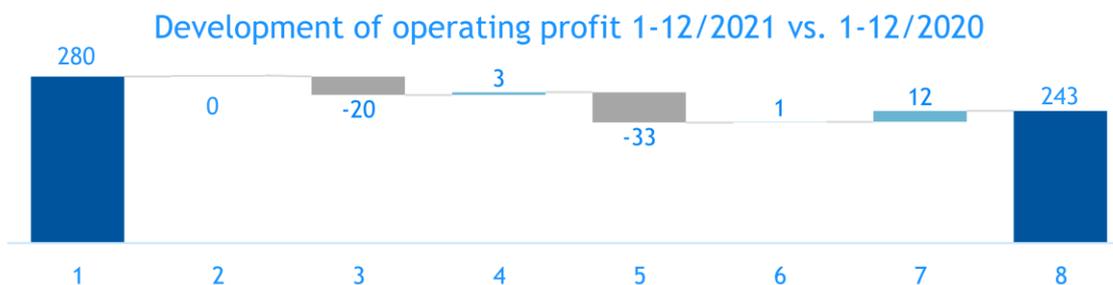
Gross profit from sales in local currencies remained on par with the comparative period. Price, cost and product portfolio changes had a negative impact of EUR 20 million and currency rate changes a positive impact of EUR 3 million. With the joint impact of these items, the gross profit from product and service sales was EUR 17 million less than in the comparative period.

Milestone payments accounted for EUR 3 (42) million and royalties for EUR 24 (19) million of net sales and operating profit. Other operating income accounted for EUR 6 million of operating profit.

Pension expenses in the fourth quarter of 2021 were EUR 6 million higher than in the fourth quarter of 2020 due to the once-a-year updates of the actuarial calculations at the end of each year. Throughout 2021, pension expenses increased by a total of EUR 4 million, mainly due to an increase in defined benefit pension expenses.

Operating expenses decreased by EUR 12 million.

Other operating income and expenses amounted to EUR 6 (5) million (positive).



1	Operating profit in 1-12/2020	5	Milestones & royalties
2	Product & service sales without sales margin and product mix change and exchange rate effect	6	Other income
3	Product sales margin and product mix change but without exchange rate effect	7	Fixed cost
4	Exchange rate effect on gross margin	8	Operating profit in 1-12/2021

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

Operating expenses

The Group's sales and marketing expenses were down by 7% and totalled EUR 191 (204) million. Approximately EUR 12 million of the decrease is due to the fact that the depreciation of distribution rights acquired for Parkinson's drugs was carried out to completion by 2020.

Research and development expenses were reduced by 4% and totalled EUR 118 (123) million. They accounted for 11% (11%) of the Group's net sales. At the end of the year, Orion made the choice between two novel selective hormone synthesis inhibitors (CYP11A1 inhibitors), ODM-208 and ODM-209, and decided to focus on developing ODM-208 further. In this context, Orion decided to allocate the remaining ODM-209 project costs due to arise in 2022 and 2023, EUR 3 million in total, to the fourth quarter of 2021.

Administrative expenses were EUR 48 (42) million. The change was mostly due to an increase in pension costs.

Group's profit

Profit for the period was EUR 194 (220) million.

Basic earnings per share were EUR 1.38 (1.56). Equity per share was EUR 5.32 (5.21).

The return on capital employed before taxes (ROCE) was 29% (35%) and the return on equity after taxes (ROE) 26% (29%).

Financial position

The Group's gearing was -14% (-25%) and the equity ratio 68% (67%).

The Group's total liabilities at 31 December 2021 were EUR 366 (384) million. At the end of the period, interest-bearing liabilities amounted to EUR 108 (109) million, including EUR 105 (105) million of long-term liabilities.

The Group had EUR 217 (294) million of cash at the end of the review period.

In December 2021, Orion signed new EUR 100 million loan agreement with European Investment Bank. The loan has not yet been withdrawn.

Cash flow

Cash flow from operating activities was EUR 216 (299) million. Contributing factors to the decline in cash flow are a smaller profit than in the comparison period as well as an increase in working capital, mostly attributable to increased sales receivables owing to good sales late in the year. In the period, EUR 36 million was tied up in working capital, whereas in the comparative period EUR 27 million was released from working capital. In the comparative period, the decrease in working capital was particularly due to an exceptionally large amount of non-interest bearing liabilities at the end of 2020, the reduction of which also contributed to an increase in working capital in 2021.

The cash flow from investing activities was EUR -80 (-40) million.

The cash flow from financing activities was EUR -215 (-115) million. In the comparative period net borrowing increased by EUR 100 million.

Capital expenditure

The Group's capital expenditure totalled EUR 85 (49) million. This comprised EUR 52 (37) million on property, plant and equipment and EUR 33 (12) million on intangible assets. Contributing factors to the increase in intangible assets include a EUR 25 million signing fee by Orion to Marinus Pharmaceuticals in the context of the European-wide marketing and distribution agreement for ganaxolone.

Key business targets for 2021

TARGET		Status on 31/12/2021
Nubeqa®	Supporting sales growth and co-promotion in Europe with Bayer	■
	Positive outcome from Phase III ARASENS trial	■
	Taking phase III ARANOTE trial forward together with Bayer	■
Easyhaler® product portfolio	Sales growth	■
ODM-208	Taking the development program forward according to plan	■
Finland	Maintenance and strengthening of market position	■
Scandinavia	Reinforcing Orion's position in generic prescription drugs	■
Future growth enablement	In-licensing of new products	■
	Portfolio enhancement through product acquisitions and M&A	■

■	= target reached	■	= target partly reached	■	= target not reached	■	= not known
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Orion regularly monitors the progress of these goals in its financial reviews.

Key business targets and key performance indicators in 2022

TARGET	KPI's in 2022
Increasing the sales of the current product portfolio	Significant increase in sales of Nubeqa® booked by Orion
	Easyhaler® product portfolio sales increase by more than 5%
Building up long-term growth	In-licensing of new products
	Portfolio enhancement through product acquisitions and M&A
	Partner for ODM-208 development and commercialisation
	Launch of Phase III clinical trial on ODM-208
	At least one new project proceeds to clinical development
	Solidifying the R&D portfolio with new collaboration agreements

Orion regularly monitors the progress of these goals in its financial reviews.

Business review

Review of the Finnish human pharmaceuticals market

Finland is the most important individual market for Orion, generating more than a quarter of the Group's net sales. According to Pharmarket statistics (1-12/2021), the total sales of Orion's human pharmaceuticals in January-December 2021, including both medicinal and non-medicinal products, grew by 3 per cent from the previous year, like the market. The incidence of seasonal illnesses, such as common respiratory tract infections, was below normal especially in the first half of the year, resulting in lower full-year market sales in self-care products.

Orion's biggest product group in Finland are reference-priced prescription drugs in the pharmacy channel. The sales of Orion's reference-priced prescription drugs increased by 5 per cent due to strong volume growth while the total market fell by 4 per cent from the comparison period. The average price of reference-priced drugs in the market declined by approximately 9% from the comparative period (Source: Pharmarket). 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 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	1-12/21	1-12/20	Change %
Total sales of human pharmaceuticals (hospital and pharmacy channel)			
Market	2,984	2,904	+3%
Orion	324	316	+3%
Prescription drugs total (pharmacy channel)			
Market	1,696	1,646	+3%
Orion	188	182	+3%
Reference priced prescription drugs (pharmacy channel) *			
Market	433	451	-4%
Orion	116	111	+5%
Self-care products (pharmacy channel)			
Market	403	404	-0%
Orion	102	105	-2%

* 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 1-12/2021

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

Orion's market share, %	1-12/21	1-12/20
Human pharmaceuticals in total (hospital and pharmacy channel)	11%	11%
Prescription drugs total (pharmacy channel)	11%	11%
Reference priced prescription drugs (pharmacy channel) *	27%	25%
Self-care products (pharmacy channel)	25%	26%

* 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 1-12/2021

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 Asia-Pacific countries. 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 in the Nordic countries and in parts of Eastern Europe. Elsewhere, these products are sold by partners. The company is also engaged in the sale of Fermion and contract manufacturing products and services globally.

Proprietary Products

The product portfolio of the Proprietary Products unit consists of prescription products in three therapy areas: neurological disorders, oncology and critical care, and inhaled pulmonary drugs under Easyhaler® product portfolio.

Net sales of the unit in January-December 2021 were down by 8% and totalled EUR 388 (420) million. A substantial part of the decline is attributable to milestone payments that were smaller than in the comparative period, amounting to EUR 3 (42) million in the review period.

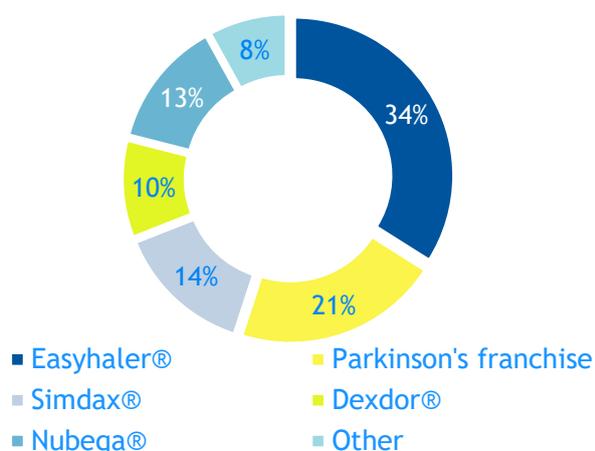
Net sales by product

EUR million	10-12/21	10-12/20	Change %	1-12/21	1-12/20	Change %
Easyhaler® product portfolio	34	27	+25%	117	115	+2%
Stalevo®, Comtess® and Comtan®	21	18	+17%	95	99	-3%
Simdax®	14	13	+8%	57	62	-9%
Nubeqa®*	13	6	+133%	39	17	+137%
Dexdor®	10	14	-28%	37	55	-33%
Other**	8	11	-22%	42	73	-42%
Total	101	89	+14%	388	420	-8%

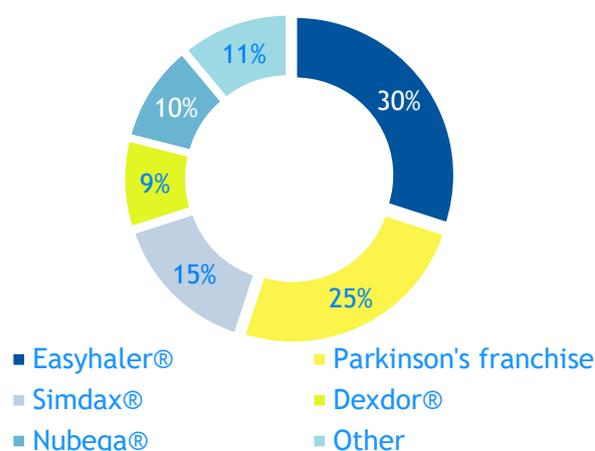
*) includes product sales to Bayer and royalties booked by Orion

**) includes service sales, milestone payments and products such as Enanton®, Precedex® and pharmaceuticals sold for use in clinical trials. In January–December 2021, net sales of darolutamide sold for use in clinical trials were EUR 12 (12) million.

Net sales split 10-12/2021



Net sales split 1-12/2021



In January-December 2021, Orion booked a total of EUR 39 (17) million of product sales for deliveries of Nubeqa® (darolutamide) to Bayer and in royalties from the same product. Nubeqa® is indicated for the treatment of non-metastatic castration-resistant prostate cancer.

Bayer holds global commercial rights to darolutamide. In Europe, however, Orion and Bayer are co-promoting. In addition, Orion will manufacture the product for global markets. Besides milestone payments, Orion will also receive tiered royalties on global darolutamide sales, which will be approximately 20% including product sales to Bayer. Initially the royalty will be slightly lower, and as sales increase, royalties may increase slightly. Orion also has the possibility to receive one-off payments from Bayer when certain global annual sales targets are met for the first time.

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 treatment of asthma and chronic obstructive pulmonary disease increased by 2% and amounted to EUR 117 (115) million in January-December 2021. In the first half of the year, the market for dry-powder pulmonary drugs and the demand for Easyhaler® products suffered from the reduced rate of doctors' appointments due to the COVID-19 pandemic. After summer, the development was better and demand picked up. The strong development in the end of the year was also partly due to timing of partner deliveries. Sales of the budesonide-formoterol combined formulation increased by 3% and was EUR 74 (72) million. The sales of other Easyhaler® products (beclometasone, budesonide, formoterol, salbutamol and salmeterol-fluticasone combined formulation) was EUR 43 (43) million.

Menarini, an Italian pharmaceuticals company, has exclusive marketing rights to Orion's budesonide-formoterol combined formulation in France and also serves as a co-marketing partner in a few Southern European countries. In addition, Menarini is responsible for the sales of the budesonide-formoterol combined formulation in the Asia-Pacific region. Another company, Hikma Pharmaceuticals PLC, is responsible of selling the budesonide-formoterol combined formulation in the Middle East and North Africa. Hikma has started product launches in some of the countries.

Orion's drugs for treatment of Parkinson's disease are Stalevo® (active pharmaceutical ingredients carbidopa, levodopa and entacapone) and Comtess®/Comtan® (entacapone). Their total net sales in January-December 2021 declined by 3% and amounted to EUR 95 (99) million. Orion markets its own Parkinson's drugs in Europe and some countries in the Asia-Pacific area. Elsewhere, the products are sold by partners. The most important single market for Orion's Parkinson's drugs is currently Japan, where Orion has a distribution agreement with Novartis.

Net sales of Orion's Dexdor® intensive care sedative (dexmedetomidine), a product sold in Europe, were EUR 37 (55) million, down 33%. The expected decline in sales was due to generic competition and an extremely strong comparative period despite the launch of generic competition, owing to increased demand caused by the COVID-19 pandemic as well as shortages in some competing products in the markets. The demand for intensive care sedatives remains high due to the pandemic, and this has moderated the fall of Dexdor® sales. The sales of Precedex® (dexmedetomidine), a product sold outside Europe, in January-December 2021 amounted to EUR 11 (12) million.

Simdax® (levosimendan), a drug for treatment of acute decompensated heart failure is sold in some 60 countries worldwide. Net sales of the product in January-December 2021 were down by 9% at EUR 57 (62) million. The sales declined from the comparative period mainly due to falling prices in some markets. Simdax® is a liquid infusion concentrate, and its formulation patent in key markets expired in September 2020. However, direct generic competition for the product, ie. with a similar formulation, did not commence yet in most markets during 2021.

In August, Orion and Marinus Pharmaceuticals signed a European wide marketing and distribution agreement for ganaxolone, a GABA_A receptor modulator being investigated in multiple rare seizure disorders. Under the terms of the agreement, Orion will have the right to sell and market ganaxolone in Europe. Orion has made an upfront payment of EUR 25 million to Marinus as a signing fee. Marinus is also 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.

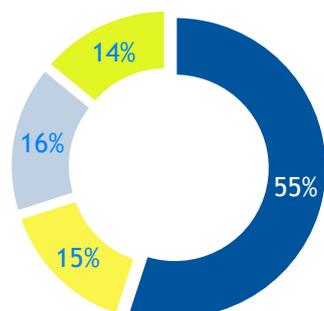
Marinus will be the marketing authorisation holder and responsible for current and future clinical trials of ganaxolone. Orion will be responsible for market access in all 30 countries comprising the European Economic Area (EEA) as well as in the United Kingdom and Switzerland. Marinus has applied for marketing

authorisation for ganaxolone for the first indication in Europe ie. for the treatment of seizures in children and young adults with cyclin-dependent kinase-like 5 (CDKL5) deficiency disorder (CDD). After the review period in February 2022, Marinus announced that the processing of the marketing authorisation application is converted from accelerated assessment to standard review.

Specialty Products

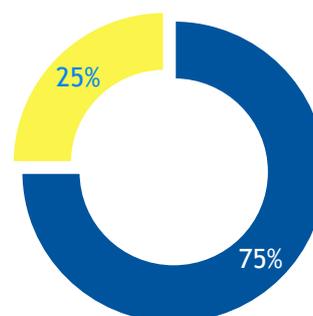
The net sales of the Specialty Products unit, comprising generic (off-patent) prescription drugs (including biosimilars) and self-care products, in January-December 2021 amounted to EUR 503 (498) million. Prices of reference priced prescription drugs have continued to decline especially in Finland but Orion has been able to compensate the impact of decreasing prices by increased sales volumes. Owing to the coronavirus pandemic and related restrictions implemented in various countries, the prevalence of seasonal illnesses, such as common respiratory tract infections, was lower than normal in the first half of the year, and there was a decline in non-critical medical appointments and thereby in the number of prescriptions issued. In the second half of the year, clear recovery was evident in the markets. Of the net sales of Specialty Products, generic prescription drugs accounted for 75% (75%) and self-care products for 25% (25%).

Net sales split 1-12/2021



- Finland
- Scandinavia
- Eastern Europe & Russia
- ROW

Net sales split by product groups 1-12/2021



- Generic prescription drugs
- Self-care

Breakdown of Specialty Products' net sales by product group 10-12/2021:

EUR million	10-12/21	10-12/20	Change %	Share of unit's net sales 10-12/21	Share of unit's net sales 10-12/20
Generic prescription drugs	103	94	+9	77%	75%
Self-care products	32	32	-1%	23%	25%
Total	135	126	+7%		

Breakdown of Specialty Products' net sales by product group 1-12/2021:

EUR million	1-12/21	1-12/20	Change %	Share of unit's net sales 1-12/21	Share of unit's net sales 1-12/20
Generic prescription drugs	380	376	+1%	75%	75%
Self-care products	123	122	+1%	25%	25%
Total	503	498	+1%		

The Specialty Products unit's most important market areas are Finland, Scandinavia and Eastern Europe and Russia. The unit's sales in Finland in January-December 2021 amounted to EUR 278 (280) million. The small decline came mostly from self-care products. The general decline in the prices of reference-priced generic drugs due to price competition continued but Orion was able to compensate this impact with strong volume development.

In Scandinavia, the sales of Specialty Products totalled EUR 76 (78) million, down by 2%. In Eastern Europe and Russia, Specialty Products' sales were up by 16% and amounted to EUR 81 (70) million. The growth was boosted by the timing of the deliveries of certain products, but the business in Eastern Europe and Russia developed favourably in other respects as well. Specialty Products' sales in regions other than Finland, Scandinavia and Eastern Europe and Russia stood at EUR 67 (71) million.

Orion and CuraTeQ Biologics have expanded their biosimilar distribution agreement to the Baltic countries. The original marketing and distribution agreement signed in 2020 covered the Nordics, Austria, Hungary and Slovenia. Under the agreement, Orion will have the right to sell and market CuraTeQ's biosimilars in these territories. All the products under the agreement are still in development or regulatory phases and the launches in Orion territories are estimated to take place in 2023-2026 depending on the success of the development and regulatory approvals.

Animal Health

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

Net sales of the Animal Health unit in January-December 2021 were down by 18% and amounted to EUR 73 (89) million. The unit's business developed vigorously in all markets, due to new product launches and distribution agreements, among other things. This favourable development mitigated the decrease in total net sales, which was mainly due to the expiration of a major distribution agreement in Scandinavia on 31 December 2020. The sales of other products, excluding the EUR 28 million loss of net sales caused by the said agreement expiration, increased by around 20%. Sales of animal sedative products accounted for 53% (39%), or EUR 39 (35) million, of the unit's total net sales. 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.

In 2021, the European Commission granted a marketing authorisation to Orion's Bonqat® (pregabalin) and Tessie® (tasipimidine) products. Bonqat® is indicated for alleviation of acute anxiety and fear associated with transportation and veterinary visits in cats. Tessie® is indicated for short term alleviation of situational anxiety and fear in dogs triggered by noise or the owner's departure.

Fermion and contract manufacturing

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

Net sales of Fermion and contract manufacturing excluding deliveries for Orion's own use totalled EUR 75 (75) million. In recent years order cycles in the trade in pharmaceutical raw materials have become ever shorter, and this has led to clearly greater fluctuation in business volume than before within each year and between different years. Demand for Fermion products has been good, and production capacity has been nearly fully utilised.

Research and development

The Group's R&D expenses in January-December 2021 totalled EUR 118 (123) million, down by 4%. They accounted for 11% (11%) of the Group's net sales. R&D expenses also include expenses related to development of the current portfolio. The core therapy areas of Orion's pharmaceutical R&D are neurological disorders, oncology and respiratory diseases, for which Orion develops inhaled pulmonary drugs. Orion also develops veterinary drugs and selected generic drugs.

Orion has focused on managing the safety and continued treatment of patients involved in clinical trials during the COVID-19 pandemic. However, the exceptional circumstances may cause delays in ongoing projects for example due to slower than anticipated patient recruitment.

Key clinical development projects

Project	Indication	PHASE			Registration
		I	II	III	
Darolutamide ARASENS ¹	Prostate cancer (mHSPC)	I	II	III	
Darolutamide ARANOTE ¹	Prostate cancer (mHSPC)	I	II	III	
ODM-208 (CYP11A1 inhibitor)	Prostate cancer (CRPC)	I	II		
ODM-105 (tasipimidine)	Treatment of psychiatric disorders	I			
Easyhaler® tiotropium	COPD	Bioequivalence study			
Easyhaler® indacaterol-glycopyrronium	COPD	Bioequivalence study			

¹ In collaboration with Bayer

 =Phase completed
 =Phase ongoing
 =Status changed

Orion's and Bayer's Phase III ARASENS trial investigating the use of the oral androgen receptor inhibitor (ARi) darolutamide in metastatic hormone-sensitive prostate cancer (mHSPC) has met its primary endpoint. In the ARASENS trial, darolutamide in combination with docetaxel and androgen deprivation therapy (ADT) significantly increased overall survival (OS) compared to placebo, docetaxel and ADT. The overall incidence of reported adverse events was similar between treatment arms. Detailed results of the study will be published in near-term.

In addition, Orion and Bayer have an ongoing Phase III clinical trial ARANOTE which investigates the efficacy and safety of darolutamide in combination with androgen deprivation therapy (ADT) versus placebo plus ADT in patients with metastatic hormone-sensitive prostate cancer (mHSPC).

Orion has carried out ongoing early phase clinical trials on two novel selective hormone synthesis inhibitors (CYP11A1 inhibitors). Based on research data obtained so far, the ODM-208 and ODM-209 molecules do not radically differ from one another. On this basis, Orion has made the decision to terminate development of the ODM-209 molecule and to focus on further developing the more evolved ODM-208 molecule. Orion has an ongoing Phase II clinical trial on ODM-208, and the company is preparing to launch a Phase III clinical trial with prostate cancer patients. Orion is also looking for a collaboration partner for the development and commercialisation of the molecule. In preclinical studies, the ODM-208 has shown antitumor activity. It has potential efficacy also for those cancers that have become resistant to the standard hormonal treatments. Orion is the first pharmaceutical company to develop a drug that works with this mechanism.

Orion has launched a Phase I clinical trial on ODM-105 molecule (tasipimidine) that is based on its alpha 2 research, investigating the tolerability and safety of the drug candidate in healthy volunteers. The molecule is intended for the treatment of psychiatric disorders.

Orion is working on projects to expand the Easyhaler® product portfolio for the treatment of asthma and COPD. Orion is developing a tiotropium formulation for European markets and the bioequivalence study with the formulation is ongoing. Tiotropium is a long-acting anticholinergic bronchodilator used in the treatment of chronic obstructive pulmonary disease. In addition, Orion is developing an indacaterol-glycopyrronium combined formulation indicated for the treatment of COPD. Glycopyrronium and indacaterol are long-acting bronchodilators.

Orion has together with Propeller Health an ongoing development project in which the Easyhaler® device is equipped with a sensor that monitors the use of the device.

Orion has two ongoing clinical projects in the field of digital therapies. The VIRPI (Pilot Study of a Virtual Reality Software for Chronic Pain) trial investigated the impacts of using virtual reality software in treating chronic low back pain. The results of this trial published in June 2021 were positive, and Orion is currently looking for a partner for further development and commercialisation of a digital therapy software solution for treatment of chronic pain. The ODD-402 project in collaboration with Healthcare 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 several projects in the early research phase, investigating cancer and various neurological diseases including rare ones, among others. In the review period, Orion and Swedish Alligator Bioscience signed a research collaboration and license agreement to discover and develop together new bispecific antibody cancer therapeutics. In the spring, Orion and the Finnish Red Cross Blood Service announced their research collaboration with the aim of developing CAR T-cell therapy. Additionally, Orion has projects underway to develop new veterinary drugs and selected generic drugs.

Personnel

The average number of employees in the Orion Group in January-December 2021 was 3,364 (3,337). At the end of December 2021 the Group had a total of 3,355 (3,311) employees, of whom 2,617 (2,615) worked in Finland and 738 (696) outside Finland.

Salaries and other personnel expenses in January-December 2021 totalled EUR 231 (227) million.

Changes in Executive Management

Orion's President and CEO Timo Lappalainen has informed the Board of Directors that he will exercise his option to retire at the age of 60. Mr. Lappalainen will turn 60 in October 2022. Orion's Board of Directors and Mr. Lappalainen have agreed that his successor should start in the position of President and CEO of Orion in the beginning of 2023 at the latest. After the transition, Mr. Lappalainen will be at the disposal of the Board of Directors as advisor until the end of March 2023. After that he will retire.

Orion's Board of Directors has started a recruitment process for the successor of President and CEO.

Significant legal proceedings

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 January-December 2021

- 18 Jan 2021 Orion Animal Health and Vetoquinol announced that they are expanding collaboration.
- 8 Feb 2021 Orion and Bayer announced that they are initiating a new phase III ARANOTE trial with darolutamide.
- 25 Mar 2021 Orion Corporation's Annual General Meeting was held in Espoo.
- 17 May 2021 Orion Animal Health's Bonqat® (pregabalin) received positive opinion from EMA's Committee for Medical Products for Veterinary Use (CVMP).
- 25 May 2021 Orion announced that the company is investigating possible sale of its pharmaceutical manufacturing plant in Kuopio.
- 8 Jun 2021 Orion and the Finnish Red Cross Blood Service announced collaboration to develop new CAR T-cell therapy.
- 9 Jun 2021 Orion reported that in its clinical trial, patients suffering from chronic pain had found substantial relief in digital therapy that utilises virtual reality.
- 21 Jun 2021 Orion Animal Health's Tessie® (tasipimidine) received positive opinion from EMA's Committee for Medical Products for Veterinary Use (CVMP).
- 3 Aug 2021 Orion signed European wide marketing and distribution agreement with Marinus Pharmaceuticals for ganaxolone.
- 17 Aug 2021 Orion announced that it will remain as the owner of pharmaceutical manufacturing plant in Kuopio, Finland.
- 18 Aug 2021 Orion and Alligator Bioscience announced immuno-oncology research collaboration and license agreement.
- 17 Sep 2021 Orion announced successor plan of the President and CEO.
- 3 Dec 2021 Orion announced that the ARASENS trial met its endpoint.

Key events after the reporting period

There were no key events after the reporting period.

Shares and shareholders

On 31 December 2021 Orion had a total of 141,134,278 (141,134,278) shares, of which 34,813,206 (35,122,793) were A shares and 106,321,072 (106,011,485) B shares. The Group's share capital is EUR 92,238,541.46 (92,238,541.46). At the end of December 2021 Orion held 571,314 (671,082) B shares as treasury shares. On 31 December 2021, the aggregate number of votes conferred by the A and B shares was 802,013,878 (807,796,263) excluding treasury shares.

At the end of December 2021, Orion had 80,792 (72,003) registered shareholders.

Voting rights conferred by shares

Each A share entitles its holder to twenty (20) votes at General Meetings of Shareholders and each B share 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 309,587 A shares were converted into B shares in January-December 2021.

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 2021, the market capitalisation of the Company's shares, excluding treasury shares, was EUR 5,119 million.

In 2021 a total of 1,620,990 of Orion's A shares and 84,437,433 B shares were traded on Nasdaq Helsinki. The total value of the shares traded was EUR 3,087 million. During the year, 4.7% of the A shares and 79.4% of the B shares were traded. The average turnover in Orion's shares was 61.0%.

The price of Orion's A shares decreased by 3.5% and the price of its B shares by 2.7% in 2021. On 31 December 2021 the closing quotation was EUR 36.10 for the A shares and EUR 36.52 for the B shares. The highest quotation for Orion's A shares was EUR 41.05 and the lowest quotation was EUR 33.45. The highest quotation for the B shares in 2021 was EUR 39.42 and the lowest quotation was EUR 32.51.

Orion shares are also traded on various alternative trading platforms in addition to Nasdaq Helsinki. In 2021, 26% of all trading in Orion's A share and 65% of all trading in its B share took place outside Nasdaq Helsinki Oy (Source: Fidessa Fragmentation Index).

Authorisations of the Board of Directors

On 25 March 2021, the Annual General Meeting of Orion Corporation authorised the Board of Directors to decide on issuance of new shares. On the basis of the authorisation, 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 are reported in more detail in a stock exchange release on 25 March 2021.

The Board of Directors was authorised by Orion Corporation's Annual General Meeting on 26 March 2019 to decide on a share issue in which shares held by the Company can be conveyed. The Board of Directors is authorised to decide on a share issue in which no more than 850,000 B shares held by the Company can be conveyed. The authorisation to issue shares is valid for five years from the decision taken by the Annual General Meeting. The terms and conditions of the authorisations are reported in more detail in a stock exchange release on 26 March 2019.

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 one currently operating share-based incentive plan 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.

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 2021, Orion had a total of 80,792 (72,003) registered shareholders, of whom 96% (96%) were private individuals. They held 40% (39%) of the entire share stock and had 61% (61%) of the total votes. There were 56 (58) million nominee-registered and foreign-owned shares, which was 40% (41%) of all shares, and they conferred entitlement to 10% (10%) of the total votes.

At the end of December 2021, Orion held 571,314 (671,082) B shares as treasury shares, which is 0.4% (0.5%) of the Company's total share stock and 0.07% (0.08%) of the total votes.

Flagging notifications

In January-December 2021 Orion Corporation received altogether 22 notifications pursuant to Chapter 9, Section 5 of the Securities Market Act. According to the notifications, the total number of Orion shares owned directly, indirectly or through financial instruments by BlackRock, Inc. and its funds either increased above five (5) per cent or decreased below five (5) per cent of Orion Corporation's total shares.

After the reporting period, Orion Corporation has received from BlackRock, Inc. three notifications pursuant to Chapter 9, Section 5 of the Securities Market Act.

The details of the notifications are available at www.orion.fi/en/flaggings.

Management's shareholdings

At the end of 2021, the members of the Board of Directors owned a total of 700,674 of the Company's shares, of which 634,991 were A shares and 65,683 B shares. At the end of 2021, the President and CEO owned 85,997 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 176,081 of the Company's shares, which were all B shares. Thus, the Company's executive management held 0.68% of all of the Company's shares and 1.62% 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 the Board of Directors: dividend EUR 1.50 per share

The parent company's distributable funds are EUR 470,557,071.27, or EUR 3.35 per share. This includes EUR 204,676,467.01, or EUR 1.46 per share, of profit for the financial year. These per share amounts are calculated excluding treasury shares held by the Company. The Board of Directors proposes payment of a dividend of EUR 1.50 (1.50) per share from the parent company's distributable funds.

No dividend shall be paid on treasury shares held by the Company on the dividend distribution record date. On the day when the profit distribution was proposed, the number of shares conferring entitlement to receive dividend totalled 140,562,964, on which the total dividend payment would be EUR 210,844,446.00. The Group's payout ratio for the financial year 2021 would be 108.8% (95.9%). The dividend payment date would be 1 April 2022, and shareholders registered in the Company's shareholder register on 25 March 2022 would be entitled to the dividend payment.

The Board of Directors further proposes that EUR 350,000 (350,000) be donated to medical research and other purposes of public interest in accordance with a separate decision by the Board and that EUR 259,362,625.27 remain in equity.

Corporate responsibility: Material themes and indicators

Orion is committed to continuously improving its performance in sustainability. When managing matters related to the environment, occupational health and safety, and human resources, and ensuring that the 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 Programme are ensuring patient safety and reliable supply of medications, in addition to which the Company has a responsibility for the environment, its employees, ethical operations and transparency. In 2021, the Company has advanced its Sustainability Agenda, continued integrating sustainability into key processes and taken measures to increase awareness of sustainability, such as training and investments in sustainability communications. A separate, third-party verified Sustainability Report for 2021 will be published in April or May. The non-financial reporting key figures have also been verified by a third party.

	2021	2020
Total energy consumption, energy savings and greenhouse gas emissions		
Total absolute energy consumption (MWh) ¹	156,707	151,303
Energy savings achieved by saving measures and efficiency improvements (MWh) ²	7,349	237
Energy Efficiency Programme targets achieved ³	114%	53%
Greenhouse gas emissions, scope 1 (tCO ₂ e)	4,403	3,102
Greenhouse gas emissions, scope 2 (tCO ₂ e)	16,160	15,509
Occupational well-being of personnel: Workplace injuries and sick leave of the personnel⁴		
Lost time incident frequency, LTIF 1 ⁵	4.8	3.6
Absence due to illness (hours of absence due to illness as percentage of total theoretical working hours)	3.1%	3.0%
Respect for human rights and prevention of corruption and bribery		
Code of Conduct training, number of participants ⁶	653	3,410
Anti-corruption and anti-bribery training, number of participants ⁶	532	407
Product quality and safety		
Number of GxP audits/inspections of Orion's operations, total ⁷	43	37
Inspections by authorities	11	8
Audits by collaboration partners	32	29
Non-compliances from authority inspections	0	0
Number of GxP audits undertaken by Orion ⁷	256	141
Rejections	3	3
Number of customer complaints about the Pharmaceuticals business (ppm) ⁸	65	76

¹ The reported energy consumption, including electricity, heat and fuels, covers the Orion Group's properties in Finland except for those that do not contribute significantly to the total and have no production operations. The Group has no production plants outside Finland. Rented offices abroad are excluded from this report.

² Energy savings are estimates calculated in compliance with the guidelines of the Energy Authority.

³ Energy Efficiency Programme: Orion is committed to the extension period of the joint Energy Efficiency Programme for the members of the Confederation of Finnish Industries (EK).

⁴ The reporting of injuries and sick leave absences covers the Orion Group's employees in Finland.

⁵ LTIF 1: Indicates the workplace injury rate as injuries causing an absence of at least one day per million total actual working hours.

⁶ Participants in training: all individuals who completed the training in the course of the year, including those in part-time, temporary and past employment.

⁷ Inspections and audits of Good Practices (GxP). ISO 13485 audits included from 2021 onwards.

⁸ Ppm = parts per million packages sold.

Strategy

Orion's Board of Directors has confirmed the Company's strategy for 2022-2026.

Operating environment

Orion's strategy implementation is supported by global healthcare megatrends that have material impact on the consumption and price level of drugs as well as on pharmaceutical research. These megatrends include:

- **Ageing of population:** as population ages, the prevalence of various diseases increases, causing increased demand for drugs and treatments.
- **Increasing healthcare cost burden:** 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.
- **Advances in science:** personalised medicine, increased genetic and epigenetic data and developments in drug dosing and diagnostics create possibilities and markets for new treatments and therapies.
- **Increased personal responsibility for own health and pets' health:** growing awareness and understanding of the factors affecting personal well-being increase the demand for health-promoting and illness-preventing products and pets' health products.
- **Sustainability:** sustainability and compliance in all business sectors increasingly guide the actions and decisions of consumers, authorities and investors.

Mission

Orion's mission is to build well-being. Orion builds well-being by bringing to markets drugs and therapies from which patients get help for their illnesses. An effective drug or therapy also creates added value for patients by improving their quality of life.

Preconditions for strategic success

Orion has determined the following areas where it must succeed in order for the company to achieve strategic success:

- **Quality and safety.** High quality and safety of operations and products and regulatory compliance are preconditions for a company's existence in the pharmaceutical industry.
- **Competitive and dynamic product portfolio.** Orion invests in product development and commercialisation and product life cycle management. Success requires that we constantly develop new products and discontinue unsuccessful ones.
- **Strong corporate culture of working together.** Our working together is based on work that is valuable and important for the customer. Orion wants to be an excellent workplace and a responsible and attractive employer that continuously develops the well-being of its personnel at work and their expertise.
- **Building strong partnerships.** Orion's operations are based on utilising global partnerships and networks. Finding the right partners and managing partnerships with skill give the company a competitive edge.
- **Productivity and flexibility.** Attaining competitiveness and the desired level of profitability requires constant productivity improvements in all business operations. Flexibility to respond rapidly to changes in the operating environment is also required. Due to its size, Orion can be more agile than large companies and gain a competitive advantage from this.

Strategic targets

The following strategic targets and their achievement are monitored in the Company with clearly defined indicators:

- **Growing more rapidly than the growth in the market.** The key objective in the coming years is to persistently strive for growing faster than the markets. The objective is to increase net sales to EUR 1.5 billion by the end of 2025. Growth enables the Company to develop and take manageable risks. The target of growing faster than the markets should be achieved by the Company as a whole and in the geographic and product areas in which Orion operates.

Orion's solid balance sheet supports the Company's chances to grow and achieve its financial goals. Orion is currently working on numerous projects that target growth. The Company continues to invest in its own research and development activities, for example by investing in new clinical trials, and actively evaluates in-licensing opportunities of products in the late stage of development. At the same time, the solid balance sheet strengthens Orion's equity position and ability to continue achieving its dividend distribution objective.

The single most important growth project in the next few years is the commercialisation of the Nubeqa® prostate cancer drug in partnership with Bayer. Other than this, growth in the near future will be sought especially from the Easyhaler® product portfolio and possibly through product acquisitions.

- **Providing patients with new innovative and cost-effective drugs and treatments.** Developing and strengthening the product development pipeline both in early research stages and clinical development phase projects. Besides Orion's own product development, we strive to strengthen our product development pipeline by in-licencing development projects.
- **Working together to benefit the customer.** Our objective is to continuously develop our own understanding of customer needs and of the progress made in therapy areas. We recognise new opportunities by relying on our scientific competence and customer knowledge.
- **Continuous improvement of performance in sustainability.** Patient safety is the most vital aspect of Orion's corporate responsibility, and managing the environmental responsibilities is an important part of the Company's sustainability. Orion is committed to making its own operations carbon neutral by 2030. In addition, Orion aims to continuously develop the well-being of its personnel, including occupational safety and well-being at work.
- **Strong development of profitability**

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 are:

- Growing net sales more rapidly than growth of the pharmaceuticals market. Achievement of this objective requires continuous investment in development of the product portfolio.
- Maintaining profitability at a good level. The aim is operating profit that exceeds 25% of net sales.
- Keeping the equity ratio at least 50%.
- Distributing an annual dividend that in the next few years will be at least EUR 1.30 per share, and increasing the dividend in the long term.

In the short term what actually happens may deviate from the objectives.

Outlook for 2022

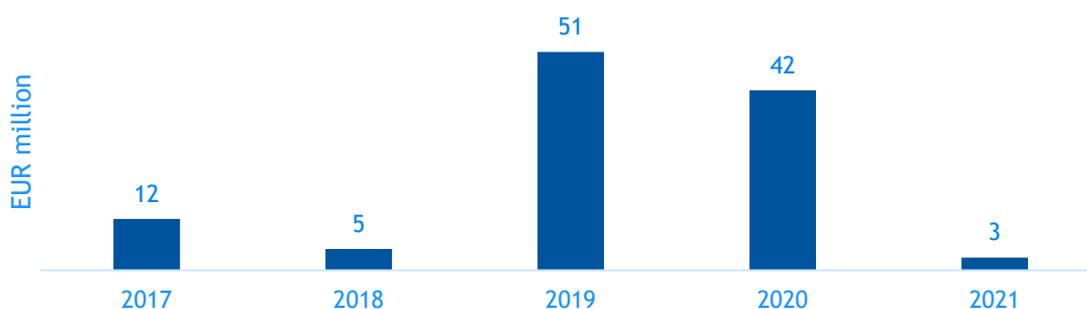
Orion estimates that net sales in 2022 will be at a similar level as in 2021 (net sales in 2021 were EUR 1,041 million).

Operating profit is estimated to be at a similar level as in 2021 (operating profit in 2021 was EUR 243 million).

Basis for outlook in more detail

Collaboration agreements with other pharmaceutical companies are an important component 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 research outcomes which are not known until studies have been completed, the progress of research projects or the attainment of specified sales levels. On the other hand, neither the outcome nor the schedule of contract negotiations is generally known before the final signing of the agreement.

Milestone payments received by Orion in 2017-2021



The outlook for 2022 does not include any material milestones. Orion is currently looking for a partner for further development and commercialisation of its ODM-208 molecule research and a digital therapy software solution for treating chronic pain. The outlook does not contain any potential milestone payments associated with these projects, as the company does not yet have assurance of finding any partners or of the financial structure of any agreements to be made. Orion is entitled to receive milestone payments from Bayer for Nubeqa sales when certain global annual sales thresholds are met for the first time. Such milestone payments are not included in the outlook for 2022, as Orion does not have the ability to accurately estimate or predict the timing when the sales thresholds potentially are met.

The outlook is based on the assumption that Orion's own production can continue to operate normally despite the COVID-19 pandemic and the challenges in the global supply chains. This requires, among other things, continued success in employee protection so that absence rates do not significantly increase, that personal protective equipment, supplies, equipment and spare parts needed in production as well as starting materials, intermediate products and materials are available and that there are no material disruptions in the logistics chains.

The outlook does not include any income or expenses associated with possible product or company acquisitions.

Net sales

Regarding Proprietary Products, the outlook anticipates that the net sales of Nubeqa® booked by Orion will clearly increase in 2022. Orion's estimate is based on forecasts received from its partner Bayer. The sales of the Easyhaler® product portfolio is estimated to increase slightly. The sales of Orion's branded Parkinson's drugs (Comtess®, Comtan® and Stalevo®) are estimated to remain at the same level as in the previous year.

The COVID-19 pandemic significantly increased the demand for the intensive care sedative Dexdor® in 2020 and 2021, as a result of which the impact of generic competition on its sales did not fully materialise. Although the demand for intensive care sedatives remains elevated due to the pandemic, a clear decline in the net sales of the Dexdor® product is expected to continue in 2022. However, uncertainty prevails in this respect due to the pandemic.

Net sales of Simdax® are estimated to clearly decrease due to generic competition. Nevertheless, uncertainty still prevails as to when direct generic competition begins and how significantly the prices will drop.

The Specialty Products unit, meaning generic drugs and self-care products, accounts for a significant share of Orion's total sales. The outlook assumes that the COVID-19 pandemic will no longer materially affect the demand for generic drugs in 2022, although some customers may start using the stockpiles they had accumulated earlier in the pandemic. The outlook assumes that Orion will be able to increase its generic drugs sales volume, but foresees a simultaneous continued decline in generic drug prices. As a consequence, net sales of the Specialty Products unit are expected to be on par with the preceding year. The estimate does not include any impact of material supply disruptions or product shortages.

Net sales of Orion's Animal Health unit are expected to be on par with the preceding year. Net sales are weighed down by the termination of one distribution agreement in Finland, but products whose demand is increasing are expected to counterbalance the lost sales.

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, and consequently Fermion's external net sales reported by Orion are estimated to slightly decline in 2022.

Operating profit

Orion's operating profit will be weighed down in 2022 by the falling sales of proprietary drugs Dexdor® and Simdax® due to generic competition. Relative gross margin is estimated to decline, as production costs, including wages, and the prices of raw materials, goods and services rise, and these price increases cannot be passed through to Orion's product prices. On the contrary, the prices of generic drugs are estimated to continue on a downward path despite rising costs. This development will negatively affect Orion's operating profit in 2022.

Operating expenses are estimated to increase from 2021. The impact of the COVID-19 pandemic kept operating expenses below normal in 2020-2021. The outlook presupposes that the pandemic will no longer affect costs with equal force in the second half of 2022. At the same time, increasing investments are made in the sales and marketing of products that are experiencing growth as well as new products, such as ganaxolone. Research and development expenses are estimated to be on par with or slightly higher than in 2021. Products whose demand is increasing, such as Nubeqa®, are expected to be able to offset the decrease in operating profit due to the above reasons; therefore, Orion estimates its operating profit to be at a similar level as in 2021.

Capital expenditure

The Group's total capital expenditure in 2022 is expected to be on par with 2021 levels, when capital expenditure was EUR 85 million. Investments in 2021 included the EUR 25 million signing fee paid to Marinus for the sales and marketing rights to ganaxolone. In 2022, the grand total of investments will be raised by the revamping of Orion's Enterprise Resource Planning (ERP) system and renovation of the company's head office in Espoo, both scheduled for 2021-23.

Near-term risks and uncertainties

The outlook is based on the assumption that Orion's own production can continue to operate normally despite the COVID-19 pandemic and the challenges in the global supply chains. The sales of Orion-manufactured products depend on the ability of production and the entire supply chain to operate at the planned level. This involves numerous risks that may cause even material production disruptions. Such risks include the infection of employees, poor availability of personal protective equipment, supplies, equipment and spare parts, deteriorating availability of starting materials and intermediate products as well as logistics chain disruptions.

The outlook assumes that sales of Orion's Parkinson's drugs Stalevo® and Comtan® to its partner Novartis in Japan will not differ greatly from the preceding year. However, the outlook contains a degree of uncertainty due to potential generic competition or a decline in prices.

The basic patents for Dexdor® and Simdax® have expired and generic competition on these products has begun. In 2020-2021, the COVID-19 pandemic strongly increased the demand for intensive care sedatives, and therefore the sales of Dexdor® decreased during the period far less than anticipated. Its sales are estimated to decrease clearly in 2022, but this estimate is subject to uncertainty due to the pandemic situation. Generic competition to Simdax® started in the first markets in 2020 with a different formulation. Direct generic competition with a similar formulation has not yet commenced. In 2022, net sales of Simdax® are estimated to decrease clearly, but this estimate is subject to uncertainty. Actual sales will be affected, among other things, by the timing of the beginning of direct generic competition in the various markets and the intensity of this competition.

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. 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. The COVID-19 pandemic significantly increased the demand for some Orion products especially in 2020, partly because customers increased their safety stocks. The dismantling of such safety stocks may have a momentary negative effect on the demand of Orion products. However, Orion is unaware of how much additional safety stocks customers have remaining and when customers might start using inventories that exceed normal stock levels. Due to the pandemic and various pandemic-related restrictions, the prevalence of many seasonal illnesses has been below normal, whereby the numbers of medical appointments and prescriptions issued have also declined. Non-critical procedures have also been postponed due to the pandemic. These phenomena have negatively impacted the development of the entire pharma market. At present, it is difficult to estimate how long the situation will last or to what extent the eventual waning of the pandemic will manifest as a release of any pent-up demand.

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, including the Swedish krona and Norwegian krone and the British pound. 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 exchange rate effect related to the Russian rouble arises in particular due to the strong volatility of the currency. However, Russian sales do not represent a significant portion of Orion's entire net sales.

Orion's broad product range may cause risks to the delivery reliability and make it challenging to maintain the high quality standard required in production. The impacts of the COVID-19 pandemic 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 rise of raw material prices and other supply chain costs deteriorates the profitability of Orion's products, since in the pharmaceuticals industry it is virtually impossible to pass through the cost increases to own product prices, especially in Europe. The impacts of the COVID-19 pandemic on the availability of Orion's products have not been significant in 2021, but the risk of poorer than normal product availability remains elevated also in 2022.

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 deliver active pharmaceutical or other

ingredients. 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, for example due to the COVID-19 pandemic, 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 timetables and costs of new studies that are being started are known well in advance. They therefore typically do not lead to unexpected changes in the estimated cost structure. 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. In 2014-2021 the annual payments varied from EUR 3 million to EUR 51 million. 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 2022	Planned to be held on Wednesday 23 March 2022
Interim Report January-March 2022	Thursday 28 April 2022
Half-Year Financial Report January-June 2022	Friday 15 July 2022
Interim Report January-September 2022	Thursday 20 October 2022

The Financial Statements and the Report of the Board of Directors for 2021 will be published on the Company's website at the latest in week 9/2022.

Espoo, 10 February 2022

Board of Directors of Orion Corporation

Orion Corporation

Tables

CONSOLIDATED INCOME STATEMENT

EUR million	10-12/21	10-12/20	Change %	1-12/21	1-12/20	Change %
Net sales	276.5	255.4	+8.3%	1,041.0	1,078.1	-3.4%
Cost of goods sold	-122.9	-117.5	+4.6%	-447.5	-434.4	+3.0%
Gross profit	153.6	137.9	+11.3%	593.5	643.7	-7.8%
Other operating income and expenses	0.4	1.3	-68.0%	6.4	5.4	+18.2%
Sales and marketing expenses	-56.4	-56.9	-1.0%	-191.0	-204.3	-6.5%
R&D expenses	-41.0	-38.4	+6.9%	-117.7	-123.2	-4.5%
Administrative expenses	-16.7	-9.7	+71.4%	-47.9	-41.6	+15.2%
Operating profit	39.9	34.2	+16.7%	243.3	280.1	-13.1%
Finance income and expenses	-0.1	-0.4	-71.6%	-1.0	-1.8	-42.6%
Profit before taxes	39.8	33.8	+17.9%	242.3	278.3	-12.9%
Income tax expense	-7.0	-8.3	-15.7%	-48.5	-58.4	-17.0%
Profit for the period	32.8	25.5	+28.8%	193.8	219.9	-11.9%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS

Profit for the period	32.8	25.5	+28.8%	193.8	219.9	-11.9%
Translation differences	0.6	1.2		1.6	-1.4	
Items that may be reclassified subsequently to profit and loss	0.6	1.2		1.6	-1.4	
Remeasurement of pension plans	-29.9	-56.6		29.0	-59.4	
Items that will not be reclassified to profit and loss	-29.9	-56.6		29.0	-59.4	
Other comprehensive income net of tax	29.3	-55.4		30.6	-60.8	
Comprehensive income for the period including tax effects	3.5	-29.9	+111.8%	224.4	159.1	+41.0%
PROFIT ATTRIBUTABLE TO						
Owners of the parent company	32.8	25.5	+28.8%	193.8	219.9	-11.9%
COMPREHENSIVE INCOME ATTRIBUTABLE TO						
Owners of the parent company	3.5	-29.9	+111.8%	224.4	159.1	+41.0%
Basic earnings per share, EUR¹	0.23	0.18	+28.7%	1.38	1.56	-11.9%
Diluted earnings per share, EUR¹	0.23	0.18	+28.7%	1.38	1.56	-11.9%
Depreciation, amortisation and impairment	-12.7	-13.6	-6.7%	-45.8	-56.5	-18.9%
Personnel expenses	-67.0	-59.5	+12.6%	-231.0	-227.0	+1.7%

¹ The figure has been calculated from the profit attributable to the owners of the parent company.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	12/21	12/20	Change %
Property, plant and equipment	332.6	319.6	+4.1%
Goodwill	13.5	13.5	
Intangible rights	53.0	26.8	+97.4%
Other intangible assets	2.5	2.7	-6.8%
Investments in associates	0.1	0.1	
Other investments	0.2	0.2	
Pension asset	15.0		
Deferred tax assets	6.6	8.4	-22.0%
Other non-current assets	0.3	0.5	-24.7%
Non-current assets total	423.7	371.8	+14.0%
Inventories	265.2	258.1	+2.8%
Trade receivables	174.8	157.4	+11.1%
Other receivables	33.6	33.9	-1.1%
Cash and cash equivalents	216.7	294.4	-26.4%
Current assets total	690.3	743.7	-7.2%
Assets total	1,114.0	1,115.6	-0.1%

EQUITY AND LIABILITIES

EUR million	12/21	12/20	Change %
Share capital	92.2	92.2	
Other reserves	3.3	3.4	-2.1%
Retained earnings	652.3	635.7	+2.6%
Equity attributable to owners of the parent company	747.9	731.3	+2.3%
Equity total	747.9	731.3	+2.3%
Deferred tax liabilities	34.0	29.3	+15.9%
Pension liability	4.9	19.9	-75.5%
Non-current provisions	0.4	0.4	+4.9%
Interest-bearing non-current liabilities	104.7	105.5	-0.8%
Other non-current liabilities	13.0	15.0	-13.7%
Non-current liabilities total	156.9	170.1	-7.8%
Trade payables	89.6	86.7	+3.3%
Current tax liabilities	6.8	2.5	+175.7%
Other current liabilities	109.0	121.8	-10.5%
Current provisions	0.0		
Interest-bearing current liabilities	3.8	3.1	+22.8%
Current liabilities total	209.2	214.1	-2.3%
Liabilities total	366.1	384.2	-4.7%
Equity and liabilities total	1,114.0	1,115.6	-0.1%

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Equity attributable to owners of the parent company						Equity total
	Share capital	Other reserves	Remeasurement of pension plans ¹	Treasury shares	Translation differences	Retained earnings	
Equity at 1 January 2020	92.2	3.0	30.5	-24.5	-7.0	685.2	779.4
Profit for the period						219.9	219.9
Other comprehensive income							
Translation differences					-0.9	-0.5	-1.4
Remeasurement of pension plans			-59.4				-59.4
Transaction with owners							
Dividend						-210.4	-210.4
Share-based incentive plan				2.9		0.4	3.3
Other adjustments		0.4				-0.6	-0.1
Equity at 31 December 2020	92.2	3.4	-28.9	-21.5	-7.9	694.1	731.3
Equity at 1 January 2021	92.2	3.4	-28.9	-21.5	-7.9	694.1	731.3
Profit for the period						193.8	193.8
Other comprehensive income							
Translation differences					-0.5	2.1	1.6
Remeasurement of pension plans			29.0				29.0
Transaction with owners							
Dividend						-211.2	-211.2
Share-based incentive plan				3.4		0.1	3.5
Other adjustments		-0.1				-0.0	-0.1
Equity at 31 December 2021	92.2	3.3	0.0	-18.2	-8.4	678.9	747.9

¹ The Group has revaluated the pension assets and liabilities of Orion Pension Fund in the period 1-12/2021 and updated assumptions used in the pension liability calculation for the reporting period. The combined effect to pension asset and liability in the balance sheet due revaluation increases net amount of pension asset and liability by EUR 36.2 million compared to 31 December 2020, and the amount is recognised as an increase in equity under other comprehensive income, stated with deferred tax impact.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-12/21	1-12/20
Profit before taxes	242.3	278.3
Adjustments	50.2	58.2
Change in working capital	-36.3	27.1
Net financial items	-0.9	-1.8
Dividends received	0.0	0.0
Income taxes paid	-39.6	-62.7
Total net cash flow from operating activities	215.7	299.1
Investments in property, plant and equipment	-47.0	-34.0
Investments in intangible assets	-38.0	-6.7
Sales of property, plant and equipment and other investments	4.7	1.0
Total net cash flow from investing activities	-80.2	-39.7
Cash flow from operating and investing activities, total	135.5	259.4
Proceeds of current loans	2.9	1.6
Repayments of current loans	-6.5	-5.6
Proceeds of non-current loans		100.0
Dividends paid and other distribution of profits	-211.2	-211.1
Total net cash flow from financing activities	-214.8	-115.1
Net change in cash and cash equivalents	-79.3	144.3
Cash and cash equivalents at the beginning of the period	294.4	149.0
Foreign exchange differences	1.6	1.1
Cash and cash equivalents at the end of the period	216.7	294.4
Reconciliation of cash and cash equivalents in statement of financial position		
Cash and cash equivalents in statement of financial position at the end of the period	216.7	294.4
Money market investments at the end of the period		
Cash and cash equivalents in the statement of cash flows	216.7	294.4

Appendices

NET SALES BY REVENUE FLOWS

EUR million	10-12/21	10-12/20	Change %	1-12/21	1-12/20	Change %
Sale of goods	268.9	246.1	+9.2%	1,013.9	1,017.6	-0.4%
Royalty income	7.0	4.7	+50.9%	24.3	18.7	+29.9%
Total sale of goods	275.9	250.8	+10.0%	1,038.2	1,036.3	+0.2%
Milestone payments	0.6	4.6	-87.7%	2.8	41.8	-93.4%
Total	276.5	255.4	+8.3%	1,041.0	1,078.1	-3.4%

In the period 1-12/21 EUR 0.6 (0.6) million of the sales revenue from clinical phase R&D falls under Milestone payments and EUR 11.7 (11.6) million under Sale of goods. Sales revenue from clinical phase R&D are reported under Sale of goods once the product is commercially available. EUR 2.1 (2.1) million has been entered as income from performance obligations transferred to customers over time and they are included in the Milestone payments. The Group reorganized EUR 5.0 (0.6) 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	10-12/21	10-12/20	Change %	1-12/21	1-12/20	Change %
Proprietary products ¹	101.2	88.8	+13.9%	388.1	420.2	-7.7%
Specialty Products	135.1	126.5	+6.9%	503.2	498.4	+1.0%
Animal Health	20.1	20.5	-2.1%	73.1	89.3	-18.1%
Fermion and contract manufacturing	20.1	19.3	+3.9%	74.9	74.9	
Other	0.0	0.3	-105.6%	1.6	-4.7	+134.5%
Total	276.5	255.4	+8.3%	1,041.0	1,078.1	-3.4%

¹ The net sales of Proprietary Products during the period 1–12/21 include EUR 2.1 (2.1) million of sales revenue for performance obligations to be transferred to customers that will be recognized as income over time.

NET SALES AND OPERATING PROFIT BY QUARTER

EUR million	2021				2020			
	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Net sales	276.5	240.9	254.9	268.7	255.4	250.3	292.5	279.9
Operating profit	39.9	57.3	71.0	75.0	34.2	65.1	96.4	84.4

GEOGRAPHICAL BREAKDOWN OF NET SALES BY QUARTER

EUR million	2021				2020			
	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Finland	85.3	78.2	78.0	74.2	83.3	74.7	73.8	84.2
Scandinavia	36.2	34.8	33.8	36.5	43.0	39.5	43.6	51.0
Other Europe	90.2	82.7	86.6	94.1	87.0	89.2	104.1	87.3
North America	26.3	14.7	23.1	25.6	15.9	15.0	29.9	21.7
Other markets	38.4	30.5	33.5	38.3	26.2	31.9	41.1	35.7
Total	276.5	240.9	254.9	268.7	255.4	250.3	292.5	279.9

TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	10-12/21	10-12/20	Change %	1-12/21	1-12/20	Change %
Easyhaler® product family (asthma, COPD)	34.2	27.5	+24.7%	117.2	115.1	+1.8%
Stalevo®, Comtess® and Comtan® (Parkinson's disease)	21.5	18.3	+17.4%	95.2	98.6	-3.4%
Simdax® (acute decompensated heart failure)	14.2	13.1	+7.8%	56.8	62.1	-8.5%
Nubeqa® (prostate cancer)	13.0	5.6	+133.2%	39.4	16.6	+136.9%
Dexdomitor®, Domitor®, Domosedan® and Antisedan® (animal sedatives)	12.0	5.5	+117.3%	38.8	34.8	+11.6%
Dexdor® (intensive care sedative)	9.9	13.7	-27.6%	36.9	54.8	-32.7%
Burana® (inflammatory pain)	6.8	5.7	+18.0%	23.7	23.4	+1.2%
Divina series (menopausal symptoms)	6.0	4.5	+33.0%	23.1	20.6	+12.3%
Solomet® (inflammatory diseases, among others)	6.9	4.1	+69.4%	22.4	15.5	+44.5%
Biosimilars (rheumatoid arthritis, inflammatory bowel diseases)	6.2	5.0	+22.1%	22.0	17.7	+24.4%
Total	130.6	103.1	+26.7%	475.6	459.3	+3.6%
Share of net sales	47%	40%		46%	43%	

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	12/21	12/20
Carrying amount at the beginning of the period	319.6	320.9
Additions	51.9	36.9
Disposals	-0.6	-1.3
Depreciation, amortisation and impairment	-38.3	-37.0
Carrying amount at the end of the period	332.6	319.6

CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	12/21	12/20
Carrying amount at the beginning of the period	29.5	37.6
Additions	33.5	11.6
Disposals	-0.0	-0.1
Depreciation, amortisation and impairment	-7.4	-19.4
Carrying amount at the end of the period	55.5	29.5

CHANGES IN FINANCIAL LIABILITIES

In December 2021, Orion signed new EUR 100 million loan agreement with European Investment Bank. As at December 31, 2021 the loan has not been withdrawn. In addition, Orion has undrawn committed credit limit facilities in the value of 100 million Euros. Orion has withdrawn during the financial year 2020 a long-term loan of 100 million Euros from European Investment Bank. The first repayment of the loan will be made in the financial year 2022 and the last repayment will be in the financial year 2030.

If the financial covenants determined in the terms of the credit limit agreements of the company and 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 2021 Orion met these financial covenants.

COMMITMENTS AND CONTINGENCIES

EUR million	12/21	12/20
CONTINGENCIES FOR OWN LIABILITIES		
Guarantees	7.0	7.1
OTHER LIABILITIES		
Other liabilities	0.3	0.3

Commitments

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

DERIVATIVES

EUR million	12/21	12/20
CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS		
Fair value, EUR million	-0.0	0.1
Nominal value, EUR million	30.4	20.6
CURRENCY OPTIONS		
Fair value, EUR million	0.0	0.0
Nominal value, EUR million	30.2	30.6

FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS, 31 DECEMBER 2021

EUR million	Level 1	Level 2	Level 3	Total
Derivatives				
Currency derivatives		0.1		0.1
Other investments				
Shares and investments			0.2	0.2
Assets total		0.1	0.2	0.3
Derivatives				
Currency derivatives		-0.1		-0.1
Liabilities total		-0.1		-0.1

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 data feeds 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

The Group's material related party transactions relate to pension contributions paid to the Orion Pension Fund and services acquired from Lääkärikeskus Aava Oy. Services were purchased from Lääkärikeskus Aava Oy during the financial year 2021 for EUR 0.3 million. The Group's debt to Lääkärikeskus Aava Oy at the end of the financial year 2021 was EUR 0.0 million.

EUR million	1-12/21	1-12/20
Management's employment benefits	6.5	7.0

BASIC SHARE INFORMATION, 31 DECEMBER 2021

	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	22.7	69.5	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

	10-12/21	10-12/20	Change %	1-12/21	1-12/20	Change %
Net sales, EUR million	276.5	255.4	+8.3%	1,041.0	1,078.1	-3.4%
EBITDA, EUR million	52.6	47.8	+10.1%	289.1	336.5	-14.1%
% of net sales	19.0%	18.7%		27.8%	31.2%	
Operating profit, EUR million	39.9	34.2	+16.7%	243.3	280.1	-13.1%
% of net sales	14.4%	13.4%		23.4%	26.0%	
Profit for the period, EUR million	32.8	25.5	+28.8%	193.8	219.9	-11.9%
% of net sales	11.9%	10.0%		18.6%	20.4%	
R&D expenses, EUR million	41.0	38.4	+6.9%	117.7	123.2	-4.5%
% of net sales	14.8%	15.0%		11.3%	11.4%	
Capital expenditure, EUR million	19.5	18.0	+8.2%	85.4	48.5	+76.0%
% of net sales	7.0%	7.1%		8.2%	4.5%	
Depreciation, amortisation and impairment, EUR million	12.7	13.6	-6.7%	45.8	56.5	-18.9%
Personnel expenses, EUR million	67.0	59.5	+12.6%	231.0	227.0	+1.7%
Equity total, EUR million				747.9	731.3	+2.3%
Interest-bearing net liabilities, EUR million				-108.3	-185.8	-41.8%
Assets total, EUR million				1,114.0	1,115.6	-0.1%
Cash flow from operating activities, EUR million				215.7	299.1	-27.9%
Equity ratio, %				68.1%	66.7%	
Gearing, %				-14.5%	-25.4%	
ROCE (before taxes), %				28.8%	34.8%	
ROE (after taxes), %				26.2%	29.1%	
Personnel at the end of the period				3,355	3,311	+1.3%
Average personnel during the period				3,364	3,337	+0.8%

PERFORMANCE PER SHARE

	10-12/21	10-12/20	Change %	1-12/21	1-12/20	Change %
Basic earnings per share, EUR	0.23	0.18	+28.7%	1.38	1.56	-11.9%
Diluted earnings per share, EUR	0.23	0.18	+28.7%	1.38	1.56	-11.9%
Cash flow per share before financial items, EUR	0.44	0.33	+34.4%	0.96	1.85	-47.8%
Equity per share, EUR				5.32	5.21	+2.2%
Proposed dividend per share, EUR				1.50	1.50	
Proposed payout ratio, %				108.8%	95.9%	
Total proposed dividend, EUR million				210.8	210.7	
A share						
Number of shares at the end of the period				34,813,206	35,122,793	-0.9%
% of total share stock				24.7%	24.9%	
Effective dividend yield according to proposal, %				4.2%	4.0%	
Price/earnings ratio (P/E)				26.16	23.97	+9.1%
Number of votes excluding treasury shares				696,264,120	702,455,860	-0.9%
% of total votes				86.8%	87.0%	
Total number of shareholders				23,252	22,015	+5.6%
Closing quotation at the end of previous financial year, EUR				37.40	40.95	-8.7%
Lowest quotation of review period, EUR				33.45	29.60	+13.0%
Average quotation of review period, EUR				36.33	40.26	-9.8%
Highest quotation of review period, EUR				41.05	48.45	-15.3%
Closing quotation at the end of review period, EUR				36.10	37.40	-3.5%
Trading volume, EUR million				58.9	102.5	-42.6%
Shares traded				1,620,990	2,547,090	-36.4%
% of the total number of shares				4.7%	7.3%	
B share						
Number of shares at the end of the period, including treasury shares				106,321,072	106,011,485	+0.3%
% of total share stock				75.3%	75.1%	
Treasury shares				571,314	671,082	-14.9%
Number of shares at the end of the period, excluding treasury shares				105,749,758	105,340,403	+0.4%
Effective dividend yield according to proposal, %				4.1%	4.0%	
Price/earnings ratio (P/E)				26.46	24.06	+10.0%
Number of votes excluding treasury shares				105,749,758	105,340,403	+0.4%
% of total votes				13.2%	13.0%	
Total number of shareholders				64,385	56,847	+14.0%
Closing quotation at the end of previous financial year, EUR				37.53	41.27	-9.1%
Lowest quotation of review period, EUR				32.51	30.02	+8.3%
Average quotation of review period, EUR				35.86	40.69	-11.9%
Highest quotation of review period, EUR				39.42	48.80	-19.2%
Closing quotation at the end of review period, EUR				36.52	37.53	-2.7%
Trading volume, EUR million				3,027.7	4,213.9	-28.1%
Shares traded				84,437,433	103,556,863	-18.5%
% of the total number of shares				79.4%	97.7%	
A and B share total						
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				140,546,563	140,506,969	
Total number of votes conferred by the shares				802,013,878	807,796,263	-0.7%
Total number of shareholders				80,792	72,003	+12.2%
Trading volume, EUR million				3,086.6	4,316.4	-28.5%
Shares traded				86,058,423	106,103,953	-18.9%
Total shares traded, % of total shares				61.0%	75.2%	
Market capitalisation at the end of the period excluding treasury shares, EUR million				5,118.7	5,267.0	-2.8%

ADJUSTED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2020

1) Comparative information previously reported in the interim report and financial statement release.

2) Adjusted comparative information

	1-3/20		1-6/20		1-9/20		1-12/20	
	1)	2)	1)	2)	1)	2)	1)	2)
Cost of goods sold	104.8	106.5	206.3	210.0	311.4	316.9	427.0	434.4
Gross profit	175.1	173.4	366.1	362.4	511.3	505.8	651.0	643.7
Administrative expenses	12.8	11.1	26.7	22.9	37.4	31.9	48.9	41.6

As of 1 January 2021, Orion Group revised its accounting practice by re-assigning some expenses associated with manufacturing and purchasing, previously reported as administrative expenses, to the cost of goods sold. The change does not affect reported key figures, operating profit or balance sheet, but it reduces previously reported administrative expenses for 2020 by EUR 7.3 million and correspondingly raises the cost of goods sold.

REPORTING

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

- Proprietary Products (patented prescription products for three therapy areas)
- Specialty Products (off-patent generic prescription products, to which biosimilars are included, and self-care products)
- Animal Health (veterinary products for pets and production animals)
- Fermion and Contract manufacturing (manufacture of active pharmaceutical ingredients for Orion and manufacture of pharmaceuticals for other companies)

In addition to these, net sales reporting contains one further item, "Other operations", which mostly comprises the impacts of exchange rate changes 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 2021.

No new or amended standards with material impact on Orion's consolidated financial statements came into force at the start of the review period. In April 2021, the IFRS Interpretations Committee issued a final agenda decision on the proper accounting treatment of the configuration and customisation costs in a cloud computing arrangement (IAS 38 Intangible Assets). In its agenda decision, the Interpretations Committee assessed whether the customer applying IAS 38 should book an intangible asset on the configuration and customisation of application software and, if no intangible asset is booked, how the customer should book incurred configuration and customisation costs. Orion Group has taken into account the impact of this agenda decision on its treatment of cloud computing services and determined that the decision has no material impact on its financial results, financial standing or the presentation of its 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>.

OTHERS

The information published in this release is based on Orion's audited financial statements for 2021. 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 2021.

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.

CALCULATION OF THE KEY FIGURES

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

Publisher:

Orion Corporation

<http://www.orion.fi/en>

<http://www.twitter.com/OrionCorplR>

Orion is a globally operating Finnish pharmaceutical company - a builder of well-being. Orion develops, manufactures and markets human and veterinary pharmaceuticals and active pharmaceutical ingredients. The company is continuously developing new drugs and treatment methods. The core therapy areas of Orion's pharmaceutical R&D are neurological disorders, oncology and respiratory diseases for which Orion develops inhaled pulmonary medication. Orion's net sales in 2021 amounted to EUR 1,041 million and the company had about 3,350 employees at the end of the year. Orion's A and B shares are listed on Nasdaq Helsinki.