



Orion Group
Interim Report 1-3/2023



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Orion Group Interim Report 1–3/2023

- Net sales totalled EUR 277.9 (1–3/2022: 270.6) million
- Operating profit was EUR 55.5 (71.5) million
- Profit before taxes was EUR 55.1 (72.1) million
- Equity ratio was 56.9% (52.9%)
- Return on capital employed before taxes (ROCE) was 22.0% (35.7%)
- Return on equity after taxes (ROE) was 21.4% (33.1%)
- Basic earnings per share were EUR 0.31 (0.41)
- Cash flow from operating activities per share was EUR 0.03 (0.24)
- Outlook for 2023 is unchanged, but with the addition of a note on the possible transfer of the Orion Pension Fund's B fund to a pension insurance company. Orion estimates that net sales in 2023 will be slightly higher than in 2022 without the EUR 228 million impact from the ODM-208 upfront payment (net sales in 2022 without the impact of the ODM-208 upfront payment were EUR 1,113 million). Operating profit is estimated to be slightly higher or higher than in 2022 without the EUR 208 million net impact from the ODM-208 upfront payment and without the possible transfer of the insurance portfolio of Orion Pension Fund's B fund (operating profit in 2022 without the net impact of the ODM-208 upfront payment was EUR 232 million).

Key figures

	1–3/23	1–3/22	Change %	1–12/22
Net sales, EUR million	277.9	270.6	+2.7%	1,340.6
EBITDA, EUR million	67.7	83.0	-18.4%	487.1
% of net sales	24.4%	30.7%		36.3%
Operating profit, EUR million	55.5	71.5	-22.4%	439.6
% of net sales	20.0%	26.4%		32.8%
Profit before taxes, EUR million	55.1	72.1	-23.6%	440.3
% of net sales	19.8%	26.7%		32.8%
Profit for the period, EUR million	43.8	57.3	-23.6%	349.5
% of net sales	15.8%	21.2%		26.1%
Research and development expenses, EUR million	31.7	31.5	+0.6%	133.2
% of net sales	11.4%	11.6%		9.9%
Capital expenditure, excluding acquired in business combinations, EUR million	18.1	11.1	+62.8%	109.6
% of net sales	6.5%	4.1%		8.2%
Acquired in business combination, net of cash, EUR million	0.0			82.0
Interest-bearing net liabilities, EUR million	110.8	-126.8	-187.4%	-118.7
Basic earnings per share, EUR million	0.31	0.41	-23.4%	2.49
Cash flow from operating activities per share, EUR	0.03	0.24	-87.9%	3.09
Equity ratio, %	56.9%	52.9%		60.9%
Gearing, %	15.2%	-19.8%		-13.1%
Return on capital employed (before taxes), %	22.0%	35.7%		45.1%
Return on equity (after taxes), %	21.4%	33.1%		42.2%
Average personnel during the period	3,546	3,358	+5.6%	3,472

President and CEO Liisa Hurme:

Nubeqa® becomes Orion's best-selling product

"In January-March 2023, our net sales increased by 2.7% to EUR 277.9 million and our operating profit decreased by 22.4% to EUR 55.5 million. The operating profit decline from the comparative period was expected, and the year has started largely according to our plans.

The Innovative Medicines business division's revenue increased significantly thanks to the good performance of Nubeqa®, which topped the list of Orion's best-selling products for the first time. The net sales of the Branded Products business division, on the other hand, decreased clearly. The Easyhaler® product family continued to grow, but the timing of partner deliveries of Parkinson's medicines and lower sales of the Divina® series weighed on net sales. In Finland, sales of generics and OTC products increased due to strong volume growth. However, the overall sales of the Generics and Consumer Health division declined due to generic competition and declining prices of Simdax® and dexmedetomidine products for human use, together with the significant contraction of operations in Russia. Net sales of the Animal Health business division include the turnover of the animal health company VMD (Inovet), acquired in June 2022, which explains the strong increase from the comparative period.

The decline in operating profit is explained by lower gross profit and increase in fixed cost. The gross profit was depressed by cost inflation, price declines and product mix. The effect of the contraction of operations in Russia on the gross profit was approximately EUR 7 million negative. The impact of Nubeqa on gross profit was twofold compared to the comparative period. On the one hand, royalties increased significantly, on the other hand Orion supplied Nubeqa to Bayer at a lower price than in the comparative period. The lowered Nubeqa delivery price has only a temporary effect on the timing of Orion's profits, as it will correspondingly decrease the deductions from future royalties. Operating costs increased as expected. Sales and marketing expenses increased because in the comparative period COVID-19 still limited promotional activities in some areas. In addition, sales and marketing expenses as well as administrative expenses now also include the expenses of the acquired animal health company VMD (Inovet), which were absent in the comparative period.

For the full year, we expect operating profit to be slightly higher or higher than in 2022. This estimate is based on assumptions including continued good performance of Nubeqa, easing of cost inflation in the second half of the year, levelling off of the decline in sales of Simdax and dexmedetomidine products for human use, and a EUR 30 million milestone payment related to the sales of Nubeqa.

Research & development pipeline is progressing according to our strategy. During the review period, we expanded our clinical development programme with our partner Bayer for darolutamide and initiated a new multi-year Phase III ARASTEP study in early-stage prostate cancer. Nubeqa also dominated Orion's news flow during the period with the approval of the product in Japan, the European Union and China for the treatment of metastatic hormone-sensitive prostate cancer (mHSPC). With our partner MSD, we plan to take the ODM-208 molecule into Phase III by the end of this year. The Phase II study with ODM-208 continues as planned. Our other active clinical phase development projects, namely the Phase III ARANOTE study with darolutamide in collaboration with Bayer and the Phase I study with ODM-111 for pain, have also continued as planned. We look forward to continuing all our R&D projects to develop new treatments for the benefit of patients who need them."

Outlook for 2023

Orion estimates that net sales in 2023 will be slightly higher than in 2022 without the EUR 228 million impact from the ODM-208 upfront payment (net sales in 2022 without the impact of the ODM-208 upfront payment were EUR 1,113 million).

Operating profit is estimated to be slightly higher or higher than in 2022 without the EUR 208 million net impact from the ODM-208 upfront payment and without the possible transfer of the insurance portfolio of Orion Pension Fund's B fund (operating profit in 2022 without the net impact of the ODM-208 upfront payment was EUR 232 million).

Basis for the outlook and an overview of near-term risks and uncertainties are provided on pages 19-21 of this review.

Impacts of the war in Ukraine on Orion

Financial risks for Orion caused by the war in Ukraine relate to net sales, receivables and inventories in Russia and Ukraine. Orion's operations in Russia and Ukraine are sales operations and the Company does not have any proprietary fixed assets in these countries.

Orion's operations in Russia have contracted significantly since the outbreak of the war and continue to do so. In 2023, Orion's sales in Russia will decrease significantly from 2022, when Russia accounted for approximately 3% of the Group's total product sales. To Ukraine Orion has exported commercial deliveries of medicines and donated medicines through charity organisations. The company will continue efforts to deliver medicines to Ukraine also going forward.

At the end of March 2023, Orion's trade receivables in Russia amounted to EUR 0.6 million and the value of inventories was EUR 3.6 million. Changes in the value of the Russian rouble may affect the value of trade receivables and inventories in euros, but the changes will not have a material impact on the Group due to the contracted operations in Russia.

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

Financial review for 1 January–31 March 2023

Change in reporting from 1 January 2023

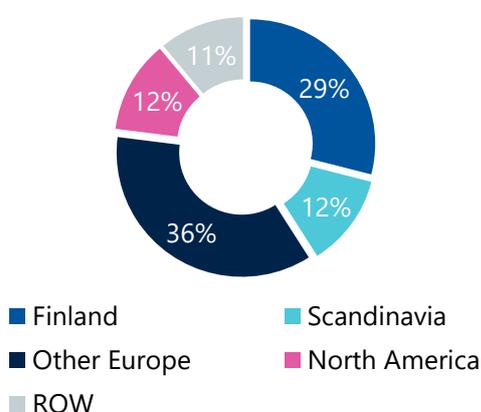
Orion's new organisational structure entered into force on 1 January 2023, as a result of which, starting with the interim report 1–3/2023, Orion will report its net sales by business division in accordance with the new organisational structure. The business divisions are Innovative Medicines, Branded Products, Generics and Consumer Health, Animal Health, and Fermion.

In addition to the new organisational structure and how Orion itemises net sales, the company revised its accounting practice as of 1 January 2023 by re-assigning expenses associated with information management, previously reported as cost of goods sold, sales and marketing expenses or research and development expenses, to administrative expenses. The change does not affect the Group's reported key figures, operating profit or balance sheet, but it increases previously reported administrative expenses for 2022 by EUR 6.6 million and correspondingly decreases the cost of goods sold, sales and marketing expenses and research and development expenses. More information on the impact of the revision is provided in a stock exchange release published on 27 March 2023.

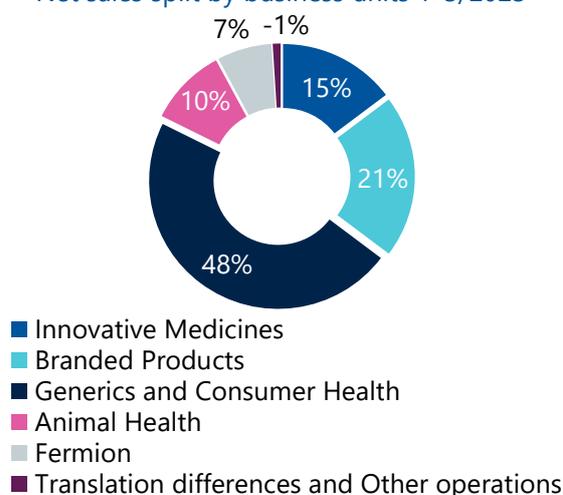
Net sales

Orion Group's net sales in January–March 2023 increased by 2.7% and totalled EUR 277.9 (270.6) million. Exchange rate fluctuations had an EUR 1.0 million positive impact on net sales during the period. Net sales of Orion's top ten pharmaceuticals amounted to EUR 138.1 (142.6) million. They accounted for 49.7% (52.7%) of total net sales.

Net sales split by region 1–3/2023



Net sales split by business units 1–3/2023



Development of net sales 1–3/2023 vs. 1–3/2022



1	Net sales in 1–3/2022	6	Other products and services (ex Animal Health & Fermion)
2	Nubeqa® (product sales & royalty)	7	Exchange rates
3	Dexmedetomidine for human use & Simdax®	8	Animal Health & Fermion
4	Entacapone products	9	Net sales in 1–3/2023
5	Russia		

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

Operating profit

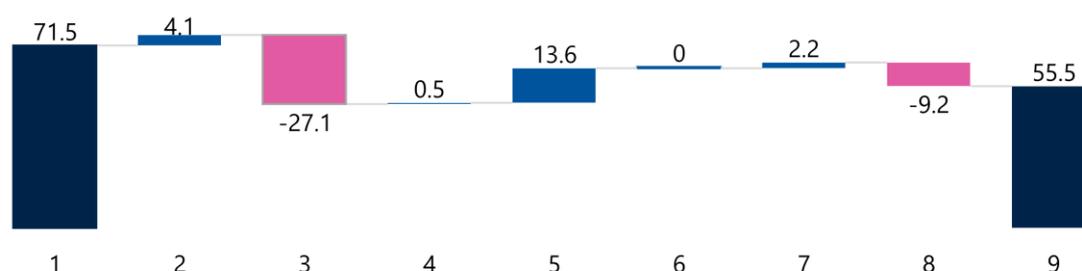
The Orion Group's operating profit was down by 22.4% at EUR 55.5 (71.5) million. The decline in operating profit is explained by lower gross profit and planned increase in fixed cost. The effect of the contraction of operations in Russia on the gross profit was EUR 7.3 million negative and on fixed costs EUR 0.7 million positive. Thus the impact on operating profit was EUR 6.6 million negative. EBITDA was down by 18.4% at EUR 67.7 (83.0) million.

Gross profit from sales in local currencies increased by EUR 4.1 million from the comparative period. Price, cost and product portfolio changes had a negative impact of EUR 27.1 million on gross profit, of which roughly EUR 10 million are due to cost increase and changes in the product mix, and roughly EUR 17 million due to price decreases. A significant part of the EUR 17 million is explained by the fact that Orion supplied Nubeqa® to Bayer at a lower price than in the comparative period. The impact of this price decrease on operating profit in Q1 is significant, but it is only a temporary effect on the timing of Orion's profits, as the lower supply price will correspondingly reduce the deductions from future royalties. In addition, in January–March 2023 Orion sold some of the remaining inventories in Russia at a clearly lower price than before. Currency rate changes had a positive impact of EUR 0.5 million. With the combined impact of these items, the gross profit from product and service sales was EUR 22.5 million lower than in the comparative period.

Milestone payments accounted for EUR 0.6 (0.6) million and royalties for EUR 25.1 (11.5) million of net sales and operating profit. Other operating income and expenses accounted for EUR 2.6 (0.4) million of operating profit.

Operating expenses increased by EUR 9.2 million.

Development of operating profit 1-3/2023 vs. 1-3/2022



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

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 up by 11.7% and totalled EUR 53.8 (48.1) million. Sales and marketing costs increased because in the comparative period COVID-19 still restricted promotional activities and because the costs now also include the sales and marketing costs of the acquired animal health company VMD, which were absent in the reference period. Research and development expenses increased by 0.6% and totalled EUR 31.7 (31.5) million. R&D costs accounted for 11.4% (11.6%) of the Group's net sales. Administrative expenses increased by 23.0% and were EUR 17.8 (14.5) million. The increase is explained partly by VMD and partly by the new organisational structure as the costs of the new group-level function Corporate Strategy and Program Management are included in administrative expenses.

Group profit

Profit for the period was EUR 43.8 (57.3) million. Basic earnings per share were EUR 0.31 (0.41). Equity per share was EUR 5.19 (4.55).

The return on capital employed before taxes (ROCE) was 22.0% (35.7%) and the return on equity after taxes (ROE) 21.4% (33.1%).

Financial position

The Group's gearing was 15.2% (-19.8%) and the equity ratio 56.9% (52.9%).

The Group's total liabilities as at 31 March 2023 were EUR 564.3 (584.8) million. At the end of the period, interest-bearing liabilities amounted to EUR 210.6 (131.9) million. Of the total interest-bearing liabilities, EUR 189.7 (86.6) million were long-term liabilities.

The Group had EUR 99.8 (258.7) million of cash and cash equivalents at the end of the reporting period. The difference with the comparative period is due to the timing of dividend payments. In 2022 dividends were paid in the second quarter and in 2023 in the first quarter.

Cash flow

The cash flow from operating activities was EUR 4.0 (33.4) million. The decrease is explained by the decline in operating profit and the fact that working capital increased more than in the comparative period.

The cash flow from investing activities was EUR -53.6 (-14.5) million. In January–March 2023, the cash flow impact from upfront payments to Amneal and Jemincare was EUR -33 million, which mostly explains the change from comparative period.

The cash flow from financing activities was EUR -187.1 (23.1) million. The difference is mainly explained by the timing of dividend payments.

Capital expenditure

The Group's capital expenditure totalled EUR 18.1 (11.1) million. This comprised EUR 13.8 (9.3) million on property, plant and equipment and EUR 4.3 (1.9) million on intangible assets.

Business review

Review of the Finnish human pharmaceuticals market

Finland is an important market for Orion, generating about a quarter of the Group's net sales. According to Pharmarket statistics (1–3/2023), the total sales of Orion's human pharmaceuticals in January–March 2023, including both medicinal and non-medicinal products, grew by 5.4% from the previous year.

A significant product group for Orion in Finland are reference-priced prescription drugs in the pharmacy channel. The sales of Orion's reference-priced prescription drugs increased by 8.3% while the total market fell by 11.7% from the comparative period. The increase in Orion's reference-priced prescription medicines in the statistics is explained by strong volume growth. The average price of Orion's reference-priced drugs were at a similar level to the comparative period. The average price of reference-priced drugs in the market declined by approximately 17% from the comparative period (Source: Pharmarket). The strong decrease in the overall market and the average price of reference-priced drugs is explained by the statistical method, which takes into account products that are reference-priced prescription medicines at the time the statistics are compiled. The statistics for January–March 2023 include several products that were priced significantly higher in the comparative period because they were not yet included in the reference price category. The impact of constant price competition on Orion has been significant due to the Company's broad product range and significant market share in Finland.

Despite the challenging operating environment, Orion has maintained its position as 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	1–3/23	1–3/22	Change %
Total sales of human pharmaceuticals (hospital and pharmacy channel)			
Market	752.9	728.0	+3.4%
Orion	82.7	78.5	+5.4%
Prescription drugs total (pharmacy channel)			
Market	411.1	397.1	+3.5%
Orion	45.6	42.5	+7.3%
Reference priced prescription drugs (pharmacy channel) *			
Market	86.9	98.5	-11.7%
Orion	22.4	20.7	+8.3%
Self-care products (pharmacy channel)			
Market	114.3	107.5	+6.3%
Orion	28.6	27.3	+4.7%

* 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 1-3/2023

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

Orion's market share, %	1–3/23	1–3/22
Human pharmaceuticals in total (hospital and pharmacy channel)	11.0%	10.8%
Prescription drugs total (pharmacy channel)	11.1%	10.7%
Reference priced prescription drugs (pharmacy channel) *	25.8%	21.0%
Self-care products (pharmacy channel)	25.1%	25.4%

* 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 1-3/2023

Orion's sales network

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

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

Top ten best-selling pharmaceutical products

milj. EUR	¹	1-3/23	1-3/22	Change %	1-12/22
Nubeqa® (prostate cancer)	A	38.2	19.8	+93.0%	88.4
Easyhaler® product portfolio (asthma, COPD)	B	32.2	31.2	+3.3%	129.7
Entacapone products ² (Parkinson's disease)	B	21.5	34.1	-37.1%	113.4
Simdax® (acute decompensated heart failure)	C	8.1	12.4	-34.6%	42.9
Dexdomitor®, Domitor®, Domosedan® and Antisedan® (animal sedatives)	D	8.0	5.7	+41.8%	36.3
Trexan® (rheumatoid arthritis, cancer)	C	7.6	3.7	+104.5%	15.2
Dexmedetomidine products for human use ³	C	7.1	13.5	-47.2%	37.3
Burana® (inflammatory pain)	C	5.9	5.9	-0.2%	26.7
Divina series (menopausal symptoms)	B	4.9	6.8	-27.5%	27.6
Solomet® (inflammatory diseases, among others)	C	4.5	9.5	-52.2%	23.2
Total		138.1	142.6	-3.1%	540.8
Share of net sales, %		49.7%	52.7%		40.3%

¹ Business division, A = Innovative Medicines, B = Branded Products, C = Generics & Consumer Health, D = Animal Health

² Entacapone products include Stalevo®, Comtess®, Comtan® and all other products including entacapone.

³ Includes Dexdor®, Precedex® and other dexmedetomidine products for human use

Innovative Medicines

The Innovative Medicines business division includes medicines with patent or other product protection. In addition to the sales and royalties on these products, any milestone payments or other income related to the products or research and development projects of the business division are included in its net sales. Net sales of the unit in January–March 2023 were up by 89.0% and totalled EUR 41.8 (22.1) million. Currently, the net sales of the business division are mainly generated by Orion's sales of Nubeqa® (darolutamide).

Orion's sales of Nubeqa® in January–March 2023 increased by 93.0% and totalled EUR 38.2 (19.8) million, of which royalties were EUR 23.5 (8.5) million and product sales, i.e., deliveries to Bayer, EUR 14.7 (11.3) million.

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

Bayer holds global commercial rights to darolutamide, and Orion is entitled to receive annually tiered royalties on global darolutamide sales. The average annual royalty rate is initially approximately 20% including product sales to Bayer. As the annual global sales increase, the average annual royalty rate will increase. If the annual global darolutamide sales were EUR 3 billion, Orion's average annual royalty rate would be slightly above 25%. Orion manufactures the product for global markets and co-promotes the product in Europe with Bayer. Orion incurs front-end costs due to the structure of Nubeqa® sales recorded

by the company. Manufacturing costs are recognised at the time of delivery of the products, but royalty income is only recognised when the product is sold on the market and Orion receives royalties from Bayer. This timing difference has a material impact on the profitability of the Nubeqa® sales recorded by Orion, especially in the early stages of the product life cycle, when the relative share of product sales in the total sales recorded by Orion is high. In addition to royalties, Orion is entitled to receive progressive one-off milestone payments from Bayer that may total EUR 280 million, depending on the future sales development of Nubeqa.

Branded Products

The Branded Products business division includes products that have a strong brand name which provides a competitive advantage. Currently, most of the business division's products are products developed by Orion. Key products are the Easyhaler® product portfolio, the entacapone products and the Divina® series. The combined turnover of the Branded Products business division for January–March 2023 was EUR 59.5 (73.3) million (-18.8%).

Orion's Easyhaler® is a dry-powder inhaler developed in-house, for which Orion has developed Easyhaler®-adapted dry-powder formulations of several well-known generic active pharmaceutical ingredients (salbutamol, beclometasone, budesonide, formoterol, salmeterol and fluticasone). Total net sales of the Easyhaler® product portfolio for the treatment of asthma and chronic obstructive pulmonary disease increased by 3.3% and amounted to EUR 32.2 (31.2) million in January–March 2023. The sales of the budesonide-formoterol combined formulation decreased by 1.4% to EUR 19.3 (19.6) million. The sales of other Easyhaler® products (beclometasone, budesonide, formoterol, salbutamol and salmeterol-fluticasone combined formulation) increased by 11.1% to EUR 12.9 (11.6) million.

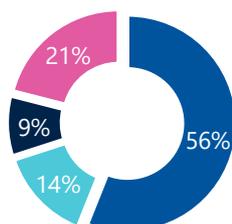
Orion's entacapone products for the treatment of Parkinson's disease are Stalevo®, Comtess®, Comtan® and other entacapone-containing products. Their total net sales in January–March 2023 decreased by 37.1% and amounted to EUR 21.5 (34.1) million. The decrease is mainly due to the timing of deliveries to partners. Orion markets entacapone products in Europe and in some countries in the Asia-Pacific region. Elsewhere, the products are sold by partners. The most important individual market for Orion's entacapone products is currently Japan, where Orion has a distribution agreement with Novartis.

Sales of the Divina® series of hormone replacement products decreased by 27.5% to EUR 4.9 (6.8) million. The decrease is due to Russia, where the product was not sold in the first quarter of 2023.

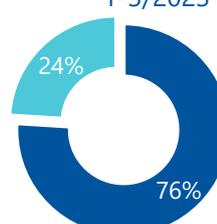
Generics and Consumer Health

Net sales of the Generics and Consumer Health business division, comprising generic (off-patent) prescription drugs (including biosimilars) and self-care products, decreased by 7.9% in January–March 2023 and amounted to EUR 133.7 (145.2) million. The decline is mainly explained by the declining sales of Simdax®, dexmedetomidine products for human use, and the significant contraction of operations in Russia, where sales were strong in the comparison period before the outbreak of the war. Generic prescription drugs accounted for 76% (76%) and self-care products for 24% (24%) of the business division's net sales. The net sales of generic prescription drugs were EUR 101.1 (109.7) million (-7.8%) and the net sales of self-care products were EUR 32.5 (35.5) million (-8.6%)

Net sales split 1–3/2023



Net sales split by product groups 1-3/2023



■ Finland ■ Scandinavia ■ Eastern Europe ■ ROW

■ Generic prescription drugs ■ Self-care

The Generics and Consumer Health business division has four geographic regions, which are Finland and Baltics, Scandinavia, Eastern Europe, and Rest of the World (ROW). The unit's sales in Finland and Baltics in January–March 2023 amounted to EUR 74.3 (71.2) million. The increase came from both generic prescription drugs and self-care products. The general decline in the prices of reference-priced generic drugs due to price competition continued, but Orion was able to increase sales with strong volume development.

In Scandinavia, the division's sales declined by 7.6% and totalled EUR 18.9 (20.5) million.

In Eastern Europe, the division's sales amounted to EUR 11.6 (12.1) million.

Sales in ROW declined by 30.7% and stood at EUR 28.8 (41.5) million. The decline is mostly due to the generic competition and declining prices of Simdax® and dexmedetomidine products for human use, together with the significant contraction of operations in Russia where sales were strong in the comparative period before the outbreak of the war.

Animal Health

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

Net sales of the Animal Health business division in January–March 2023 were up by 103.4% and amounted to EUR 26.9 (13.2) million. Sales include the turnover of the animal health company VMD (Inovet), acquired in June 2022, which explains the increase from the comparative period. The timing of deliveries to partners also increased net sales from the comparative period. The integration of VMD to Orion's Animal Health business division is ongoing.

Sales of animal sedative products accounted for 29.8% (42.8%), or EUR 8.0 (5.7) 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.

Fermion

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

Net sales of Fermion and Contract Manufacturing in January–March 2023, excluding deliveries for Orion's own use, decreased by 10.6% from a strong comparative period and totalled EUR 18.1 (20.2) million. The decline from the comparative period is partly explained by the three-day strike that interrupted Fermion's production for more than a week in January and February, and partly by the fact that more production capacity has been allocated to the manufacturing of Orion's active pharmaceutical ingredients. In recent years, order cycles in the trade in pharmaceutical raw materials have become increasingly shorter. This has led to clearly greater fluctuation in business volumes than before, both within each annual period and between different years. Demand for Fermion products has been good and production capacity has been nearly fully utilised.

Research and development

The Group's R&D expenses in January–March 2023 totalled EUR 31.7 (31.5) million, up by 0.6%. They accounted for 11.4% (11.6%) of the Group's net sales. The core therapy areas of Orion's pharmaceutical research are oncology and pain. Orion also develops veterinary drugs and selected generic drugs.

Key clinical development projects

Project	Indication	PHASE			Registration
		I	II	III	
Darolutamide ARASENS ¹	Prostate cancer (mHSPC)	I	II	III	Registration
Darolutamide ARANOTE ¹	Prostate cancer (mHSPC)	I	II	III	
Darolutamide ARASTEP ¹	Prostate cancer (BCR)	I	III	III	
ODM-208 (CYP11A1 inhibitor) ²	Prostate cancer (mCRPC)	I	II		
ODM-105 (tasipimidine)	Psychiatric disorders	I			
ODM-111 (NaV 1.8 blocker)	Pain	I			

¹ In collaboration with Bayer

² In collaboration with MSD

	=Phase completed		=Status changed
	=Phase ongoing		

During the review period, darolutamide was approved for the treatment of metastatic hormone-sensitive prostate cancer in Japan, the European Union and China. The approvals are based on data from the Phase III ARASENS trial by Orion and Bayer. Filings in other regions are underway or planned by Bayer. 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. Consistent benefits were also seen across secondary endpoints.

Orion and Bayer have an ongoing Phase III ARANOTE clinical trial, 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).

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

Orion and MSD are co-developing ODM-208 molecule, a novel selective hormone synthesis inhibitor (CYP11A1 inhibitor). Orion has an ongoing Phase II CYPIDES trial with ODM-208 for the treatment of patients with metastatic castration-resistant prostate cancer (mCRPC). The plan is to take the ODM-208 molecule into Phase III by the end of 2023.

Orion has completed Phase I clinical trial investigating the tolerability and safety of tasipimidine (ODM-105), an alpha 2 adrenoceptor agonist in healthy volunteers. Orion is preparing to start a Phase II clinical trial to investigate the efficacy and safety of ODM-105 in psychiatric disorders.

Orion has an ongoing Phase I clinical trial with ODM-111, a NaV 1.8 channel blocker, aimed for the treatment of acute and chronic pain. The study will investigate the tolerability and safety of the drug candidate in healthy volunteers.

Orion together with Propeller Health has 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 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 Healthware Group investigates how the care of Parkinson's patients could be developed, personalised and improved using a digital tool that collects data from patients.

Orion has several projects in the early research phase, investigating cancer and pain. 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–March 2023 was 3,546 (3,358). At the end of March 2023 the Group had a total of 3,564 (3,381) employees, of whom 2,687 (2,649) worked in Finland and 877 (732) outside Finland. The increase in personnel is mainly due to VMD, acquired in June 2022, employees being included in the Orion Group.

Salaries and other personnel expenses in January–March 2023 totalled EUR 67.4 (61.2) million.

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.

Decisions by the Annual General Meeting

The Annual General Meeting of the Shareholders of Orion Corporation was held on 22 March 2023 in Helsinki. The following matters, among others, were handled at the Annual General Meeting:

Adoption of the Financial Statements for 1 January - 31 December 2022

The AGM confirmed the Financial Statements of the parent company and the Group as per 31 December 2022.

Dividend EUR 1.60 per share

The AGM resolved, in accordance with the proposal by the Board of Directors, that a dividend of EUR 1.60 per share will be paid on the basis of the Balance Sheet confirmed for the financial year that ended on 31 December 2023. The record date for the dividend payment was 24 March 2023 and the payment date was 31 March 2023.

Discharge from liability

The members of the Board of Directors and the President and CEO were discharged from liability for the financial period of 1 January - 31 December 2022.

Remuneration Report

The AGM adopted the Remuneration Report for the Company's governing bodies for 2022. The resolution is advisory in accordance with the Finnish Companies Act.

Remunerations to be paid to the Board of Directors

The AGM decided that the following remunerations will be paid to the Board of Directors:

As an annual fee, the Chairman shall receive EUR 100,000, the Vice Chairman shall receive EUR 61,000 and the other members shall receive EUR 50,000 each. However, if a member of the Board acts as the Chairman of the Audit Committee or the R&D Committee, her/his annual fee shall be EUR 61,000.

In addition, as a fee for each meeting attended, the Chairman shall receive EUR 1,200, the Vice Chairman shall receive EUR 900 and the other members shall receive EUR 600 each. The travel expenses of the Board members shall be paid in accordance with the previously adopted practice. The aforementioned meeting attendance fees shall also be paid to the Chairmen and to the members of the committees established by the Board. The meeting attendance fees of Board members permanently resident outside Finland shall be doubled if the meeting is held outside the country of residence of such a member and the person attended the meeting at the place of the meeting.

Of the above-mentioned annual fee, 60 percent shall be paid in cash and 40 percent in Orion Corporation B-shares, which shall be acquired for the members over the period 28 April - 5 May 2023 from the stock exchange in amounts corresponding to EUR 40,000 for the Chairman, EUR 24,400 for the Vice Chairman and for the Board members acting as the Chairmen of the Audit Committee and the R&D Committee and EUR 20,000 for each of the other members. The part of the annual fee that is to be paid in cash corresponds to the approximate sum necessary for the payment of the income taxes on the fees and shall be paid no later than 31 May 2023. The annual fees shall encompass the full term of office of the Board of Directors.

In addition, the AGM decided that the Company shall pay the transfer tax related to the part of the annual fee of the Board of Directors paid in shares. Potential statutory social security and pension costs incurring to Board members having permanent residence outside Finland shall be borne by Orion Corporation as required by the applicable national legislation.

Board members are required to retain ownership of the Orion Corporation B shares paid as fees for a period of two years from the date of payment of the fees. However, if the person's membership of the Board of Directors of the Company were to end before the expiry of the restriction on transfer, the restriction on transfer shall expire at the end of the membership of the Board of Directors.

Composition of the Board of Directors

The number of members of the Board of Directors was confirmed to be eight. Kari Jussi Aho, Maziar Mike Doustdar, Ari Lehtoranta, Veli-Matti Mattila, Hilpi Rautelin, Eija Ronkainen, Mikael Silvennoinen and Karen Lykke Sørensen were re-elected as members to the Board of Directors for the next term of office. Mikael Silvennoinen was re-elected as Chairman.

Auditor and their remuneration

Authorised Public Accountants KPMG Oy Ab were elected as the Company's auditor. The remunerations to the Auditor shall be paid on the basis of invoicing approved by the Company.

Amendment to Article 10 of the Articles of Association

The AGM rejected the proposal to amend Article 10 of the Articles of Association.

According to the proposal, the first paragraph of Article 10 of the company's Articles of Association would have been amended to enable holding a general meeting entirely without a meeting venue as a so-called remote meeting in addition to Espoo and Helsinki.

Authorising the Board of Directors to decide on a share issue by issuing new shares

The Board of Directors was authorised by the AGM to decide on a share issue by issuing 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 22 March 2023.

Organisation of the Board of Directors

In its constitutive meeting following the AGM, the Board of Directors elected Hilpi Rautelin to serve as Vice Chair.

Key events in January–March 2023

- 27 Jan 2023 Positive CHMP opinion for darolutamide in combination with docetaxel for the treatment of metastatic hormone-sensitive prostate cancer.
- 27 Feb 2023 Darolutamide receives approval for additional prostate cancer indication in Japan.
- 1 Mar 2023 Darolutamide receives EU approval for additional indication in prostate cancer.
- 20 Mar 2023 Darolutamide approved for additional prostate cancer indication in China.
- 22 Mar 2023 Orion Corporation's Annual General Meeting was held in Helsinki.
- 23 Mar 2023 Orion and Bayer announced that the companies will expand clinical development program for darolutamide in prostate cancer.

Key events after the reporting period

There were no key events after the reporting period.

Shares and shareholders

On 31 March 2023 Orion had a total of 141,134,278 (141,134,278) shares, of which 34,032,382 (34,774,986) were A shares and 107,101,896 (106,359,292) B shares. The Group's share capital is EUR 92,238,541.46 (92,238,541.46). At the end of March 2023, Orion held 782,973 (532,771) B shares as treasury shares. On 31 March 2023 the aggregate number of votes conferred by the A and B shares was 786,966,563 (801,326,241) excluding treasury shares.

At the end of March 2023, Orion had 81,619 (79,637) 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 to one (1) vote. However, a shareholder cannot vote more than 1/20 of the aggregate number of votes from the different share classes represented at a General Meeting of Shareholders. The Company itself and Orion Pension Fund do not have the right to vote at an Orion Corporation General Meeting of Shareholders. Both share classes, A and B, confer equal rights to the Company's assets and dividends.

Conversion of shares

The Articles of Association entitle shareholders to demand the conversion of their A shares to B shares within the limitation on the maximum number of shares of a class. A total of 154,112 A shares were converted into B shares in January–March 2023.

Trading in Orion's shares

Orion's A shares and B shares are quoted on Nasdaq Helsinki in the Large Cap group under the Healthcare sector heading under the trading codes ORNAV and ORNBV. Trading in both of the Company's share classes commenced on 3 July 2006, and information on trading in the Company's shares has been available since that date. On 31 March 2023, the market capitalisation of the Company's shares, excluding treasury shares, was EUR 5,825.7 million.

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

Authorisations of the Board of Directors

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

On 23 March 2022, the Annual General Meeting authorised the Board of Directors to decide on the acquisition of the Company's own shares and to decide on a share issue by conveying own shares. The Board of Directors shall be entitled to decide on the acquisition of no more than 500,000 class B shares of the Company and to decide on the conveyance of no more than 1,000,000 own Class B shares held by the Company. The authorisation to acquire own shares shall be valid for 18 months and the authorisation to convey own shares shall be valid for five years from the decision of the Annual General Meeting. The terms of the authorisations are reported in more detail in a stock exchange release on 23 March 2022.

The Board of Directors of Orion Corporation decided on 25 August 2022 on a share acquisition based on the authorisation by the Annual General Meeting on 23 March 2022. Between 1 September and 19 September and 26 October and 4 November, Orion acquired a total of 400,000 class B shares. After the acquisition, the Board of Directors is still authorised to decide on the acquisition of no more than 100,000 class B shares.

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

Share-based incentive plans

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

Share ownership

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

At the end of March 2023, Orion had a total of 81,619 (79,637) registered shareholders, of whom 96% (96%) were private individuals. They held 39% (39%) of the entire share stock and had 61% (61%) of the total votes. There were 55 (57) million nominee-registered and foreign-owned shares, which was 39% (40%) of all shares, and they conferred entitlement to 9% (10%) of the total votes.

At the end of March 2023, Orion held 782,973 (532,771) B shares as treasury shares, which is 0.6% (0.4%) of the Company's total share stock and 0.10% (0.07%) of the total votes.

Flagging notifications

In January–March 2023, Orion Corporation did not receive flagging notifications.

Flagging notifications published by Orion are available at www.orion.fi/en/flaggings.

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.

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.

Possible transfer of pension insurance portfolio to a pension insurance company

Orion is exploring the possibility of transferring the insurance portfolio of the Orion Pension Fund's B fund to an external pension insurance company at the end of 2023. The transfer would have a one-off impact on profit and cash flow. The magnitude of these impacts would be determined at the time of the transfer, which would be estimated to take place on 31 December 2023.

The impact of the possible transfer on profit or loss will depend in particular on the development of discount rate used when calculating the value of the pension liability during 2023. As an indicative benchmark, the positive impact of the transfer on the result, calculated at current interest rates, would be around EUR 20 million. The profit will increase when discount rate decreases and decrease when discount rate increases.

The cash flow impact of a possible transfer will depend in particular on the return on investment assets during 2023. As an indicative benchmark, based on the investment portfolio at the end of 2022, the cash-flow impact of the transfer would be positive for the company of around EUR 60 million, calculated at current valuation levels.

The objective would be to transfer the portfolio to a pension insurance company by the end of 2023, so the decisive date for the valuation and therefore for the profit and cash flow impact would be 31 December 2023. There is currently no certainty that the transfer will take place.

In view of its one-off nature, administrative nature, uncertainty and valuation linked to the transfer date, the impact of a possible portfolio transfer is not included in Orion's outlook for 2023, and the outlook continues to be presented without it.

Outlook for 2023

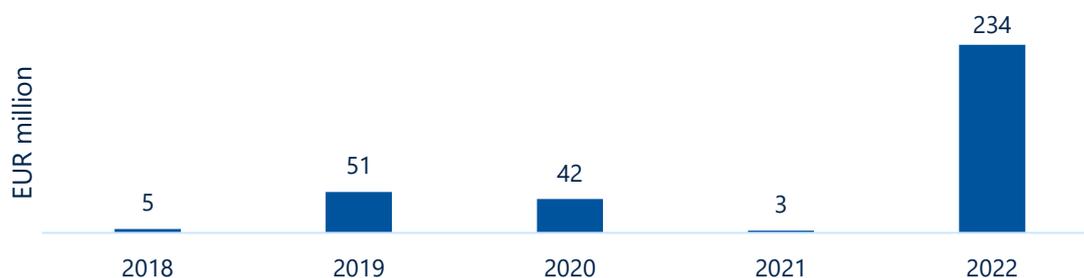
Orion estimates that net sales in 2023 will be slightly higher than in 2022 without the EUR 228 million impact from the ODM-208 upfront payment (net sales in 2022 without the impact of the ODM-208 upfront payment were EUR 1,113 million).

Operating profit is estimated to be slightly higher or higher than in 2022 without the EUR 208 million net impact from the ODM-208 upfront payment and without the possible transfer of the insurance portfolio of Orion Pension Fund's B fund (operating profit in 2022 without the net impact of the ODM-208 upfront payment was EUR 232 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 R&D outcomes which are not known until studies have been completed, the progress of R&D projects or the attainment of specified sales levels. On the other hand, neither the outcome nor the schedule of contract negotiations is generally known before the final signing of the agreement. In 2022, Orion received an upfront payment of USD 290 million related to the ODM-208 contract, of which EUR 228 million was recognised in revenue and operating profit. The contract-related expenses amounted to approximately EUR 20 million, resulting in a net impact on operating profit of EUR 208 million.

Milestone payments received by Orion in 2018–2022



Orion is eligible to receive milestone payments from Bayer based on sales of the Nubeqa® product upon meeting certain global annual sales thresholds for the first time. The outlook for 2023 includes one such milestone payment of EUR 30 million. The outlook does not include any other material milestone payments.

The outlook assumes that Orion's own production will be able to operate normally throughout the year. Risks to the continuity of production are discussed under 'Near-term risks and uncertainties'.

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

Net sales

The outlook anticipates that the net sales of Nubeqa® booked by Orion will clearly increase in 2023. Orion's estimate is based on forecasts received from its partner Bayer. The net sales of the Animal Health business division is also expected to increase clearly due to the acquisition of the animal health company VMD in summer 2022. Milestone payments are expected to increase clearly excluding the impact of the ODM-208 upfront payment. In addition, the Easyhaler® product portfolio is expected to act as one growth driver.

Aggregate net sales of other products are expected to decline from 2022, driven in particular by generic competition from Simdax®, Dexdor®, Precedex® and Parkinson's drugs Stalevo®, Comtess® and Comtan®. Also, the sales of Orion's own generic dexmedetomidine and entcapone products are expected to decline due to competition. The expected decline in sales of other generic medicines is mainly explained by lower prices in Orion's main markets. In addition, the outlook assumes that Orion's turnover in Russia will be

substantially lower than in 2022. In 2022, changes in exchange rates and especially in the Russian rouble rate increased net 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 2023.

Operating profit

Manufacturing costs are expected to increase faster than sales, mainly due to cost inflation, resulting in a lower relative gross margin on product sales than in 2022. Cost inflation is reflected not only in raw material and energy prices, but also in salary costs, among others. The outlook takes into account higher salary increases than in previous years.

Operating expenses are expected to increase slightly from 2022 reported costs (i.e. including ODM-208 agreement-related costs). The increase in R&D expenses will be influenced by the number and timing of projects in the clinical research phase. In addition, there is a plan to increase investment in early-stage research, and hence in building the company's future growth. Sales and marketing expenses will be driven by, among other things, the costs of the acquired veterinary pharmaceutical company Inovet, the planned launch of ganaxolone in Europe and costs related to Nubeqa, including the royalty payable to Endo Pharmaceuticals. Salary increases also push up operating expenses.

The operating profit from growing products, above all the royalty from Nubeqa®, is estimated to grow faster than costs. Also, milestone payments are expected to increase clearly excluding the impact of the ODM-208 upfront payment. Due to the factors mentioned above, operating profit for 2023 is estimated to be slightly higher or higher than in 2022, excluding the net impact of the EUR 208 million ODM-208 upfront payment.

Capital expenditure

The Group's total capital expenditure in 2023 is expected to be clearly lower than in 2022, when capital expenditure was EUR 109 million. Investments in 2022 included EUR 20 million upfront payment for exclusive licence to commercialise Amneal's generic products in Europe, Australia and New Zealand and EUR 15 million upfront payment for Jemincare's NaV 1.8 blocker (ODM-111). In 2023, the grand total of investments will be still further increased by the revamping of Orion's Enterprise Resource Planning (ERP) system and renovation of the company's head office in Espoo. The renovation of the head office was completed in April 2023. The outlook of capital expenditure does not include any investments related to any future material product or company acquisition.

Near-term risks and uncertainties

The outlook is based on the assumption that Orion's own production can continue to operate normally. 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, the availability of supplies, equipment and spare parts, deteriorating availability of products, energy, starting materials and intermediate products as well as logistics chain disruptions. Current risks to supply and logistics chains include the effects of the COVID-19 pandemic and the war in Ukraine. Any other unforeseen changes in the operating environment could cause disruptions to Orion's production or other operations. Such risks may include natural disasters, significant geopolitical changes, epidemics and pandemics.

In the current labour market situation, strikes and other industrial actions are also risks that may affect Orion's production and other operations directly or indirectly.

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

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. Due to Russia's invasion of Ukraine, the visibility of business in these countries is currently very low. Furthermore, it is uncertain whether all the receivables in Russia can be collected. However, this is not considered to be a significant risk for the Group. Orion has insured its receivables, but only in part. So far, Orion has been able to recover its receivables in Russia normally.

Currently no single currency is posing a material exchange rate risk for Orion. In Orion's total net sales, the share of invoicing in US dollars has fallen to around ten per cent. At the same time, the value of purchases in dollars has increased. The weight of the US dollar will increase due to increasing sales of Nubeqa®. Other key currencies that carry an exchange rate risk are European currencies other than EUR. However, the overall effect of the risk arising from currencies of European countries will be abated by the fact that Orion has organisations of its own in most European countries, which means that in addition to sales income there are also costs in these currencies. The exchange rate performance of the Japanese yen is significant due to sales of Parkinson's drugs in Japan. The exchange rate effect related to the Russian rouble arises in particular due to the strong volatility of the currency. Russian sales do not represent a significant portion of Orion's total 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, the war in Ukraine 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 very difficult to pass on cost increases to the prices of own products, especially prescription medicines, particularly in Europe. Cost inflation will have a negative impact on Orion's profitability in 2023. Due to the inventory turnover rate, the impact of price increases on the cost of goods sold was still limited in 2022 and will be more pronounced in 2023. A continuation of high inflation levels poses a risk to Orion's profitability.

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

Research projects always entail uncertainty factors that may either increase or decrease estimated costs. The projects may progress more slowly or faster than assumed, or they may be discontinued. Nonetheless, changes that may occur in ongoing clinical studies are reflected in costs relatively slowly and are not expected to have a material impact on earnings in the current year. Owing to the nature of the research process, the 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 2014–2022 the annual payments varied from EUR 3 million to EUR 234 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

Capital Markets Day
Half-Year Financial Report January-June 2023
Interim Report January-September 2023

Thursday 25 May 2023
Monday 17 July 2023
Thursday 26 October 2023

Espoo, 27 April 2023

Board of Directors of Orion Corporation

Orion Corporation

Tables

CONSOLIDATED INCOME STATEMENT

EUR million	1-3/23	1-3/22	Change %	1-12/22
Net sales	277.9	270.6	+2.7%	1,340.6
Cost of goods sold	-121.8	-105.5	+15.5%	-489.0
Gross profit	156.1	165.1	-5.5%	851.6
Other operating income and expenses	2.6	0.4	+516.5%	5.7
Sales and marketing expenses	-53.8	-48.1	+11.7%	-209.1
Research and development expenses	-31.7	-31.5	+0.6%	-133.2
Administrative expenses	-17.8	-14.5	+23.0%	-75.4
Operating profit	55.5	71.5	-22.4%	439.6
Finance income and expenses	-0.3	0.6	-152.7%	0.7
Profit before taxes	55.1	72.1	-23.6%	440.3
Income tax expense	-11.3	-14.8	-23.6%	-90.8
Profit for the period	43.8	57.3	-23.6%	349.5
PROFIT ATTRIBUTABLE TO				
Owners of the parent company	43.8	57.3	-23.6%	349.5
Basic earnings per share, EUR¹	0.31	0.41	-23.4%	2.49
Diluted earnings per share, EUR¹	0.31	0.41	-23.4%	2.49

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	1-3/23	1-3/22	Change %	1-12/22
Profit for the period	43.8	57.3	-23.6%	349.5
Cumulative translation adjustments	-0.9	0.0		-2.9
Items that may be reclassified subsequently to profit and loss	-0.9	0.0		-2.9
Remeasurement of pension plans, net of tax	0.4	45.5		37.0
Items that will not be reclassified to profit and loss	0.4	45.5		37.0
Other comprehensive income net of tax	-0.5	45.5		34.2
Comprehensive income for the period	43.3	102.8	-57.9%	383.7
COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Owners of the parent company	43.3	102.8	-57.9%	383.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	3/23	3/22	Change %	12/22
Property, plant and equipment	376.3	331.7	+13.4%	373.3
Goodwill	87.2	13.5	+546.5%	87.2
Intangible rights	99.7	53.5	+86.5%	100.0
Other intangible assets	3.6	2.3	+53.0%	3.8
Investment in associate	0.1	0.1		0.1
Other investments	0.2	0.2	-16.4%	0.2
Pension assets	54.9	70.7	-22.3%	56.2
Deferred tax assets	4.5	6.8	-33.9%	3.1
Other non-current assets	1.0	0.3	+200.5%	1.0
Non-current assets total	627.5	479.1	+31.0%	624.9
Inventories	328.1	274.8	+19.4%	315.6
Trade receivables	185.8	178.1	+4.3%	180.7
Current tax receivables	4.9	2.9	+67.7%	4.9
Other receivables	46.3	31.1	+48.8%	44.8
Cash and cash equivalents	99.8	258.7	-61.4%	332.6
Current assets total	664.8	745.6	-10.8%	878.7
Assets total	1,292.3	1,224.7	+5.5%	1,503.6

EQUITY AND LIABILITIES

EUR million	3/23	3/22	Change %	12/22
Share capital	92.2	92.2		92.2
Other reserves	3.3	3.3	+0.1%	3.3
Cumulative translation adjustments	-10.3	-8.0	+30.0%	-10.8
Retained earnings	642.8	552.2	+16.4%	823.3
Equity attributable to owners of the parent company	728.0	639.9	+13.8%	908.1
Equity total	728.0	639.9	+13.8%	908.1
Deferred tax liabilities	41.5	44.7	-7.3%	42.2
Pension liabilities	2.9	4.8	-40.0%	3.0
Non-current provisions	0.6	0.5	+24.9%	0.6
Interest-bearing non-current liabilities	189.7	86.6	+119.0%	196.8
Other non-current liabilities	77.3	12.5	+519.6%	77.7
Non-current liabilities total	311.9	149.0	+109.3%	320.2
Current provisions	0.1	0.0	+153.3%	0.1
Interest-bearing current liabilities	20.9	45.3	-53.9%	17.2
Trade payables	78.4	67.4	+16.3%	114.4
Current tax liabilities	2.5	3.3	-25.0%	1.4
Other current liabilities	150.6	319.8	-52.9%	142.3
Current liabilities total	252.4	435.8	-42.1%	275.4
Liabilities total	564.3	584.8	-3.5%	595.5
Equity and liabilities total	1,292.3	1,224.7	+5.5%	1,503.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to owners of the parent company								
EUR million	Share capital	Other reserves	Cumulative translation adjustments	Re-measurement of pension plans	Treasury shares	Retained earnings	Retained earnings total	Equity total
Equity at 1 January 2022	92.2	3.3	-8.4	0.0	-18.2	678.9	660.7	747.9
Profit for the period						57.3	57.3	57.3
Other comprehensive income								
Cumulative translation adjustments			0.4			-0.5	-0.5	0.0
Remeasurement of pension plans				45.5			45.5	45.5
Transactions with owners								
Dividends paid						-211.3	-211.3	-211.3
Share-based incentive plans					1.3	-1.0	0.4	0.4
Other adjustments		-0.0				0.0	0.0	-0.1
Equity at 31 March 2022	92.2	3.3	-8.0	45.5	-16.9	523.6	552.2	639.9
Equity at 1 January 2023	92.2	3.3	-10.8	37.1	-34.8	821.1	823.3	908.1
Profit for the period						43.8	43.8	43.8
Other comprehensive income								
Cumulative translation adjustments			0.4			-1.3	-1.3	-0.9
Remeasurement of pension plans				0.4			0.4	0.4
Transactions with owners								
Dividends paid						-224.9	-224.9	-224.9
Share-based incentive plans					6.8	-5.3	1.5	1.5
Other adjustments		0.0				0.0	0.0	0.0
Equity at 31 March 2023	92.2	3.3	-10.3	37.5	-28.0	633.3	642.8	728.0

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-3/23	1-3/22	1-12/22
Profit before taxes	55.1	72.1	440.3
Adjustments	15.7	13.5	113.6
Change in working capital	-54.9	-34.2	-25.0
Net financial items	0.6	0.7	1.0
Income taxes paid	-12.4	-18.7	-95.6
Total net cash flow from operating activities	4.0	33.4	434.4
Investments in property, plant and equipment	-15.5	-11.8	-56.5
Investments in intangible assets	-38.3	-2.9	-16.6
Acquired in business combination, net of cash	-0.0		-82.0
Sales of property, plant and equipment and other investments	0.3	0.2	0.9
Total net cash flow from investing activities	-53.6	-14.5	-154.3
Cash flow from operating and investing activities, total	-49.5	18.9	280.1
Changes in current loans including leasing liabilities	3.0	29.0	-11.4
Proceeds of non-current loans			100.8
Repayment of non-current loans	-6.5	-5.9	-20.0
Repurchase of Treasury shares			-17.9
Dividends paid and other distribution of profits	-183.5		-211.2
Total net cash flow from financing activities	-187.1	23.1	-159.8
Net change in cash and cash equivalents	-236.6	41.9	120.4
Cash and cash equivalents at the beginning of the period	332.6	216.7	216.7
Foreign exchange differences	3.7	0.1	-4.4
Cash and cash equivalents at the end of the period	99.8	258.7	332.6

Reconciliation of cash and cash equivalents in statement of financial position

EUR million	1-3/23	1-3/22	1-12/22
Cash and cash equivalents in statement of financial position at the end of the period	99.8	258.7	332.6
Money market investments at the end of the period			
Cash and cash equivalents in the statement of cash flows	99.8	258.7	332.6

Appendices

NET SALES BY REVENUE FLOWS

EUR million	1-3/23	1-3/22	Change %	1-12/22
Sale of goods	252.3	258.5	-2.4%	1,059.3
Royalty income	25.1	11.5	+117.6%	47.7
Total sale of goods	277.3	270.0	+2.7%	1,106.9
Milestone payments	0.6	0.6	-0.9%	233.7
Total	277.9	270.6	+2.7%	1,340.6

EUR 0.5 (0.5) million has been entered as income from performance obligations transferred to customers over time and they are included in the Milestone payments. The Group recognised EUR 3.8 (8.1) 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	1-3/23	1-3/22	Change %	1-12/22
Innovative Medicines	41.8	22.1	+89.0%	329.4
Branded Products	59.5	73.3	-18.8%	278.5
Generics and Consumer Health	133.7	145.2	-7.9%	557.2
Animal Health	26.9	13.2	+103.4%	98.9
Fermion	18.1	20.2	-10.6%	68.7
Translation differences and Other operations	-2.1	-3.5	-40.2%	7.8
Total	277.9	270.6	+2.7%	1,340.6

QUARTERLY NET SALES BY REGION

EUR million	2023			2022			2021		
	1-3	10-12	7-9	4-6	1-3	10-12	7-9	4-6	
Finland	79.2	89.4	80.1	81.2	75.7	85.3	78.2	78.0	
Scandinavia	33.8	34.8	32.3	35.8	36.1	36.2	34.8	33.8	
Other Europe	99.2	100.2	97.7	101.9	98.7	90.2	82.7	86.6	
North America	34.3	35.2	251.7	27.5	20.3	26.3	14.7	23.1	
Other markets	31.3	34.9	30.0	37.3	39.9	38.4	30.5	33.5	
Total	277.9	294.5	491.8	283.7	270.6	276.5	240.9	254.9	

OPERATING PROFIT BY QUARTER

EUR million	2023			2022			2021		
	1-3	10-12	7-9	4-6	1-3	10-12	7-9	4-6	
Operating profit	55.5	40.7	245.4	82.0	71.5	39.9	57.3	71.0	

TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	1-3/23	1-3/22	Change %	1-12/22
Nubeqa® (prostate cancer)	38.2	19.8	+93.0%	88.4
Easyhaler® portfolio (asthma, COPD)	32.2	31.2	+3.3%	129.7
Entacapone products (Parkinson's disease)	21.5	34.1	-37.1%	113.4
Simdax® (acute decompensated heart failure)	8.1	12.4	-34.6%	42.9
Dexdomitor®, Domitor®, Domosedan® and Antisedan® (animal sedatives)	8.0	5.7	+41.8%	36.3
Trexan® (rheumatoid arthritis, cancer)	7.6	3.7	+104.5%	15.2
Dexmedetomidine products for human use	7.1	13.5	-47.2%	37.3
Burana® (inflammatory pain)	5.9	5.9	-0.2%	26.7
Divina® series (menopausal symptoms)	4.9	6.8	-27.5%	27.6
Solomet® (inflammatory diseases, among others)	4.5	9.5	-52.2%	23.2
Total	138.1	142.6	-3.1%	540.8
Share of net sales, %	49.7%	52.7%		40.3%

ACQUISITION OF INOVET'S ANIMAL HEALTH BUSINESS IN 2022

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

Orion Group has 100 percent equity interest over the acquired companies. Capital expenditure of the acquisition of VMD was totally EUR 94 million including the purchase price, net of cash EUR 82 million and deferred payments of EUR 11 million in 2022 and purchase price of EUR 0.0 million in January–March 2023. The acquisition resulted to EUR 73.7 million goodwill relating to expansion in livestock market, expansion of own geographical presence to Western Europe and expansion in export markets. The acquired business has been consolidated into Group financials from the acquisition date onwards.

Fair values of assets acquired, liabilities assumed, and goodwill recognised at the date of acquisition, together with net cash flow impact for acquisition is summarised in the table. The net assets acquired for the business combination is denominated in euros. The assumed accounting for the acquisition, including estimated purchase consideration, is based on provisional amounts of certain balance sheet items and associated purchase accounting is not final.

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

EUR million	31 March 2023
Property, plant and equipment	28.0
Intangible rights	4.1
Non-current assets total	32.1
Inventories	26.3
Trade receivables and other receivables	14.5
Cash and cash equivalents	0.2
Current assets total	41.0
Assets total	73.0
Deferred tax liabilities	1.3
Pension liability	0.5
Interest-bearing non-current liabilities	23.9
Non-current liabilities total	25.7
Interest-bearing current liabilities	13.2
Trade payables and other current liabilities	16.5
Current liabilities total	29.7
Liabilities total	55.3
Net assets acquired	17.7
Goodwill	73.7
Interest accrual on deferred purchase price	2.2
Preliminary purchase consideration including interest	93.6
Deferred purchase price and earn-out	11.3
Consideration transferred total	82.3

CASH FLOWS ASSOCIATED WITH THE ACQUISITION

EUR million	31 December 2022
Consideration transferred in cash	82.3
Cash and cash equivalents acquired	-0.2
Net cash outflow	82.0

Cash flow associated with acquisition amounted to EUR 0.0 million in January-March 2023.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	3/23	3/22	12/22
Carrying amount at the beginning of the period	373.3	332.6	332.6
Additions	13.8	9.3	59.1
Acquired in business combination			28.0
Depreciation and impairment for the period	-10.4	-9.8	-40.9
Disposals and other changes	-0.4	-0.4	-5.5
Carrying amount at the end of the period	376.3	331.7	373.3

CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	3/23	3/22	12/22
Carrying amount at the beginning of the period	103.8	55.5	55.5
Additions	4.3	1.9	50.5
Acquired in business combination			4.1
Amortisation and impairment for the period	-1.8	-1.7	-6.5
Disposals and other changes	-3.0	-0.1	0.3
Carrying amount at the end of the period	103.3	55.8	103.8

CHANGES IN FINANCIAL LIABILITIES

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

COMMITMENTS AND CONTINGENCIES

Contingencies for own liabilities

EUR million	3/23	3/22	12/22
Guarantees	5.0	5.5	5.1
Other liabilities	0.3	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

Nominal values of currency derivatives

EUR million	3/23	3/22	12/22
Currency forward contracts and currency swaps	33.5	37.7	39.3
Currency options	36.4	38.5	25.7

Fair values of currency derivatives

EUR million	3/23	3/22	12/22
Currency forward contracts and currency swaps	0.2	-0.1	-0.2
Currency options	0.1	-0.2	0.0

FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS, 31 MARCH 2023

EUR million	Level 1	Level 2	Level 3	Total
Currency derivatives		0.4		0.4
Shares and investments			0.2	0.2
Assets total		0.4	0.2	0.6
Deferred purchase price and earn-out			-9.1	-9.1
Currency derivatives		-0.1		-0.1
Liabilities total		-0.1	-9.1	-9.3

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

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

RELATED PARTY TRANSACTIONS

EUR million	1-3/23	1-3/22	1-12/22
Management's employment benefits	6.2	2.8	4.8

Orion Group related party includes Orion Pension Fund and Aava Oy medical center. Transactions with related parties have not changed materially during the reporting period.

BASIC SHARE INFORMATION, 31 MARCH 2023

	A share	B share	Total
Trading code on Nasdaq Helsinki	ORNAV	ORNBV	
Listing day	1 Jul 2006	1 Jul 2006	
ISIN code	FI0009014369	FI0009014377	
ICB code	4500	4500	
Reuters code	ORNAV.HE	ORNBV.HE	
Bloomberg code	ORNAV.FH	ORNBV.FH	
Share capital, EUR million	22.2	70.0	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

	1-3/23	1-3/22	Change %	1-12/22
Net sales, EUR million	277.9	270.6	+2.7%	1,340.6
EBITDA, EUR million	67.7	83.0	-18.4%	487.1
% of net sales	24.4%	30.7%		36.3%
Operating profit, EUR million	55.5	71.5	-22.4%	439.6
% of net sales	20.0%	26.4%		32.8%
Profit for the period, EUR million	43.8	57.3	-23.6%	349.5
% of net sales	15.8%	21.2%		26.1%
Research and development expenses, EUR million	31.7	31.5	+0.6%	133.2
% of net sales	11.4%	11.6%		9.9%
Capital expenditure, excluding acquired in business combinations, EUR million	18.1	11.1	+62.8%	109.6
% of net sales	6.5%	4.1%		8.2%
Acquired in business combination, net of cash, EUR million	0.0			82.0
Depreciation, amortisation and impairment, EUR million	12.2	11.5	+6.7%	47.5
Personnel expenses, EUR million	67.4	61.2	+10.1%	263.9
Equity total, EUR million	728.0	639.9	+13.8%	908.1
Interest-bearing net liabilities, EUR million	110.8	-126.8	-187.4%	-118.7
Assets total, EUR million	1,292.3	1,224.7	+5.5%	1,503.6
Cash flow from operating activities, EUR million	4.0	33.4	-87.9%	434.4
Equity ratio, %	56.9%	52.9%		60.9%
Gearing, %	15.2%	-19.8%		-13.1%
Return on capital employed (before taxes), %	22.0%	35.7%		45.1%
Return on equity (after taxes), %	21.4%	33.1%		42.2%
Personnel at the end of the period	3,564	3,381	+5.4%	3,527
Average personnel during the period	3,546	3,358	+5.6%	3,472

PERFORMANCE PER SHARE

	1-3/23	1-3/22	Change %	1-12/22
Basic earnings per share, EUR	0.31	0.41	-23.4%	2.49
Diluted earnings per share, EUR	0.31	0.41	-23.4%	2.49
Cash flow from operating activities per share, EUR	0.03	0.24	-87.9%	3.09
Equity per share, EUR	5.19	4.55	+14.0%	6.48
A share				
Number of shares at the end of the period	34,032,382	34,774,986	-2.1%	34,186,494
% of total share stock	24.1%	24.6%		24.2%
Number of votes excluding treasury shares	680,647,640	695,499,720	-2.1%	683,729,880
% of total votes	86.5%	86.8%		86.6%
Total number of shareholders	23,684	23,120	+2.4%	23,232
Closing quotation at the end of previous financial year, EUR	51.10	36.10	+41.6%	36.10
Lowest quotation of review period, EUR	40.60	33.90	+19.8%	33.90
Average quotation of review period, EUR	48.30	39.24	+23.1%	41.38
Highest quotation of review period, EUR	55.00	45.60	+20.6%	54.00
Closing quotation at the end of review period, EUR	42.50	40.95	+3.8%	51.10
Trading volume, EUR million	16.1	32.4	-50.4%	69.9
Shares traded	332,766	826,352	-59.7%	1,684,646
% of the total number of shares	1.0%	2.4%		4.9%
B share				
Number of shares at the end of the period, including treasury shares	107,101,896	106,359,292	+0.7%	106,947,784
% of total share stock	75.9%	75.4%		75.8%
Treasury shares	782,973	532,771	+47.0%	932,771
Number of shares at the end of the period, excluding treasury shares	106,318,923	105,826,521	+0.5%	106,015,013
Number of votes excluding treasury shares	106,318,923	105,826,521	+0.5%	106,015,013
% of total votes	13.5%	13.2%		13.4%
Diluted number of shares, average, excluding treasury shares	106,186,272	105,855,347	+0.3%	106,065,089
% of total share stock	75.2%	75.0%		75.2%
Total number of shareholders	64,898	63,290	+2.5%	63,016
Closing quotation at the end of previous financial year, EUR	51.24	36.52	+40.3%	36.52
Lowest quotation of review period, EUR	40.21	33.86	+18.8%	33.75
Average quotation of review period, EUR	46.65	39.15	+19.2%	42.16
Highest quotation of review period, EUR	55.16	46.00	+19.9%	54.18
Closing quotation at the end of review period, EUR	41.19	41.15	+0.1%	51.24
Trading volume, EUR million	757.7	981.3	-22.8%	3,344.4
Shares traded	16,243,303	25,057,697	-35.2%	79,342,616
% of the total number of shares	15.2%	23.6%		74.2%
A and B share total				
Number of shares at the end of the period	141,134,278	141,134,278		141,134,278
Average number of shares during the period excluding treasury shares	140,251,440	140,575,811	-0.2%	140,501,281
Total number of votes conferred by the shares	786,966,563	801,326,241	-1.8%	789,744,893
Diluted number of shares, average, excluding treasury shares	140,261,463	140,643,922	-0.3%	140,589,736
Total number of shareholders	81,619	79,637	+2.5%	79,423
Trading volume, EUR million	773.7	1,013.7	-23.7%	3,414.4
Shares traded	16,576,069	25,884,049	-36.0%	81,027,262
Total shares traded, % of total shares	11.7%	18.3%		57.4%
Market capitalisation at the end of the period excluding treasury shares, EUR million	5,825.7	5,778.8	+0.8%	7,179.1

REPORTING

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

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

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

ACCOUNTING POLICIES

This report has been prepared in accordance with the accounting policies set out in IAS 34 Interim Financial Reporting. The same accounting principles have been applied as in the 2022 financial statements, besides which the amendments to existing IFRS and IAS standards endorsed by the EU have been adopted as of 1 January 2023. New amendments to existing IFRS and IAS standards adopted from 1 January 2023 have not affected the consolidated financial statements.

The policies and calculation methods applied during the period can be found on the Orion website at <http://www.orion.fi/en/investors>.

OTHERS

The figures in this report have not been audited. 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 + Amortisation + 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 (basic and diluted)	=	$\frac{\text{Profit attributable to the owners of the parent company}}{\text{Average number of shares during the period, excluding treasury shares}}$
Cash flow from operating activities per share, EUR	=	$\frac{\text{Cash flow from operating activities}}{\text{Average number of shares during the period, excluding treasury shares}}$
Equity per share, EUR	=	$\frac{\text{Equity attributable to owners of the parent company}}{\text{Number of shares at the end of the period, excluding treasury shares}}$
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 excluding treasury shares x Closing quotation of the period

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Orion is a globally operating Finnish pharmaceutical company – a builder of well-being. We develop, manufacture and market human and veterinary pharmaceuticals and active pharmaceutical ingredients. Orion has an extensive portfolio of proprietary and generic medicines and self-care products. The core therapy areas of our pharmaceutical R&D are oncology and pain. Proprietary products developed by Orion are used to treat cancer, neurological diseases and respiratory diseases, among others. Orion's net sales in 2022 amounted to EUR 1,341 million and the company had about 3,500 employees at the end of the year. Orion's A and B shares are listed on Nasdaq Helsinki.