



Orion Group
Interim Report 1-9/2021



Contents

Orion Group Interim Report 1-9/2021	3
Key figures	3
President and CEO Timo Lappalainen: Operations shift towards normal, while pandemic impacts are still visible	4
Outlook for 2021 (specified)	5
Previous outlook for 2021 (provided on 9 February 2021)	5
Financial review for 1 January-30 September 2021	6
Key business targets for 2021 - status at the end of September	8
Business review	9
Research and development	14
Personnel	15
Changes in Executive Management	15
Significant legal proceedings	15
Key events in January-September 2021	16
Key events after the reporting period	16
Shares and shareholders	17
Orion's dividend distribution policy	18
Financial objectives	18
Outlook for 2021 (specified)	19
Previous outlook for 2021 (provided on 9 February 2021)	19
Basis for outlook in more detail	19
Near-term risks and uncertainties	21
Upcoming events	22
Tables	23
Appendices	27

Orion Group Interim Report 1-9/2021

- The outlook for 2021 has been specified. Orion estimates that net sales in 2021 will be slightly lower than in 2020 (net sales in 2020 were EUR 1,078 million). Operating profit is estimated to be lower than in 2020 (operating profit in 2020 was EUR 280 million). Previously Orion estimated that net sales in 2021 will be slightly lower than in 2020. Previously operating profit was estimated to be lower or clearly lower than in 2020.
- Net sales totalled EUR 765 million (EUR 823 million in 1-9/2020).
- Operating profit was EUR 203 (246) million.
- Profit before taxes was EUR 202 (245) million.
- Equity ratio was 71% (70%).
- ROCE before taxes was 32% (40%).
- ROE after taxes was 29% (34%).
- Basic earnings per share were EUR 1.15 (1.38).
- Cash flow per share before financial items was EUR 0.52 (1.52).

Key figures

	7-9/21	7-9/20	Change %	1-9/21	1-9/20	Change %	1-12/20
Net sales, EUR million	240.9	250.3	-3.7%	764.5	822.7	-7.1%	1,078.1
EBITDA, EUR million	68.4	79.5	-13.9%	236.5	288.7	-18.1%	336.5
% of net sales	28.4%	31.8%		30.9%	35.1%		31.2%
Operating profit, EUR million	57.3	65.1	-11.9%	203.4	245.9	-17.3%	280.1
% of net sales	23.8%	26.0%		26.6%	29.9%		26.0%
Profit before taxes, EUR million	57.3	64.6	-11.4%	202.5	244.5	-17.2%	278.3
% of net sales	23.8%	25.8%		26.5%	29.7%		25.8%
Profit for the period, EUR million	45.4	51.4	-11.6%	161.0	194.4	-17.2%	219.9
% of net sales	18.9%	20.5%		21.1%	23.6%		20.4%
R&D expenses, EUR million	22.7	25.6	-11.3%	76.7	84.8	-9.6%	123.2
% of net sales	9.4%	10.2%		10.0%	10.3%		11.4%
Capital expenditure, EUR million	39.5	9.3	+323.3%	65.9	30.5	+116.0%	48.5
% of net sales	16.4%	3.7%		8.6%	3.7%		4.5%
Interest-bearing net liabilities, EUR million				-48.2	-140.0	-65.6%	-185.8
Basic earnings per share, EUR million	0.32	0.37	-11.7%	1.15	1.38	-17.2%	1.56
Cash flow per share before financial items, EUR	-0.01	0.62	-101.2%	0.52	1.52	-65.7%	1.85
Equity ratio, %				71.5%	70.4%		66.7%
Gearing, %				-6.5%	-18.4%		-25.4%
ROCE (before taxes), %				32.2%	40.1%		34.8%
ROE (after taxes), %				29.1%	33.7%		29.1%
Average personnel during the period				3,368	3,343	+0.7%	3,337

President and CEO Timo Lappalainen:

Operations shift towards normal, while pandemic impacts are still visible

“Orion’s year has mainly progressed as anticipated, and since the summer we have seen gradual recovery in demand. In our estimation, the COVID-19 pandemic continues to affect our operating environment, and risks associated with global supply chains in particular remain clearly elevated. We manage these risks by increasing inventory levels, among other measures. In addition, due to the effects of the pandemic, sales and marketing expenses are still not at a level that we would consider normal and they will be lower for the full year than previously estimated. We continue to focus on looking after the health and safety of our employees and ensuring production continuity, product availability and patient safety in ongoing clinical trials.

Orion’s net sales in January-September 2021 were EUR 765 (823) million and the company’s operating profit was EUR 203 (246) million. The anticipated decline in net sales and operating profit was mainly attributable to 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.

Although net sales decreased year-on-year, we have seen positive developments in many areas this year. Net sales of the Nubeqa® product recorded by Orion have continued strong growth as expected. The Specialty Products unit’s net sales were at a good level on the whole, although they fell behind the strong comparison period. The prevalence of seasonal illnesses has gradually changed towards normal since the summer, as seen in the demand for Specialty Products and Easyhaler® product family. The Animal Health business has shown strong performance in all markets, in part due to new product launches and distribution agreements, even though the overall numbers are still deflated owing to the expiration of a significant distribution agreement as stated above. Demand for Fermion products has remained good and production capacity has been nearly fully utilised.

During the review period, we received positive news from our research and development projects, as Orion’s veterinary drugs Bonqat® and Tessie® received marketing authorisations from the European Commission. Our clinical research pipeline was strengthened by a new project as we launched a Phase I clinical trial on a molecule based on Orion’s alpha 2 research, intended for the symptomatic treatment of neurological disorders.

Orion has succeeded in managing the risks of global supply chains throughout the COVID-19 pandemic, and so far we have not experienced any significant disruptions or shortages. However, the risk of disturbances in global supply and logistics chains continues to be higher than usual, and we have taken various measures to mitigate it, such as increasing the inventory levels of products, raw materials and supplies clearly above their long-term averages. Due to worldwide operational bottlenecks, the prices of raw materials and logistics have increased, and the price pressure continues. To our understanding, the difficult situation may prevail for the next couple of years. For pharmaceutical companies, the increase in costs is particularly challenging as raising product prices is often not an option.

We have continued systematic work to build Orion’s future growth. In summer we were in position to announce two tangible achievements in this area, signing a European-wide marketing and distribution agreement with the US company Marinus Pharmaceuticals for ganaxolone, as well as an early stage research collaboration and licencing agreement with Alligator Bioscience, a Swedish company. Our geographical expansion in Asia-Pacific is progressing, and we continue the search for product and business acquisition targets.”

Outlook for 2021 (specified)

Orion estimates that net sales in 2021 will be slightly lower than in 2020 (net sales in 2020 were EUR 1,078 million).

Operating profit is estimated to be lower than in 2020 (operating profit in 2020 was EUR 280 million).

Previous outlook for 2021 (provided on 9 February 2021)

Orion estimates that net sales in 2021 will be slightly lower than in 2020 (net sales in 2020 were EUR 1,078 million).

Operating profit is estimated to be lower or clearly lower than in 2020 (operating profit in 2020 was EUR 280 million).

Basis for the outlook and an overview of near-term risks and uncertainties are provided on pages 19-22 of this review.

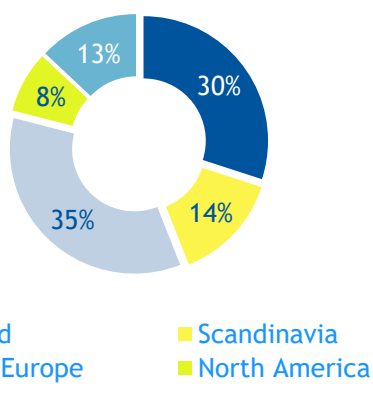
Financial review for 1 January-30 September 2021

Change in reporting

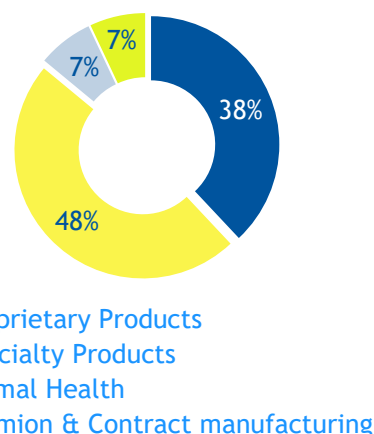
Orion Group revised its accounting practice as of 1 January 2021 by re-assigning some expenses associated with manufacturing and purchasing, previously reported as administrative expenses, to the cost of goods sold. The change does not affect reported key figures, operating profit or balance sheet, but 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-September 2021 totalled EUR 765 (823) million, a decrease of 7%. Exchange rate fluctuations impacted net sales negatively by EUR 1 million during the period. Net sales of Orion's top ten pharmaceuticals amounted to EUR 345 (356) million. They accounted for 45% (43%) of the total net sales.

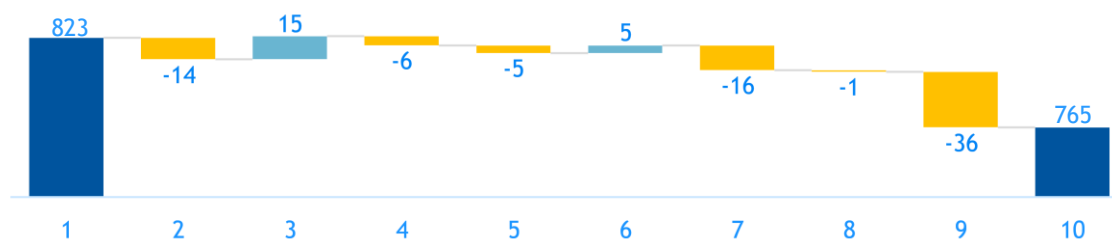
Net sales split by region 1-9/2021



Net sales split by business units 1-9/2021



Development of net sales 1-9/2021 vs. 1-9/2020



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

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

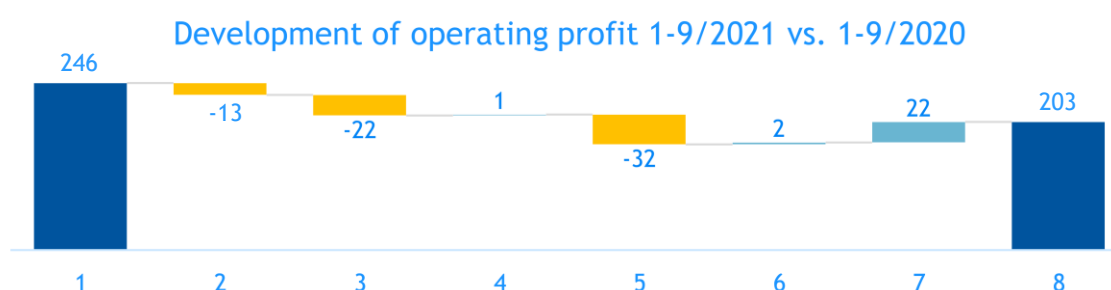
Operating profit

The Orion Group's operating profit was down by 17% at EUR 203 (246) million. EBITDA was down by 18% at EUR 236 (289) million.

The effect of the decrease in net sales as calculated in local currencies on the gross profit of product and service sales was EUR 13 million negative. Price, cost and product portfolio changes had a negative impact of EUR 22 million and currency rate changes a positive impact of EUR 1 million. In all, with the joint impact of these items, the gross profit from product and service sales was EUR 34 million less than in the comparative period.

Milestone payments accounted for EUR 2 (37) million and royalties for EUR 17 (14) million of net sales and operating profit. The increase in other operating income had a EUR 2 million positive impact on the operating profit.

Operating expenses decreased by EUR 22 million.



1	Operating profit in 1-9/2020	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 1-9/2021

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 9% and totalled EUR 135 (147) million. Approximately EUR 9 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 10% and totalled EUR 77 (85) million. They accounted for 10% (10%) of the Group's net sales. Research projects are reported in more detail under the 'Research and development' section of this review.

Administrative expenses were EUR 31 (32) million.

Other operating income and expenses amounted to EUR 6 (4) million (positive).

Group's profit

Profit for the period was EUR 161 (194) million.

Basic earnings per share were EUR 1.15 (1.38). Equity per share was EUR 5.29 (5.42).

The return on capital employed before taxes (ROCE) was 32% (40%) and the return on equity after taxes (ROE) 29% (34%).

Financial position

The Group's gearing was -6% (-18%) and the equity ratio 71% (70%).

The Group's total liabilities at 30 September 2021 were EUR 313 (339) million. At the end of the period, interest-bearing liabilities amounted to EUR 108 (108) million, including EUR 105 (105) million of long-term liabilities.

The Group had EUR 156 (248) million of cash and cash equivalents and money market investments at the end of the review period.

Cash flow

Cash flow from operating activities was EUR 139 (243) 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 the increase of inventories and the decline in volume of non-interest-bearing debt, which was at an unusually high level at year-end. In the review period, EUR 62 (3) million was tied up in working capital.

The cash flow from investing activities was EUR -66 (-31) million.

The cash flow from financing activities was EUR -213 (-113) million. In the comparative period net borrowing increased by EUR 100 million.

Capital expenditure

The Group's capital expenditure totalled EUR 66 (30) million. This comprised EUR 34 (26) million on property, plant and equipment and EUR 32 (5) 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 - status at the end of September

TARGET		Status on 30/9/2021
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	

 	= proceeded on target	 	= behind target	 	= target not attainable	 	= not known
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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 (1-9/2021), the total sales of Orion's human pharmaceuticals in January-September 2021, including both medicinal and non-medicinal products, were at the previous year's level. 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 than normal market volumes in self-care products. Since summer, gradual recovery has been evident in the market.

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 3 per cent due to strong volume growth while the total market fell by 5 per cent from the comparison period. The average price of reference-priced drugs in the market declined by approximately 8% 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	1-9/21	1-9/20	Change %
Total sales of human pharmaceuticals (hospital and pharmacy channel)			
Market	2,171	2,122	+2%
Orion	236	230	+2%
Prescription drugs total (pharmacy channel)			
Market	1,218	1,188	+3%
Orion	136	131	+4%
Reference priced prescription drugs (pharmacy channel) *			
Market	325	341	-5%
Orion	79	76	+3%
Self-care products (pharmacy channel)			
Market	298	304	-2%
Orion	75	77	-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 1-9/2021

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

Orion's market share, %	1-9/21	1-9/20
Human pharmaceuticals in total (hospital and pharmacy channel)	11%	11%
Prescription drugs total (pharmacy channel)	11%	11%
Reference priced prescription drugs (pharmacy channel) *	24%	22%
Self-care products (pharmacy channel)	25%	25%

* 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 1-9/2021

Orion's sales network

Orion's products are sold globally in over one hundred countries. Orion is engaged in the sale of human pharmaceuticals in Europe, Singapore, Thailand and Malaysia. Additionally, Orion is expanding its non-European operations to Australia and New Zealand. Elsewhere in the world, Orion products are sold 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-September 2021 were down by 13% and totalled EUR 287 (331) million. A substantial part of the decline is attributable to milestone payments that were smaller than in the comparison period, amounting to EUR 2 (37) million in the review period.

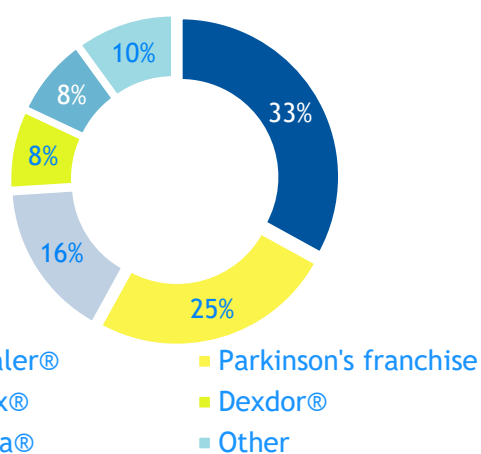
Net sales by product

EUR million	7-9/21	7-9/20	Change %	1-9/21	1-9/20	Change %	1-12/20
Easyhaler® product portfolio	27	27	+3%	83	88	-5%	115
Stalevo®, Comtess® and Comtan®	21	28	-23%	74	80	-8%	99
Simdax®	14	14	-6%	43	49	-13%	62
Dexdor®	7	7	-4%	27	41	-34%	55
Nubeqa®*	7	3	+135%	26	11	+139%	17
Other**	9	10	-14%	34	62	-45%	73
TOTAL	85	89	-5%	287	331	-13%	420

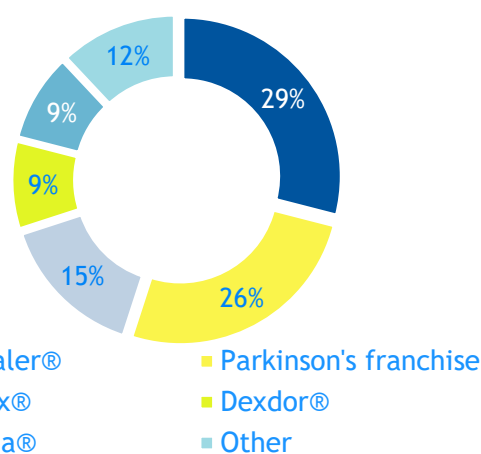
*) includes product sales to Bayer and royalties booked by Orion

**) includes milestone payments and products such as Enanton®, Precedex® and pharmaceuticals sold for use in clinical trials. In January-September 2021, net sales of darolutamide sold for use in clinical trials were EUR 10 (10) million.

Net sales split 7-9/2021



Net sales split 1-9/2021



In January-September 2021, Orion booked a total of EUR 26 (11) 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 fell below the comparative period by 5% and amounted to EUR 83 (88) million in January-September 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. Since summer, the development has been better and demand has picked up. Sales of the budesonide-formoterol combined formulation decreased by 5% and was EUR 52 (55) million. The sales of other Easyhaler® products (beclometasone, budesonide, formoterol, salbutamol and salmeterol-fluticasone combined formulation) decreased by 6% and stood at EUR 31 (33) 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-September 2021 were EUR 74 (80) million. The decline was mainly due to timing of deliveries.

Orion markets its own Parkinson's drugs in Europe and in Singapore, Thailand and Malaysia. 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.

Breakdown of sales of Parkinson's drugs:

EUR million	7-9/21	7-9/20	Change %	1-9/21	1-9/20	Change %
Deliveries to key partners	9	15	-43%	34	44	-23%
Orion's own sales	13	12	+2%	40	37	+9%

Net sales of Orion's Dexdor® intensive care sedative (dexmedetomidine), a product sold in Europe, were EUR 27 (41) million, down 34%. 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 sales of Precedex® (dexmedetomidine), a product sold outside Europe, in January-September 2021 amounted to EUR 9 (10) 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-September 2021 were down by 13% at EUR 43 (49) 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.

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

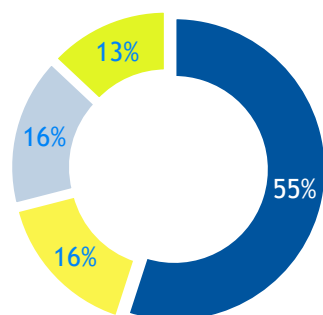
to receive tiered royalty ranging from low double-digits to low twenties on Orion's future sales. In addition, Marinus is eligible to receive milestone payments upon achievement of certain development and commercialisation milestones.

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. After the review period Marinus applied for marketing authorisation for ganaxolone in Europe for the treatment of seizures in children and young adults with Cyclin-dependent Kinase-like 5 (CDKL5) deficiency disorder (CDD). The European Medicines Agency (EMA) has granted accelerated assessment for the application.

Specialty Products

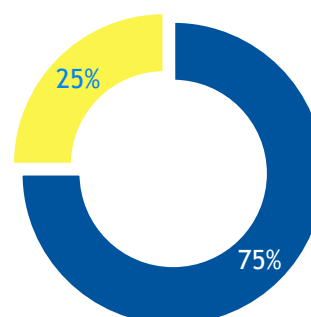
The net sales of the Specialty Products unit, comprising generic (off-patent) prescription drugs (including biosimilars) and self-care products, in January-September 2021 amounted to EUR 368 (372) million, a decline of 1%. Despite the decline, the unit's net sales were at a good level. The comparative period was exceptionally strong, as the COVID-19 pandemic caused a massive spike in demand for pharmaceuticals and self-care products in Finland and other key markets in March 2020, but not in the review period. 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. This phenomenon has had a negative impact on the entire generic drugs and self-care products market and thereby also on the sales of Orion's Specialty Products unit. Since summer, gradual recovery has been evident in the markets. Of the net sales of Specialty Products, generic prescription drugs accounted for 75% (76%) and self-care products for 25% (24%).

Net sales split 1-9/2021



- Finland
- Scandinavia
- Eastern Europe & Russia
- ROW

Net sales split by product groups 1-9/2021



- Generic prescription drugs
- Self-care

Breakdown of Specialty Products' net sales by product group 7-9/2021:

EUR million	7-9/21	7-9/20	Change %	Share of unit's net sales 7-9/21	Share of unit's net sales 7-9/20
Generic prescription drugs	92	93	-2%	74%	76%
Self-care products	32	30	+10%	26%	24%
TOTAL	124	123	+1%		

Breakdown of Specialty Products' net sales by product group 1-9/2021:

EUR million	1-9/21	1-9/20	Change %	Share of unit's net sales 1-9/21	Share of unit's net sales 1-9/20
Generic prescription drugs	276	281	-2%	75%	76%
Self-care products	92	90	+1%	25%	24%
TOTAL	368	372	-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-September 2021 amounted to EUR 202 (205) million. The sales volume development of Orion's reference-priced generic drugs was strong, but a general decline in prices due to price competition had a negative impact on the net sales of the Specialty Products unit in Finland.

In Scandinavia, the sales of Specialty Products totalled EUR 57 (61) million, down by 6%. In Eastern Europe and Russia, Specialty Products' sales were up by 17% and amounted to EUR 61 (52) 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 48 (54) million.

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-September 2021 were down by 23% and amounted to EUR 53 (69) 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. Sales of animal sedative products accounted for 51% (43%), or EUR 27 (29) 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 the review period, 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 55 (56) 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-September 2021 totalled EUR 77 (85) million, down by 10%. They accounted for 10% (10%) 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 ¹⁾ ARASENS	Prostate cancer (mHSPC)	I	II	III	
Darolutamide ¹⁾ ARANOTE	Prostate cancer (mHSPC)	I	II	III	
ODM-208 (CYP11A1 inhibitor)	Prostate cancer (CRPC)	I	II		
ODM-209 (CYP11A1 inhibitor)	Prostate cancer (CRPC), breast cancer	I			
Molecule based on Alpha 2 research	Symptoms of neurological disorders	I			
Easyhaler® tiotropium	COPD	Bioequivalence study			
Easyhaler® indacaterol-glycopyrronium	COPD	Bioequivalence study			

¹⁾ In collaboration with Bayer

I =Phase completed
 II =Phase ongoing
 III =Status changed

Orion and Bayer have an ongoing Phase III clinical trial (ARASENS), which evaluates the efficacy and safety of darolutamide in the treatment of patients with newly diagnosed metastatic hormone-sensitive prostate cancer (mHSPC) who are starting hormone therapy. The treatment is darolutamide in combination with hormonal therapy (androgen deprivation therapy, ADT) and docetaxel, a chemotherapy drug. The trial is estimated to be completed in the last quarter of 2021.

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 an ongoing Phase II clinical trial on the ODM-208 molecule, a novel selective hormone synthesis inhibitor (CYP11A1 inhibitor). 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. The trial will investigate the efficacy, safety and tolerability of the drug candidate in prostate cancer patients.

Orion has an ongoing Phase I clinical trial on the ODM-209 molecule. This molecule is a selective hormone synthesis inhibitor (CYP11A1 inhibitor) much like the ODM-208. In preclinical studies, the ODM-209 has shown antitumor activity. Like ODM-208, it has potential efficacy also for those hormone-dependent cancers that have become resistant to the standard hormonal treatments. The trial will investigate the safety and tolerability of the drug candidate in prostate cancer and breast cancer patients. ODM-208 and ODM-209 are two molecules with similar mechanisms of action. Based on accumulating research data, Orion aims to select one of them for further development by early 2022. After the review period, Orion has decided to look for a collaboration partner for the development and commercialisation of the molecule selected for further development.

Orion has launched a Phase I clinical trial on a molecule 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 symptomatic treatment of neurological diseases.

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 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 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-September 2021 was 3,368 (3,343). At the end of September 2021 the Group had a total of 3,339 (3,320) employees, of whom 2,612 (2,640) worked in Finland and 727 (680) outside Finland.

Salaries and other personnel expenses in January-September 2021 totalled EUR 164 (168) 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-September 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.

Key events after the reporting period

There were no key events after the reporting period.

Shares and shareholders

On 30 September 2021 Orion had a total of 141,134,278 (141,134,278) shares, of which 34,915,634 (35,251,974) were A shares and 106,218,644 (105,882,304) B shares. The Group's share capital is EUR 92,238,541.46 (92,238,541.46). At the end of September 2021 Orion held 571,314 (671,082) B shares as treasury shares. On 30 September 2021, the aggregate number of votes conferred by the A and B shares was 806,960,010 (810,250,702) excluding treasury shares.

At the end of September 2021, Orion had 81,845 (67,839) 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 207,159 A shares were converted into B shares in January-September 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 30 September 2021, the market capitalisation of the Company's shares, excluding treasury shares, was EUR 4,816 million.

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

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 September 2021, Orion had a total of 81,845 (67,839) registered shareholders, of whom 96% (96%) were private individuals. They held 40% (39%) of the entire share stock and had 62% (61%) of the total votes. There were 55 (58) million nominee-registered and foreign-owned shares, which was 39% (41%) of all shares, and they conferred entitlement to 10% (10%) of the total votes.

At the end of September 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-September 2021 Orion Corporation received altogether 20 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. two 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.

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.

Outlook for 2021 (specified)

Orion estimates that net sales in 2021 will be slightly lower than in 2020 (net sales in 2020 were EUR 1,078 million).

Operating profit is estimated to be lower than in 2020 (operating profit in 2020 was EUR 280 million).

Previous outlook for 2021 (provided on 9 February 2021)

Orion estimates that net sales in 2021 will be slightly lower than in 2020 (net sales in 2020 were EUR 1,078 million).

Operating profit is estimated to be lower or clearly lower than in 2020 (operating profit in 2020 was EUR 280 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.

In 2020 Orion received a total of EUR 42 million in milestone payments, most of these in connection with the commercialisation of Nubeqa® in Europe and Japan (EUR 28 million in total) and the transfer of distribution rights to Parkinson's products to new partners around the world. In 2019, Orion received a total of EUR 51 million in milestone payments, of which EUR 45 million in connection with the commercialisation of Nubeqa® in the United States. The net sales and operating profit estimates for 2021 include less than EUR 5 million of milestone payments, a significantly lower figure than in the preceding years.

Orion estimates that its operating profit in 2020 was around EUR 40 million higher due to the impacts of the COVID-19 pandemic than the Company estimated at the beginning of 2020. More than half of this came from the increased international sales of dexmedetomidine products and the rest from lower than anticipated expenses and increased sales of other products. The outlook for 2021 does not contain similar impacts due to the pandemic.

The outlook is based on the assumption that Orion's own production can continue to operate normally despite the COVID-19 pandemic. This requires, among other things, continued success in employee protection so that absence rates do not significantly increase, that personal protective equipment, 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

Orion continues persistent actions to generate growth more rapidly than growth of the market in the long term. However, in 2021 net sales will be negatively affected by significantly lower milestone payments than in the previous years, generic competition and expiration of a major distribution agreement in the Animal Health unit. In addition, the COVID-19 pandemic significantly increased the demand for some Orion products in 2020, but similar added sales beyond normal demand are not anticipated for the same products in 2021, which negatively affects net sales in comparison with 2020. Following the pandemic and

various pandemic-related restrictions, the demand for some product groups, such as products used for treatment of common seasonal flu, has been below normal.

Sales of Orion's Dexdor® and Simdax® will decrease due to generic competition. In 2020, the sales of Dexdor® remained at the previous year's level due to the increased demand caused by the COVID-19 pandemic, but in 2021 its sales are expected to decline.

Nubeqa®, the drug developed by Orion in collaboration with Bayer, received marketing authorisation in the United States in 2019 and in the EU and Japan in 2020. Nubeqa® has now been approved in several other countries as well, and marketing authorisation application filings in other regions are underway or planned by Bayer. The outlook anticipates that the net sales of Nubeqa® booked by Orion will clearly increase in 2021. Orion's estimate is based on forecasts received from its partner Bayer.

The sales of the Easyhaler® product portfolio is estimated to be at the previous year's level. However, some uncertainty is associated with the estimate, one of the reasons for this being that the market situation of dry powder formulations of pulmonary drugs has deteriorated in Europe owing to the effects of the COVID-19 pandemic. 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 Scandinavian distribution agreement between Orion's Animal Health unit and the animal health company Zoetis, in effect for several years, terminated at the end of 2020. As a consequence, the net sales of Orion's Animal Health unit in 2021 will decrease clearly from the previous year. Distribution of Zoetis products contributed around EUR 28 million to Orion's net sales in 2020.

Sales of generic products account for a significant proportion of Orion's total sales. Decline in the price of generic drugs and availability disruptions due to causes other than the COVID-19 pandemic have impacted Orion's net sales negatively in the past few years. However, the combined negative impact of price decline and product shortages is estimated to be clearly smaller in 2021 than in the previous years. The demand for some generic drugs sold by Orion exceeded normal levels in 2020 due to the COVID-19 pandemic, but the demand for these products is estimated to return to a more normal level this year, negatively affecting net sales development in 2021 in comparison with 2020.

The outlook for 2021 includes under EUR 5 million in milestone payments, which is clearly less than what was booked in 2020 (EUR 42 million) or 2019 (EUR 51 million).

Operating profit

Orion anticipates clearly lower milestone payments in 2021 than in 2020, and the Company's net product sales are expected to decrease slightly from 2020. Operating profit will also be affected by declining sales of the proprietary products Dexdor® and Simdax® due to generic competition. Growing sales of products like Nubeqa® will not be able to compensate for the resulting decline in operating profit. Orion therefore estimates that operating profit will be lower than in 2020.

The adjustment in the specified outlook for operating profit is mainly due to operating expenses, which will be lower for the full year than estimated at the beginning of the year. Now Orion anticipates that operating expenses will be slightly lower than in 2020. Previously, expenses were estimated to be at the previous year's level. Depreciations related to the acquisition of sales and distribution rights for the Parkinson's drugs were booked for the final time in 2020, and this will reduce sales and marketing expenses by around EUR 12 million. At the same time, increasing investments are made in the sales and marketing of products that are experiencing growth. Expenses that saw a decline due to the COVID-19 pandemic are anticipated to return to a more normal level in the last quarter of 2021. R&D expenses are estimated to be at a similar level or slightly lower than in 2020.

The Group's total capital expenditure in 2021 will be more than in 2020, when capital expenditure was EUR 49 million. A contributing factor to the total volume of investments is the acquisition of the European-wide marketing and distribution rights of ganaxolone, in the context of which Orion paid Marinus Pharmaceuticals Inc. a signing fee of EUR 25 million. Orion has launched a project to renew its enterprise resource planning (ERP) system, and renovations of the Company head office in Espoo have also commenced in 2021. Most of the investments in these projects will materialise in 2022-2023.

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. 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 pandemic-related 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.

In the course of 2020, as the agreement with Novartis expired, Orion transferred the distribution of the Parkinson's drugs Stalevo® and Comtan® to new partners in most non-European markets with the exception of Japan. Orion started to sell these products on its own in Singapore, Malaysia and Thailand and continues to sell them in Europe. These changes, as well as continued generic competition affecting sales negatively, have been factored into the outlook for the current year. However, they still entail uncertainty that may affect the accuracy of the estimate.

The basic patents for Dexdor® and Simdax® have expired and generic competition on these products has begun. In 2020, the COVID-19 pandemic strongly increased the demand for intensive care sedatives, and therefore the sales of Dexdor® decreased far less than anticipated. Its sales are estimated to notably decrease in 2021, but this estimate is subject to uncertainty due to the pandemic situation. Generic competition to Simdax® started in the first markets in 2020. In 2021, net sales of Simdax® are estimated to decrease, but it is difficult to make exact estimates of sales at this point. Actual sales will be affected, among other things, by the timing of the beginning of 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 in 2020, but similar added sales beyond normal demand are not anticipated for the same products in 2021. There is uncertainty around this estimate, since the path of the pandemic and its impacts on the demand for Orion's products are difficult to assess with any precision. On the other hand, Orion is unaware of how much of the stockpiles acquired by customers in 2020 are 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.

The structural exchange rate risk due to the US dollar has decreased in recent years because the share of Orion's net sales invoiced in dollars has fallen to below ten per cent and 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®. The greatest exchange rate risk at present relates to European currencies such as the Swedish and Norwegian crown and British pound. However, the overall effect of the risk due to currencies of European countries will be abated by the fact that Orion has organisations of its own in most of these 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 increased sales of Parkinson's drugs in Japan. The exchange rate effect related to the Russian rouble has increased due to the strong volatility of the currency. However, Russian sales are not 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 impact of availability disruptions on the Company's net sales has increased in the past few years. The ongoing COVID-19 pandemic has clearly ramped up this risk, as restrictions on travel and other operations and the increase in sick leaves in different parts of the world may cause delayed disruptions in pharmaceuticals' global distribution and logistics chains. The disruptions, production volume changes and logistical challenges 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 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 availability of products is still elevated and will remain so in the ensuing quarters. 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 2014-2020 the annual payments varied from EUR 5 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

Financial Statement Release for 2021	Thursday 10 February 2022
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, 20 October 2021

Board of Directors of Orion Corporation

Orion Corporation

Tables

CONSOLIDATED INCOME STATEMENT

EUR million	7-9/21	7-9/20	Change %	1-9/21	1-9/20	Change %	1-12/20
Net sales	240.9	250.3	-3.7%	764.5	822.7	-7.1%	1,078.1
Cost of goods sold	-110.3	-106.9	+3.2%	-324.6	-316.9	+2.4%	-434.4
Gross profit	130.6	143.4	-8.9%	439.9	505.8	-13.0%	643.7
Other operating income and expenses	0.6	1.6	-61.9%	6.0	4.1	+45.3%	5.4
Sales and marketing expenses	-42.3	-45.4	-7.0%	-134.7	-147.4	-8.6%	-204.3
R&D expenses	-22.7	-25.6	-11.3%	-76.7	-84.8	-9.6%	-123.2
Administrative expenses	-8.9	-8.9		-31.2	-31.9	-2.0%	-41.6
Operating profit	57.3	65.1	-11.9%	203.4	245.9	-17.3%	280.1
Finance income and expenses	-0.1	-0.5	-88.8%	-0.9	-1.3	-33.0%	-1.8
Profit before taxes	57.3	64.6	-11.4%	202.5	244.5	-17.2%	278.3
Income tax expense	-11.8	-13.2	-11.0%	-41.5	-50.1	-17.2%	-58.4
Profit for the period	45.4	51.4	-11.6%	161.0	194.4	-17.2%	219.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS

Translation differences	-0.2	-0.6		1.0	-2.6		-1.4
Items that may be reclassified subsequently to profit and loss	-0.2	-0.6		1.0	-2.6		-1.4
Remeasurement of pension plans	-0.0	-0.0		58.9	-2.8		-59.4
Items that will not be reclassified to profit and loss	-0.0	-0.0		58.9	-2.8		-59.4
Other comprehensive income net of tax	-0.2	-0.7		59.9	-5.4		-60.8
Comprehensive income for the period including tax effects	45.2	50.7	-10.8%	220.9	189.0	+16.9%	159.1
PROFIT ATTRIBUTABLE TO							
Owners of the parent company	45.4	51.4	-11.6%	161.0	194.4	-17.2%	219.9
COMPREHENSIVE INCOME ATTRIBUTABLE TO							
Owners of the parent company	45.2	50.7	-10.8%	220.9	189.0	+16.9%	159.1
Basic earnings per share, EUR¹	0.32	0.37	-11.7%	1.15	1.38	-17.2%	1.56
Diluted earnings per share, EUR¹	0.32	0.37	-11.7%	1.15	1.38	-17.2%	1.56
Depreciation, amortisation and impairment	-11.1	-14.4	-22.9%	-33.1	-42.9	-22.8%	-56.5
Personnel expenses	-44.3	-49.2	-10.0%	-164.0	-167.5	-2.1%	-227.0

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	9/21	9/20	Change %	12/20
Property, plant and equipment	324.6	317.3	+2.3%	319.6
Goodwill	13.5	13.5		13.5
Intangible rights	54.3	24.7	+119.4%	26.8
Other intangible assets	2.4	2.8	-14.0%	2.7
Investments in associates	0.1	0.1		0.1
Other investments	0.2	0.2	-0.4%	0.2
Pension asset	55.9	52.0	+7.6%	
Deferred tax assets	2.0	6.0	-66.3%	8.4
Other non-current assets	0.4	0.5	-24.2%	0.5
Non-current assets total	453.4	417.2	+8.7%	371.8
Inventories	272.6	254.6	+7.1%	258.1
Trade receivables	147.2	150.2	-2.0%	157.4
Other receivables	26.6	30.0	-11.2%	33.9
Money market investments		24.9	-100.0%	
Cash and cash equivalents	156.3	223.6	-30.1%	294.4
Current assets total	602.7	683.2	-11.8%	743.7
Assets total	1,056.1	1,100.4	-4.0%	1,115.6

EQUITY AND LIABILITIES

EUR million	9/21	9/20	Change %	12/20
Share capital	92.2	92.2		92.2
Other reserves	3.3	3.0	+11.8%	3.4
Retained earnings	647.6	665.8	-2.7%	635.7
Equity attributable to owners of the parent company	743.1	761.0	-2.4%	731.3
Equity total	743.1	761.0	-2.4%	731.3
Deferred tax liabilities	39.0	41.2	-5.2%	29.3
Pension liability	1.0	3.2	-69.2%	19.9
Provisions	0.4	0.4	+7.2%	0.4
Interest-bearing non-current liabilities	104.7	105.4	-0.7%	105.5
Other non-current liabilities	13.5	15.5	-13.2%	15.0
Non-current liabilities total	158.7	165.7	-4.3%	170.1
Trade payables	63.5	67.6	-6.1%	86.7
Current tax liabilities	1.7	4.1	-59.3%	2.5
Other current liabilities	85.9	98.9	-13.2%	121.8
Current provisions	0.0	0.0	+131.3%	
Interest-bearing current liabilities	3.3	3.0	+10.8%	3.1
Current liabilities total	154.3	173.6	-11.1%	214.1
Liabilities total	313.0	339.3	-7.8%	384.2
Equity and liabilities total	1,056.1	1,100.4	-4.0%	1,115.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Equity attributable to owners of the parent company ¹						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						194.4	194.4
Other comprehensive income							
Translation differences					-2.1	-0.5	-2.6
Remeasurement of pension plans			-2.8				-2.8
Transaction with owners							
Dividend						-210.4	-210.4
Share-based incentive plan				2.9		-0.0	2.9
Other adjustments						0.1	0.1
Equity at 30 September 2020	92.2	3.0	27.7	-21.5	-9.2	668.8	761.0
Equity at 1 January 2021	92.2	3.4	-28.9	-21.5	-7.9	694.1	731.3
Profit for the period						161.0	161.0
Other comprehensive income							
Translation differences					-1.1	2.1	1.0
Remeasurement of pension plans			58.9				58.9
Transaction with owners							
Dividend						-211.2	-211.2
Share-based incentive plan				3.4		-1.2	2.2
Other adjustments		-0.1				-0.0	-0.1
Equity at 30 September 2021	92.2	3.3	29.9	-18.2	-9.0	644.8	743.1

¹ The Group has revaluated the pension assets of Orion Pension Fund in the period 1-9/2021. Besides, the Group has updated the discount rate assumption used in the pension liability calculation for the reporting period. The discount rate in the period 1-9/2021 has been raised to 0.8 percent (0.5 percent in the fiscal year 2020). The combined effect on pension asset and liability in the balance sheet due to the revaluation of the pension assets and the discount rate change in the period 1-9/2021 increases the net amount of pension asset and liability by 73.6 million euros compared to 31 December 2020. The change in pension receivable and liability has been directly recognised as an increase in equity under other comprehensive income, stated with deferred tax impact.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-9/21	1-9/20	1-12/20
Profit before taxes	202.5	244.5	278.3
Adjustments	28.7	47.8	58.2
Change in working capital	-61.8	-3.2	27.1
Net financial items	-0.8	-1.4	-1.8
Income taxes paid	-29.1	-44.2	-62.7
Total net cash flow from operating activities	139.4	243.5	299.1
Investments in property, plant and equipment	-33.9	-26.4	-34.0
Investments in intangible assets	-36.9	-4.9	-6.7
Sales of property, plant and equipment and other investments	4.5	0.8	1.0
Total net cash flow from investing activities	-66.2	-30.5	-39.7
Cash flow from operating and investing activities, total	73.2	213.0	259.4
Current loans raised	1.4	1.5	1.6
Repayments of current loans	-2.8	-3.3	-5.6
Non-current loans raised		100.0	100.0
Dividends paid and other distribution of profits	-211.2	-211.1	-211.1
Total net cash flow from financing activities	-212.6	-112.9	-115.1
Net change in cash and cash equivalents	-139.4	100.1	144.3
Cash and cash equivalents at the beginning of the period	294.4	149.0	149.0
Foreign exchange differences	1.3	-0.7	1.1
Cash and cash equivalents at the end of the period	156.3	248.5	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	156.3	223.6	294.4
Money market investments at the end of the period		24.9	
Cash and cash equivalents in the statement of cash flows	156.3	248.5	294.4

Appendices

NET SALES BY REVENUE FLOWS

EUR million	7-9/21	7-9/20	Change %	1-9/21	1-9/20	Change %	1-12/20
Sale of goods	235.1	242.2	-2.9%	745.0	771.5	-3.4%	1,017.6
Royalty income	5.3	4.2	+26.2%	17.3	14.1	+23.0%	18.7
Total sale of goods	240.4	246.3	-2.4%	762.3	785.5	-3.0%	1,036.3
Milestone payments	0.5	4.0	-87.0%	2.2	37.2	-94.1%	41.8
Group total	240.9	250.3	-3.7%	764.5	822.7	-7.1%	1,078.1

In the period 1-9/21 EUR 0.4 (0.4) million of the sales revenue from clinical phase R&D falls under Milestone payments and EUR 10.3 (9.9) 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 1.5 (1.5) million has been entered as income from performance obligations transferred to customers over time and they are included in the Milestone payments. The Group recorded EUR 5.0 (-0.0) 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	7-9/21	7-9/20	Change %	1-9/21	1-9/20	Change %	1-12/20
Proprietary products ¹⁾	84.5	88.6	-4.6%	286.9	331.4	-13.4%	420.2
Specialty Products	123.8	122.7	+1.0%	368.1	371.9	-1.0%	498.4
Animal Health	16.2	26.2	-38.2%	53.1	68.8	-22.9%	89.3
Fermion and contract manufacturing	16.7	15.8	+5.5%	54.8	55.5	-1.3%	74.9
Other	-0.3	-2.9	+90.0%	1.6	-5.0	+133.0%	-4.7
Group total	240.9	250.3	-3.7%	764.5	822.7	-7.1%	1,078.1

¹ The net sales of Proprietary Products during the period 1-9/21 includes EUR 1.5 (1.5) million of sales revenue for performance obligations to be transferred to customers that will be entered as income over time.

NET SALES AND OPERATING PROFIT BY QUARTER

EUR million	2021			2020			2019	
	7-9	4-6	1-3	10-12	7-9	4-6	1-3	10-12
Net sales	240.9	254.9	268.7	255.4	250.3	292.5	279.9	274.5
Operating profit	57.3	71.0	75.0	34.2	65.1	96.4	84.4	55.0

GEOGRAPHICAL BREAKDOWN OF NET SALES BY QUARTER

EUR million	2021			2020			2019	
	7-9	4-6	1-3	10-12	7-9	4-6	1-3	10-12
Finland	78.2	78.0	74.2	83.3	74.7	73.8	84.2	83.0
Scandinavia	34.8	33.8	36.5	43.0	39.5	43.6	51.0	46.2
Other Europe	82.7	86.6	94.1	87.0	89.2	104.1	87.3	87.5
North America	14.7	23.1	25.6	15.9	15.0	29.9	21.7	14.8
Other markets	30.5	33.5	38.3	26.2	31.9	41.1	35.7	42.9
Group total	240.9	254.9	268.7	255.4	250.3	292.5	279.9	274.5

TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	7-9/21	7-9/20	Change %	1-9/21	1-9/20	Change %	1-12/20
Easyhaler® product family (asthma, COPD)	27.5	26.6	+3.2%	83.0	87.7	-5.3%	115.1
Stalevo®, Comtess® and Comtan® (Parkinson's disease)	21.3	27.7	-23.0%	73.7	80.3	-8.2%	98.6
Simdax® (acute decompensated heart failure)	13.6	14.5	-6.0%	42.7	49.0	-12.9%	62.1
Dexdor® (intensive care sedative)	6.5	6.8	-3.8%	26.9	41.1	-34.5%	54.8
Dexdomitor®, Domitor®, Domosedan® and Antisedan® (animal sedatives)	8.3	13.6	-38.8%	26.8	29.3	-8.3%	34.8
Nubeqa® (prostate cancer)	7.0	3.0	+135.0%	26.4	11.1	+138.8%	16.6
Divina series (menopausal symptoms)	5.5	5.9	-6.6%	17.1	16.1	+6.5%	20.6
Burana® (inflammatory pain)	6.2	5.6	+10.9%	17.0	17.7	-4.2%	23.4
Biosimilars (rheumatoid arthritis, inflammatory bowel diseases)	5.8	4.1	+43.2%	15.8	12.6	+25.3%	17.7
Solomet® (inflammatory diseases, among others)	5.3	3.2	+63.4%	15.5	11.4	+35.7%	15.5
Total	107.0	110.9	-3.5%	345.0	356.2	-3.1%	459.3
Share of net sales	44%	44%		45%	43%		43%

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	9/21	9/20	12/20
Carrying amount at the beginning of the period	319.6	320.9	320.9
Additions	33.9	25.5	36.9
Disposals	-0.7	-1.3	-1.3
Depreciation, amortisation and impairment	-28.3	-27.8	-37.0
Carrying amount at the end of the period	324.6	317.3	319.6

CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	9/21	9/20	12/20
Carrying amount at the beginning of the period	29.5	37.6	37.6
Additions	32.0	5.0	11.6
Disposals	-0.0	-0.0	-0.1
Depreciation, amortisation and impairment	-4.8	-15.0	-19.4
Carrying amount at the end of the period	56.7	27.6	29.5

CHANGES IN FINANCIAL LIABILITIES

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. In addition, Orion has undrawn committed credit limit facilities in the value of 100 million Euros. Orion has withdrawn in Q1/2020 a short-term loan of 50 million Euros from the before mentioned committed credit limit facility, which was repaid in Q3/2020. If the financial covenants determined in the terms of the credit limit agreements of the company and loan agreement of the European Investment Bank are breached, the lender optionally has the right to demand early repayment of the loan. As of 30 September 2021 Orion met these financial covenants.

COMMITMENTS AND CONTINGENCIES

EUR million	9/21	9/20	12/20
CONTINGENCIES FOR OWN LIABILITIES			
Guarantees	6.8	6.8	7.1
OTHER LIABILITIES			
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

EUR million	9/21	9/20	12/20
CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS			
Fair value, EUR million	-0.0	0.2	0.1
Nominal value, EUR million	16.4	21.4	20.6
CURRENCY OPTIONS			
Fair value, EUR million	-0.0	0.0	0.0
Nominal value, EUR million	38.2	31.0	30.6

FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS

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		-0.2		-0.2
Liabilities total		-0.2		-0.2

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.

EUR million	1-9/21	1-9/20	1-12/20
Management's employment benefits	6.0	6.5	7.0

BASIC SHARE INFORMATION, 30 SEPTEMBER 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	22.8	69.4	92.2
Counter book value per share, EUR	0.65	0.65	
Minimum number of shares			1
Maximum number of A and B shares, and maximum number of all shares	500,000,000	1,000,000,000	1,000,000,000
Votes per share	20	1	

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

KEY FINANCIAL FIGURES

	7-9/21	7-9/20	Change %	1-9/21	1-9/21	Change %	1-12/20
Net sales, EUR million	240.9	250.3	-3.7%	764.5	822.7	-7.1%	1,078.1
EBITDA, EUR million	68.4	79.5	-13.9%	236.5	288.7	-18.1%	336.5
% of net sales	28.4%	31.8%		30.9%	35.1%		31.2%
Operating profit, EUR million	57.3	65.1	-11.9%	203.4	245.9	-17.3%	280.1
% of net sales	23.8%	26.0%		26.6%	29.9%		26.0%
Profit for the period, EUR million	45.4	51.4	-11.6%	161.0	194.4	-17.2%	219.9
% of net sales	18.9%	20.5%		21.1%	23.6%		20.4%
R&D expenses, EUR million	22.7	25.6	-11.3%	76.7	84.8	-9.6%	123.2
% of net sales	9.4%	10.2%		10.0%	10.3%		11.4%
Capital expenditure, EUR million	39.5	9.3	+323.3%	65.9	30.5	+116.0%	48.5
% of net sales	16.4%	3.7%		8.6%	3.7%		4.5%
Depreciation, amortisation and impairment, EUR million	11.1	14.4	-22.9%	33.1	42.9	-22.8%	56.5
Personnel expenses, EUR million	44.3	49.2	-10.0%	164.0	167.5	-2.1%	227.0
Equity total, EUR million				743.1	761.0	-2.4%	731.3
Interest-bearing net liabilities, EUR million				-48.2	-140.0	-65.6%	-185.8
Assets total, EUR million				1,056.1	1,100.4	-4.0%	1,115.6
Cash flow from operating activities, EUR million				139.4	243.5	-42.7%	299.1
Equity ratio, %				71.5%	70.4%		66.7%
Gearing, %				-6.5%	-18.4%		-25.4%
ROCE (before taxes), %				32.2%	40.1%		34.8%
ROE (after taxes), %				29.1%	33.7%		29.1%
Personnel at the end of the period				3,339	3,320	+0.6%	3,311
Average personnel during the period				3,368	3,343	+0.7%	3,337

PERFORMANCE PER SHARE

	7-9/21	7-9/20	Change %	1-9/21	1-9/20	Change %	1-12/20
Basic earnings per share, EUR	0.32	0.37	-11.7%	1.15	1.38	-17.2%	1.56
Diluted earnings per share, EUR	0.32	0.37	-11.7%	1.15	1.38	-17.2%	1.56
Cash flow per share before financial items, EUR	-0.01	0.62	-101.2%	0.52	1.52	-65.7%	1.85
Equity per share, EUR				5.29	5.42	-2.4%	5.21
A share							
Number of shares at the end of the period				34,915,634	35,251,974	-1.0%	35,122,793
% of total share stock				24.7%	25.0%		24.9%
Number of votes excluding treasury shares				698,312,680	705,039,480	-1.0%	702,455,860
% of total votes				86.9%	87.0%		87.0%
Total number of shareholders				23,368	21,047	+11.0%	22,015
Closing quotation at the end of previous financial year, EUR				37.40	40.95	-8.7%	40.95
Lowest quotation of review period, EUR				33.70	29.60	+13.9%	29.60
Average quotation of review period, EUR				36.43	40.68	-10.4%	40.26
Highest quotation of review period, EUR				41.05	48.45	-15.3%	48.45
Closing quotation at the end of review period, EUR				34.30	38.75	-11.5%	37.40
Trading volume, EUR million				43.5	81.5	-46.7%	102.5
Shares traded				1,193,264	2,005,281	-40.5%	2,547,090
% of the total number of shares				3.4%	5.7%		7.3%
B share							
Number of shares at the end of the period, including treasury shares				106,218,644	105,882,304	+0.3%	106,011,485
% of total share stock				75.3%	75.0%		75.1%
Treasury shares				571,314	671,082	-14.9%	671,082
Number of shares at the end of the period, excluding treasury shares				105,647,330	105,211,222	+0.4%	104,340,403
Number of votes excluding treasury shares				105,647,330	105,211,222	+0.4%	104,340,403
% of total votes				13.1%	13.0%		13.0%
Total number of shareholders				65,387	53,193	+22.9%	56,487
Closing quotation at the end of previous financial year, EUR				37.53	41.27	-9.1%	41.27
Lowest quotation of review period, EUR				32.51	30.02	+8.3%	30.02
Average quotation of review period, EUR				35.76	41.28	-13.4%	40.69
Highest quotation of review period, EUR				39.42	48.80	-19.2%	48.80
Closing quotation at the end of review period, EUR				34.25	38.67	-11.4%	37.53
Trading volume, EUR million				2,306.6	3,295.4	-30.0%	4,213.9
Shares traded				64,507,086	79,837,901	-19.2%	103,556,863
% of the total number of shares				60.7%	75.4%		97.7%
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				140,541,037	140,521,666		140,506,969
Total number of votes conferred by the shares				803,960,010	810,250,702	-0.8%	807,796,263
Total number of shareholders				81,845	67,839	+20.6%	72,003
Trading volume, EUR million				2,350.1	3,377.0	-30.4%	4,316.4
Shares traded				65,700,350	81,843,182	-19.7%	106,103,953
Total shares traded, % of total shares				46.6%	58.0%		75.2%
Market capitalisation at the end of the period excluding treasury shares, EUR million				4,816.0	5,434.5	-11.4%	5,267.0

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

This report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting. The same accounting principles have been applied as in the 2020 financial statements, besides which the amendments to existing IFRS and IAS standards endorsed by the EU have been adopted as of 1 January 2021.

New amendments to existing IFRS and IAS standards adopted from 1 January 2021 have not affected the consolidated financial statements.

IFRS IC finalised in April 2021 its agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets). In this agenda decision IFRS IC considered, whether, applying IAS 38, the customer recognises an intangible asset in relation to configuration or customisation of the application software, and if an intangible asset is not recognized, how the customer accounts for the configuration or customisation costs. Orion will analyse the impact of this agenda decision under the fall 2021, and the possible impacts will be implemented in the financial statements 2021.

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 + impairment losses	
Interest-bearing net liabilities	=	Interest-bearing liabilities - Cash and cash equivalents - Money market investments	
Return on capital employed (ROCE), %	=	$\frac{\text{Profit before taxes} + \text{Interest and other finance expenses}}{\text{Total assets} - \text{Non-interest-bearing liabilities (average during the period)}} \times 100$	
Return on equity (ROE), %	=	$\frac{\text{Profit for the period}}{\text{Total equity (average during the period)}} \times 100$	
Equity ratio, %	=	$\frac{\text{Equity}}{\text{Total assets} - \text{Advances received}} \times 100$	
Gearing, %	=	$\frac{\text{Interest-bearing liabilities} - \text{Cash and cash equivalents} - \text{Money market investments}}{\text{Equity}} \times 100$	
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	=	$\frac{\text{Cash flow from operating activities} + \text{Cash flow from investing activities}}{\text{Average number of shares during the period, excluding treasury shares}}$	
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	

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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 2020 amounted to EUR 1,078 million and the company had about 3,300 employees at the end of the year. Orion's A and B shares are listed on Nasdaq Helsinki.