



Orion Group
Half-Year Financial Report 1-6/2023



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Orion Group Half-Year Financial Report 1–6/2023

- Net sales totalled EUR 567.5 (1–6/2022: 554.3) million
- Operating profit was EUR 102.0 (153.4) million
- Profit before taxes was EUR 100.9 (155.2) million
- Equity ratio was 59.2% (59.6%)
- Return on capital employed before taxes (ROCE) was 20.0% (33.7%)
- Return on equity after taxes (ROE) was 19.1% (33.0%)
- Basic earnings per share were EUR 0.57 (0.88)
- Cash flow from operating activities per share was EUR 0.27 (0.59)
- The outlook for 2023 has been specified regarding operating profit. Operating profit is estimated to be slightly higher than in 2022 without the EUR 208 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). Previously operating profit was 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. The full detailed outlook can be found in the "Outlook for 2023" section of this report.

Key figures

	4-6/23	4-6/22	Change %	1-6/23	1-6/22	Change %	1-12/22
Net sales, EUR million	289.6	283.7	+2.1%	567.5	554.3	+2.4%	1,340.6
EBITDA, EUR million	59.2	93.6	-36.7%	126.9	176.5	-28.1%	487.1
% of net sales	20.5%	33.0%		22.4%	31.8%		36.3%
Operating profit, EUR million	46.5	82.0	-43.2%	102.0	153.4	-33.5%	439.6
% of net sales	16.1%	28.9%		18.0%	27.7%		32.8%
Profit before taxes, EUR million	45.8	83.1	-44.9%	100.9	155.2	-35.0%	440.3
% of net sales	15.8%	29.3%		17.8%	28.0%		32.8%
Profit for the period, EUR million	36.4	66.1	-44.9%	80.2	123.4	-35.0%	349.5
% of net sales	12.6%	23.3%		14.1%	22.3%		26.1%
Research and development expenses, EUR million	31.3	28.0	+11.8%	63.0	59.5	+5.9%	133.2
% of net sales	10.8%	9.9%		11.1%	10.7%		9.9%
Capital expenditure, excluding acquired in business combination, EUR million	17.6	19.4	-9.1%	35.7	30.5	+17.1%	109.6
% of net sales	6.1%	6.8%		6.3%	5.5%		8.2%
Acquired in business combination, net of cash, EUR million	0.1	81.1	-99.9%	0.1	81.1	-99.9%	82.0
Interest-bearing net liabilities, EUR million				132.1	167.5	-21.1%	-118.7
Basic earnings per share, EUR	0.26	0.47	-44.8%	0.57	0.88	-34.8%	2.49
Cash flow from operating activities per share, EUR	0.24	0.35	-32.9%	0.27	0.59	-55.1%	3.09
Equity ratio, %				59.2%	59.6%		60.9%
Gearing, %				17.2%	22.3%		-13.1%
Return on capital employed (before taxes), %				20.0%	33.7%		45.1%
Return on equity (after taxes), %				19.1%	33.0%		42.2%
Average personnel during the period				3,577	3,418	+4.6%	3,472

President and CEO Liisa Hurme:

The year has progressed mostly in line with our expectations despite slight headwinds with certain markets and timing of deliveries

"In January-June 2023, our net sales increased by 2.4% to EUR 567.5 million and our operating profit decreased by 33.5% to EUR 102.0 million. The operating profit decline from the comparative period was mainly as expected but, due to discontinuation of Russian business operations, softening demand in animal health market and inventory level adjustments among some of our customers, the full year operating profit is expected to be slightly higher than in 2022 – not slightly higher or higher as we estimated earlier. The estimated operating profit increase during the second half of 2023 is based on assumptions including continued good performance of Nubeqa, growing sales of Easyhaler product portfolio, good performance of generic portfolio, 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.

The Innovative Medicines business division's revenue increased significantly thanks to the good performance of Nubeqa®. Sales of Nubeqa are expected to grow strongly in the coming years, which is why in June we announced an investment to increase production capacity for darolutamide at Fermion's Hanko plant.

The net sales of the Branded Products business division, on the other hand, decreased. The Easyhaler® product portfolio continued to grow, but lower deliveries of Parkinson's medicines to our partners and lower sales of the Divina® series due to discontinuation of the business in Russia weighed on net sales. At the Capital Markets Day in May, we announced that the Easyhaler® product portfolio has the potential to reach annual sales of more than EUR 200 million. In view of the growth prospects, we decided in June to invest in increasing Easyhaler's production capacity at our pharmaceutical plant in Espoo and to build a new filling line for dry powder inhalers.

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 discontinuation of business operations in Russia.

The animal health market as a whole has experienced weakening demand both in companion animal and livestock segments, which is also reflected in Orion's Animal Health business. Net sales of the Animal Health business division in January-June 2023 include the turnover of the animal health company VMD (Inovet), acquired in June 2022, which explains the strong increase from the comparative period. Excluding VMD, the net sales of the business division would have declined.

The decline in operating profit had several reasons, some of them one-offs like the discontinuation of business in Russia. The total impact of Russia-related items on our operating profit in January-June 2023 was EUR 25 million negative compared to January-June 2022. Declining sales volumes and lower prices of Simdax and dexmedetomidine products for human use as well as clearly lower sales of entacapone products also had significant negative impact. Third major contributor to the decline of operating profit was the increase in fixed cost. Cost inflation also still caused some pressure on margins. On the positive side, growing products and especially Nubeqa royalties had a clear positive impact on operating profit. Nubeqa's role would have been even more significant without the temporary negative impact on gross profit which was due to a lower than in the comparative period delivery price to Bayer.

Operating costs increased mainly 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. The role of various information management tools and systems is becoming more important and consequently related costs, which are booked to administrative costs, have increased. In addition, the ongoing revamping of Orion's Enterprise Resource Planning (ERP) system causes extra temporary costs.

At our Capital Markets Day in May, we announced that Orion plans to initiate a Phase I clinical trial with ODM-212 in the second half of 2023. ODM-212 is a TEAD inhibitor, aimed for the treatment of solid tumours with YAP/TEAD activation. We have also selected insomnia as a target indication for tasipimidine, or ODM-105, and have initiated a Phase II clinical trial with the molecule. The project fits well into our pipeline as insomnia is often associated with pain as a co-morbidity. Our other projects in the clinical phase are also progressing as planned. We look forward to continuing all our R&D projects to develop new treatments for the benefit of patients with unmet need."

Outlook for 2023 (specified)

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 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).

Previous outlook for 2023 (provided on 9 February 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).

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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 – Orion has discontinued business operations in Russia

In June 2023, Orion divested the rights of some of its self-care brands in Russia. Already earlier, Orion has discontinued sales of prescription drugs in Russia. Orion no longer has any inventories in Russia and the Company has discontinued its business operations in Russia.

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

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

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

Change in reporting from 1 January 2023

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

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

Net sales and profits in April–June 2023

Net sales

Orion Group's net sales in April–June 2023 increased by 2.1% and totalled EUR 289.6 (283.7) million. Exchange rate fluctuations had an EUR 18.7 million negative impact on net sales during the period compared to the comparative period when exchange rate fluctuations of Russian rouble (RUB) had a very large positive impact on net sales.

Operating profit

The Orion Group's operating profit was down by 43.2% at EUR 46.5 (82.0) million. The decline in operating profit is mainly explained by lower gross profit, increase in fixed cost, change in RUB exchange rate and discontinuation of business operations in Russia. The total impact of Russia-related items on the operating profit was EUR 18.4 million negative including EUR 3.8 million gain from selling some of Orion's self-care brands in Russia and the large negative impact of exchange rate of RUB. In the second quarter of 2022, RUB generated a significant positive impact on the operating profit.

Profit for the period

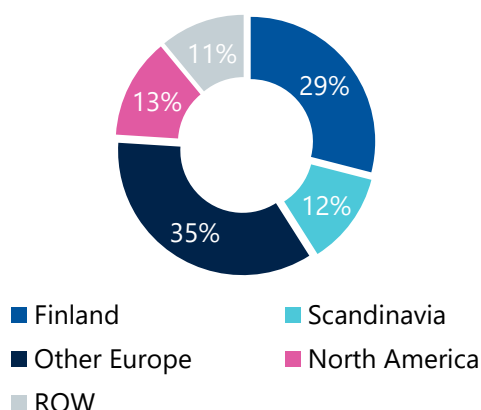
Profit for the period declined by 44.9% and was EUR 36.4 (66.1) million. Basic earnings per share were EUR 0.26 (0.47).

Net sales and profits in January–June 2023

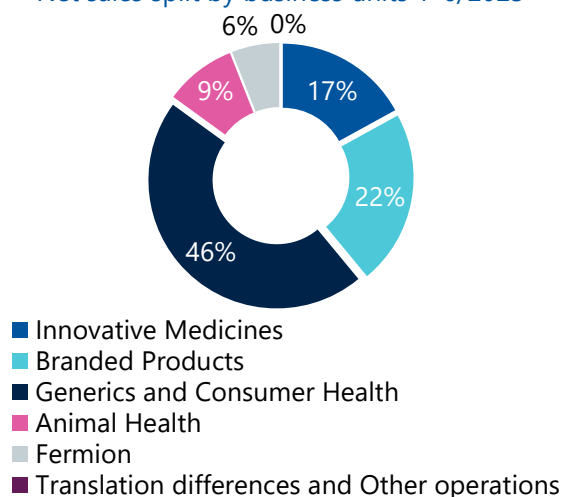
Net sales

Orion Group's net sales in January–June 2023 increased by 2.4% and totalled EUR 567.5 (554.3) million. Exchange rate fluctuations had an EUR 17.7 million negative impact on net sales during the period compared to the comparative period when exchange rate fluctuations had a large positive impact on net sales mainly due to RUB. Net sales of Orion's top ten pharmaceuticals amounted to EUR 281.9 (276.2) million. They accounted for 49.7% (49.8%) of total net sales.

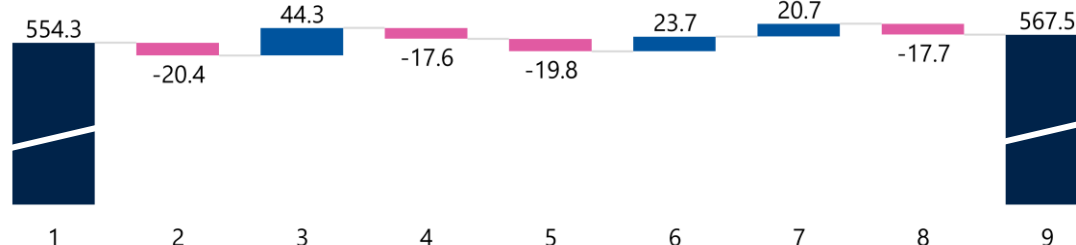
Net sales split by region 1–6/2023



Net sales split by business units 1–6/2023



Development of net sales 1–6/2023 vs. 1–6/2022



1	Net sales in 1–6/2022	6	Other products and services (excl. Animal Health and Fermion)
2	Dexmedetomidine for human use and Simdax®	7	Animal Health and Fermion
3	Nubeqa® (product sales & royalty)	8	Exchange rates
4	Entacapone products	9	Net sales in 1–6/2023
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 33.5% at EUR 102.0 (153.4) million. The decline in operating profit is mainly explained by lower gross profit, increase in fixed cost, change in RUB exchange rate and the discontinuation of business operations in Russia.

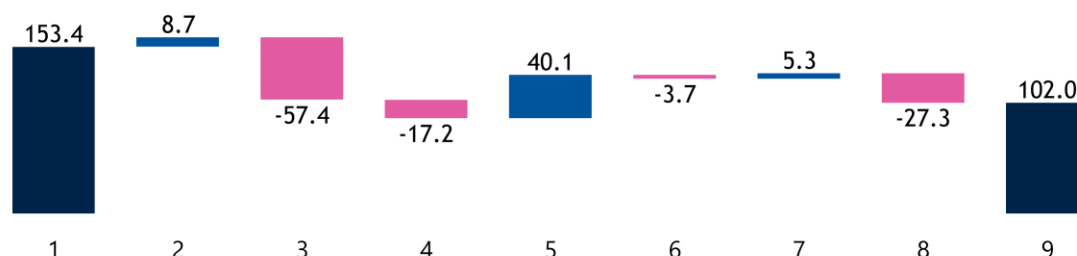
The total impact of Russia-related items on the operating profit was EUR 25.0 million negative. Exchange rates had a negative impact of EUR 12.3 million and lower sales and margins had a negative impact of EUR 17.7 million. Divestment of some of Orion's self-care brands in Russia had an EUR 3.8 million positive impact and fixed costs had an EUR 1.2 million positive impact.

Gross profit from sales in local currencies increased by EUR 8.7 million from the comparative period driven by higher Nubeqa delivery volumes to Bayer. Price, cost and product portfolio changes had a negative impact of EUR 57.4 million on gross profit, of which roughly EUR 21 million are due to cost increases and changes in the product mix, and roughly EUR 36 million due to price decreases. A significant part of the EUR 36 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 January–June 2023 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 negative impact of EUR 17.2 million. With the combined impact of these items, the gross profit from product and service sales was EUR 65.9 million lower than in the comparative period.

Milestone payments accounted for EUR 1.0 (4.7) million and royalties for EUR 55.1 (15.0) million of net sales and operating profit. Other operating income and expenses accounted for EUR 7.5 (2.2) million of operating profit. Other operating income includes EUR 3.8 million gain from selling some of Orion's self-care brands in Russia.

Operating expenses increased by EUR 27.3 million.

Development of operating profit 1-6/2023 vs. 1-6/2022



1	Operating profit in 1–6/2022	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 1–6/2023
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 13.5% and totalled EUR 112.7 (99.3) million. The growth was mostly as planned. Sales and marketing costs increased because in the comparative period COVID-19 still restricted promotional activities and because the costs now also include 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 5.9% and totalled EUR 63.0 (59.5) million. R&D costs accounted for 11.1% (10.7%) of the Group's net sales. Administrative expenses increased by 35.6% and were EUR 39.4 (29.1) million. The increase is explained partly by VMD, partly by the new organisational structure as the costs of the new group-level function Corporate Strategy and Program Management are included in administrative expenses, and partly by increased information management costs. The role of various information management tools and systems is becoming more important and consequently related costs have increased. In addition, the ongoing revamping of Orion's Enterprise Resource Planning (ERP) system causes extra temporary costs.

Profit for the period

Profit for the period was EUR 80.2 (123.4) million, a decrease of 35.0%. Basic earnings per share were EUR 0.57 (0.88).

Financial position and cash flow in January–June 2023

The cash flow from operating activities was EUR 37.2 (83.0) 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 -67.2 (-113.2) million. January–June 2023 cash flow includes the upfront payments to Amneal and Jemincare, the total of EUR 33 million, and the comparative period cash flow includes the VMD acquisition which happened in June 2022.

The cash flow from financing activities was EUR -232.1 (-103.4) million. The difference is mainly explained by the EUR 100 million loan that was withdrawn in the comparative period.

The Group's total liabilities as at 30 June 2023 were EUR 539.9 (520.9) million. At the end of the period, interest-bearing liabilities amounted to EUR 206.7 (253.6) million. Of the total interest-bearing liabilities, EUR

183.2 (203.3) million were long-term liabilities. The Group had EUR 74.6 (86.1) million in cash and cash equivalents at the end of the reporting period.

The Group's gearing was 17.2% (22.3%) and the equity ratio 59.2% (59.6%). Equity per share was EUR 5.47 (5.33).

Capital expenditure in January-June 2023

The Group's capital expenditure, excluding acquired in business combination in the comparison period, totalled EUR 35.7 (30.5) million. This comprised EUR 29.1 (23.6) million on property, plant and equipment and EUR 6.6 (6.9) 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 (1–6/2023), the total sales of Orion's human pharmaceuticals in January–June 2023, including both medicinal and non-medicinal products, grew by 5.3% 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 10.2% while the total market fell by 11.0% 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 19% 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–June 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	1–6/23	1–6/22	Change %
Total sales of human pharmaceuticals (hospital and pharmacy channel)			
Market	1,545.2	1 487.0	+3.9%
Orion	166.6	158.3	+5.3%
Prescription drugs total (pharmacy channel)			
Market	869.1	830.6	+4.6%
Orion	95.5	88.2	+8.3%
Reference priced prescription drugs (pharmacy channel) ¹			
Market	180.5	202.7	-11.0%
Orion	46.7	42.4	+10.2%
Self-care products (pharmacy channel)			
Market	222.8	209.9	+6.2%
Orion	56.2	53.1	+5.8%

¹ 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 1–6/2023

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

Orion's market share, %	1–6/23	1–6/22
Human pharmaceuticals in total (hospital and pharmacy channel)	10.8%	10.6%
Prescription drugs total (pharmacy channel)	11.0%	10.6%
Reference priced prescription drugs (pharmacy channel) ¹	25.9%	20.9%
Self-care products (pharmacy channel)	25.2%	25.3%

¹ 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 1–6/2023

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	1-6/23	1-6/22	Change %	1-12/22
Nubeqa® (prostate cancer)	A	83.0	38.7 ⁴	+114.3%	87.1 ⁴
Easyhaler® product portfolio (asthma, COPD)	B	68.2	65.1	+4.9%	129.7
Entacapone products ² (Parkinson's disease)	B	46.8	64.3	-27.3%	113.4
Simdax® (acute decompensated heart failure)	C	15.1	24.5	-38.2%	42.9
Dexdomitor®, Domitor®, Domosedan® and Antisedan® (animal sedatives)	D	12.8	17.0	-24.6%	36.3
Trexan® (rheumatoid arthritis, cancer)	C	12.6	7.3	+72.4%	15.2
Dexmedetomidine products for human use ³	C	12.2	23.2	-47.5%	37.3
Burana® (inflammatory pain)	C	12.0	12.3	-1.9%	26.7
Divina series (menopausal symptoms)	B	10.2	14.0	-27.4%	27.6
Biosimilars ((rheumatoid arthritis, inflammatory bowel diseases)	C	8.9	9.8	-9.4%	20.4
Total		281.9	276.2	+2.1%	536.7
Share of net sales, %		49.7%	49.8%		40.0%

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

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

Innovative Medicines

The Innovative Medicines business division includes medicines with patent or other product protection. In addition to the 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–June 2023 were up by 114.0% and totalled EUR 94.2 (44.0) 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–June 2023 increased by 114.3% and totalled EUR 83.0 (38.7) million, of which royalties were EUR 52.5 (10.4) million and product sales, i.e., deliveries to Bayer, EUR 30.5 (28.3) 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.

In May 2023, Orion's collaboration partner Marinus Pharmaceuticals, Inc. received from the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) a positive opinion recommending the approval of ganaxolone (brand name Ztalmy®) oral suspension for the adjunctive treatment of epileptic seizures associated with cyclin-dependent kinase-like 5 (CDKL5) deficiency disorder (CDD) in patients two to 17 years of age. Treatment may be continued in patients 18 years of age and older. Marinus expects the European Commission to grant a marketing authorisation in the coming weeks. Orion has the right to sell and market ganaxolone in Europe.

Branded Products

The Branded Products business division includes products that have a strong brand name which provides a competitive advantage. Currently, most of the business division's products are products developed by Orion. Key products are the Easyhaler® product portfolio, the entacapone products and the Divina® series. The combined turnover of the Branded Products business division for January–June 2023 was EUR 126.8 (149.6) million (-15.2%).

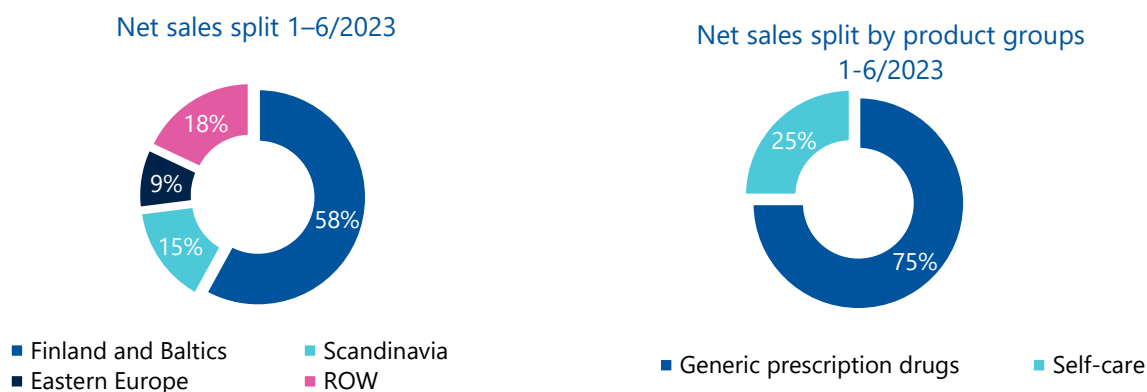
Orion's Easyhaler® is a dry-powder inhaler developed in-house, for which Orion has developed Easyhaler®-adapted dry-powder formulations of several well-known generic active pharmaceutical ingredients (salbutamol, beclometasone, budesonide, formoterol, salmeterol and fluticasone). Total net sales of the Easyhaler® product portfolio for the treatment of asthma and chronic obstructive pulmonary disease increased by 4.9% and amounted to EUR 68.2 (65.1) million in January–June 2023. The sales of the budesonide-formoterol combined formulation increased by 4.5% to EUR 43.3 (41.4) million. The sales of other Easyhaler® products (beclometasone, budesonide, formoterol, salbutamol and salmeterol-fluticasone combined formulation) increased by 5.6% to EUR 25.0 (23.6) million. In June 2023, Orion announced that the Company will build by 2026 a new dry-powder inhaler filling line in its Espoo pharmaceuticals manufacturing plant to increase the production capacity of the Easyhaler® products. At Capital Markets Day in May, Orion announced that the Easyhaler® product portfolio has potential to exceed EUR 200 million in peak annual sales. The estimate is based on, among others, recent initiatives and recommendations by healthcare systems and health organisations to prefer dry-powder inhalers over metered-dose inhalers due to climate reasons.

Orion's entacapone products for the treatment of Parkinson's disease are Stalevo®, Comtess®, Comtan® and other entacapone-containing products. Their total net sales in January–June 2023 decreased by 27.3% and amounted to EUR 46.8 (64.3) million. The decrease is mainly due to lower partner sales than in the comparative period which is mainly explained by 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. Orion has developed a generic levodopa-carbidopa combination product for the treatment of Parkinson's disease, and the product is in launch phase in Europe.

Sales of the Divina® series of hormone replacement products decreased by 27.4% to EUR 10.2 (14.0) million. The decrease is due to Russia, where the product has not been sold in 2023.

Generics and Consumer Health

Net sales of the Generics and Consumer Health business division, comprising generic (off-patent) prescription drugs (including biosimilars) and self-care products, decreased by 7.8% in January–June 2023 and amounted to EUR 260.3 (282.3) million. The decline is mainly explained by the declining sales of Simdax®, dexmedetomidine products for human use, and the discontinuation of business operations in Russia, where sales were strong in the comparison period before the outbreak of the war. Generic prescription drugs accounted for 75% (76%) and self-care products for 25% (24%) of the business division's net sales. The net sales of generic prescription drugs were EUR 195.1 (213.3) million (-8.5%) and the net sales of self-care products were EUR 65.1 (69.0) million (-5.7%)



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–June 2023 amounted to EUR 150.8 (143.7) million (+4.9%). 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 8.0% and totalled EUR 37.8 (41.1) million. In Eastern Europe, the division's sales amounted to EUR 23.9 (22.7) million (+5.0%).

Sales in ROW declined by 35.9% and stood at EUR 47.9 (74.8) million. The decline is mostly due to the generic competition and declining prices of Simdax® and dexmedetomidine products for human use, together with the discontinuation of business operations in Russia where sales were strong in the comparative period before the outbreak of the war.

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–June 2023 were up by 62.7% and amounted to EUR 50.3 (30.9) 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 animal health market as a whole has experienced weakening of demand both in companion animal and livestock segments. Excluding VMD, the net sales of the Animal Health business division would have declined. The integration of VMD to Orion's Animal Health business division is ongoing. Also, the building of the new manufacturing plant at Arques site in France is proceeding.

Sales of animal sedative products accounted for 25.5% (55.0%), or EUR 12.8 (17.0) million, of the unit's total net sales. The decrease of 24.6% is mainly due to timing of deliveries to partners. The animal sedative product family comprises Orion's animal sedatives Dexdomitor® (dexmedetomidine), Domitor® (medetomidine) and Domosedan® (detomidine), and antagonist Antisedan® (atipamezole), which reverses the effects of the sedatives.

Fermion

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

Net sales of Fermion in January–June 2023, excluding deliveries for Orion's own use, increased by 3.6% and totalled EUR 37.3 (36.1) million. In recent years, order cycles in the trade in pharmaceutical raw materials have become increasingly shorter. This has led to clearly greater fluctuation in business volumes than before, both within each annual period and between different years. Demand for Fermion products has been good and production capacity has been nearly fully utilised. The production capacity is increasingly more allocated to the manufacturing of Orion's active pharmaceutical ingredients.

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

Research and development




The Group's R&D expenses in January–June 2023 totalled EUR 63.0 (59.5) million, up by 5.9%. They accounted for 11.1% (10.7%) 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
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)	Insomnia	I	II		
ODM-111 (NaV 1.8 blocker)	Pain	I			
ODM-212 (TEAD inhibitor)	Solid tumours				

¹ In collaboration with Bayer

² In collaboration with MSD

 =Phase completed
  =Phase ongoing
  =Status changed

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).

Orion and Bayer have an ongoing 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 the 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 has initiated a Phase II clinical trial with tasipimidine for the treatment of insomnia, which is often associated with pain and difficult to treat.

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 is preparing to start a Phase I clinical trial with ODM-212 molecule, which is a TEAD inhibitor aimed for the treatment of solid tumours with YAP/TEAD activation.

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–June 2023 was 3,577 (3,418). At the end of June 2023 the Group had a total of 3,657 (3,613) employees, of whom 2,786 (2,721) worked in Finland and 871 (892) outside Finland. The increase in the average number of employees is mainly due to VMD, acquired in June 2022, employees being included in the Orion Group.

Salaries and other personnel expenses in January–June 2023 totalled EUR 140.7 (124.4) million (+13.1%).

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–June 2023

- 27 Jan 2023 Positive CHMP opinion for darolutamide in combination with docetaxel for the treatment of metastatic hormone-sensitive prostate cancer.
- 27 Feb 2023 Darolutamide receives approval for additional prostate cancer indication in Japan.
- 1 Mar 2023 Darolutamide receives EU approval for additional indication in prostate cancer.
- 20 Mar 2023 Darolutamide approved for additional prostate cancer indication in China.
- 22 Mar 2023 Orion Corporation's Annual General Meeting was held in Helsinki.
- 23 Mar 2023 Orion and Bayer announced that the companies will expand clinical development program for darolutamide in prostate cancer.
- 25 May 2023 Orion held Capital Markets Day in Helsinki, Finland.
- 28 Jun 2023 Orion announced that the Company will invest EUR 30 million to increase production capacity in Finland.

Key events after the reporting period

- 7 Jul 2023 Orion announced that CFO Jari Karlson will retire on 30 April 2024.

Shares and shareholders

On 30 June 2023 Orion had a total of 141,134,278 (141,134,278) shares, of which 33,462,382 (34,476,321) were A shares and 107,671,896 (106,657,957) B shares. The Group's share capital is EUR 92,238,541.46 (92,238,541.46). At the end of June 2023, Orion held 782,973 (532,771) B shares as treasury shares. On 30 June 2023 the aggregate number of votes conferred by the A and B shares was 776,136,563 (795,651,606) excluding treasury shares.

Voting rights conferred by shares

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

Conversion of shares

The Articles of Association entitle shareholders to demand the conversion of their A shares to B shares within the limitation on the maximum number of shares of a class. A total of 724,112 A shares were converted into B shares in January–June 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 30 June 2023, the market capitalisation of the Company's shares, excluding treasury shares, was EUR 5,362.3 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 June 2023, Orion had a total of 83,339 (80,766) registered shareholders, of whom 96% (96%) were private individuals. They held 39% (39%) of the entire share stock and had 62% (61%) of the total votes. There were 53 (56) million nominee-registered and foreign-owned shares, which was 38% (40%) of all shares, and they conferred entitlement to 9% (10%) of the total votes.

At the end of June 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

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

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 the 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 the discount rate decreases and decrease when the discount rate increases.

The cash flow impact of a possible transfer will depend in particular on the return on investment of the 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. However, as 31 December 2023 is Sunday, the cash flow impact would take place in January 2024. 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 (specified)

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 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).

Previous outlook for 2023 (provided on 9 February 2023)

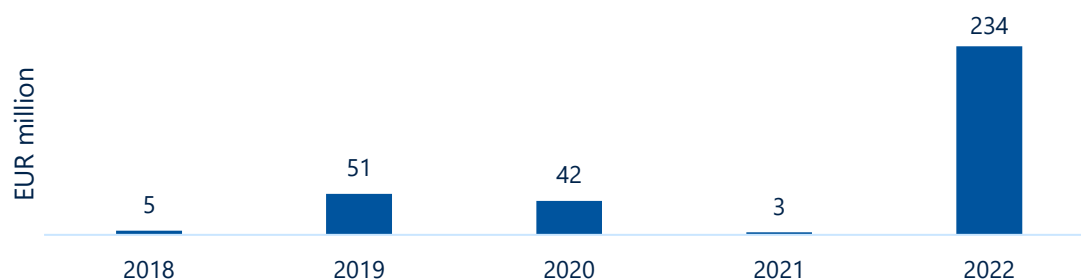
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Operating profit is estimated to be slightly higher or higher than in 2022 without the EUR 208 million net impact from the ODM-208 upfront payment and without the possible transfer of the insurance portfolio of Orion Pension Fund's B fund (operating 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 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 with 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. In addition, the outlook assumes that Orion's turnover in Russia will be substantially lower than in 2022 due to discontinuation of business operations in Russia. 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 there is no capacity available to increase external sales.

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. These positives are estimated to more than offset the negative impact coming from lower sales and margins of some other products. Due to the factors mentioned above, operating profit for 2023 is estimated to be slightly 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. In 2023–2026, Orion will invest around EUR 30 million to increase production capacity in Finland. These projects have no material impact on Orion's total capital expenditure in 2023.

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.

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

Product deliveries to key partners are based on timetables that are jointly agreed in advance. Nevertheless, they can change, for example as a consequence of decisions concerning adjustments of stock levels. In addition, changes in market prices and exchange rates affect the value of deliveries. Due to Russia's invasion of Ukraine, the visibility of business in Ukraine is currently very low. In Russia, Orion has discontinued business operations.

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.

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

Interim Report January–September 2023	Thursday 26 October 2023
Financial Statement Release for 2023	Tuesday 13 February 2024
Annual General Meeting 2024	Planned to be held on 20 March 2024
Interim Report January–March 2024	Thursday 25 April 2024
Half-Year Financial Report January–June 2024	Thursday 18 July 2024
Interim Report January–September 2024	Tuesday 29 October 2024

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

Espoo, 17 July 2023

Board of Directors of Orion Corporation

Orion Corporation

Tables

CONSOLIDATED INCOME STATEMENT

EUR million	4-6/23	4-6/22	Change %	1-6/23	1-6/22	Change %	1-12/22
Net sales	289.6	283.7	+2.1%	567.5	554.3	+2.4%	1,340.6
Cost of goods sold	-136.0	-109.6	+24.1%	-257.8	-215.1	+19.9%	-489.0
Gross profit	153.5	174.0	-11.8%	309.6	339.2	-8.7%	851.6
Other operating income and expenses	4.9	1.7	+181.4%	7.5	2.2	+246.1%	5.7
Sales and marketing expenses	-58.9	-51.2	+15.2%	-112.7	-99.3	+13.5%	-209.1
Research and development expenses	-31.3	-28.0	+11.8%	-63.0	-59.5	+5.9%	-133.2
Administrative expenses	-21.6	-14.6	+48.0%	-39.4	-29.1	+35.6%	-75.4
Operating profit	46.5	82.0	-43.2%	102.0	153.4	-33.5%	439.6
Finance income and expenses	-0.7	1.1	-163.6%	-1.1	1.8	-159.7%	0.7
Profit before taxes	45.8	83.1	-44.9%	100.9	155.2	-35.0%	440.3
Income tax expense	-9.4	-17.0	-44.9%	-20.7	-31.8	-35.0%	-90.8
Profit for the period	36.4	66.1	-44.9%	80.2	123.4	-35.0%	349.5
PROFIT ATTRIBUTABLE TO							
Owners of the parent company	36.4	66.1	-44.9%	80.2	123.4	-35.0%	349.5
Basic earnings per share, EUR¹	0.26	0.47	-44.8%	0.57	0.88	-34.8%	2.49
Diluted earnings per share, EUR¹	0.26	0.47	-44.8%	0.57	0.88	-34.8%	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	4-6/23	4-6/22	Change %	1-6/23	1-6/22	Change %	1-12/22
Profit for the period	36.4	66.1	-44.9%	80.2	123.4	-35.0%	349.5
Translation differences	-0.3	-1.6		-1.2	-1.6		-2.9
Items that may be reclassified subsequently to profit and loss	-0.3	-1.6		-1.2	-1.6		-2.9
Remeasurement of pension plans, net of tax	1.6	45.1		2.0	90.6		37.0
Items that will not be reclassified to profit and loss	1.6	45.1		2.0	90.6		37.0
Other comprehensive income net of tax	1.3	43.5		0.8	88.9		34.2
Comprehensive income for the period	37.7	109.5	-65.6%	81.1	212.3	-61.8%	383.7
COMPREHENSIVE INCOME ATTRIBUTABLE TO							
Owners of the parent company	37.7	109.5	-65.6%	81.1	212.3	-61.8%	383.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	6/23	6/22	Change %	12/22
Property, plant and equipment	380.4	361.2	+5.3%	373.3
Goodwill	87.2	87.2	+0.0%	87.2
Intangible rights	100.3	60.6	+65.6%	100.0
Other intangible assets	3.5	2.2	+61.2%	3.8
Investment in associate	0.1	0.1		0.1
Other investments	0.2	0.2	-11.9%	0.2
Pension assets	55.7	124.0	-55.1%	56.2
Deferred tax assets	5.0	7.1	-30.0%	3.1
Other non-current assets	0.3	3.4	-90.9%	1.0
Non-current assets total	632.5	646.0	-2.1%	624.9
Inventories	350.9	316.8	+10.8%	315.6
Trade receivables	185.3	187.1	-0.9%	180.7
Current tax receivables	7.2	3.0	+141.1%	4.9
Other receivables	57.4	31.9	+79.7%	44.8
Cash and cash equivalents	74.6	86.1	-13.3%	332.6
Current assets total	675.4	624.8	+8.1%	878.7
Assets total	1,307.9	1,270.8	+2.9%	1,503.6

EQUITY AND LIABILITIES

EUR million	6/23	6/22	Change %	12/22
Share capital	92.2	92.2		92.2
Other reserves	3.3	3.3		3.3
Cumulative translation adjustments	-10.6	-9.5	+11.1%	-10.8
Retained earnings	683.0	663.9	+2.9%	823.3
Equity attributable to owners of the parent company	768.0	749.9	+2.4%	908.1
Equity total	768.0	749.9	+2.4%	908.1
Deferred tax liabilities	43.0	57.3	-25.0%	42.2
Pension liabilities	2.8	3.3	-13.4%	3.0
Non-current provisions	0.5	0.5	+7.4%	0.6
Interest-bearing non-current liabilities	183.2	203.3	-9.9%	196.8
Other non-current liabilities	76.8	20.7	+271.3%	77.7
Non-current liabilities total	306.3	285.0	+7.5%	320.2
Current provisions	0.1	0.6	-87.2%	0.1
Interest-bearing current liabilities	23.6	50.3	-53.1%	17.2
Trade payables	94.5	74.1	+27.6%	114.4
Current tax liabilities	0.7	6.5	-89.0%	1.4
Other current liabilities	114.8	104.5	+9.9%	142.3
Current liabilities total	233.6	235.9	-0.9%	275.4
Liabilities total	539.9	520.9	+3.7%	595.5
Equity and liabilities total	1,307.9	1,270.8	+2.9%	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	Remeasurement 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						123.4	123.4	123.4
Other comprehensive income								
Cumulative translation adjustments			-1.1			-0.5	-0.5	-1.6
Remeasurement of pension plans				90.6			90.6	90.6
Transactions with owners								
Dividends paid						-211.3	-211.3	-211.3
Share-based incentive plans					1.3	-0.5	0.8	0.8
Other adjustments		-0.0				0.1	0.1	0.1
Equity at 30 June 2022	92.2	3.3	-9.5	90.6	-16.9	590.2	663.9	749.9
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						80.2	80.2	80.2
Other comprehensive income								
Cumulative translation adjustments			0.2			-1.3	-1.3	-1.2
Remeasurement of pension plans				2.0			2.0	2.0
Transactions with owners								
Dividends paid						-224.9	-224.9	-224.9
Share-based incentive plans					6.8	-3.1	3.7	3.7
Other adjustments		0.0				0.0	0.0	0.0
Equity at 30 June 2023	92.2	3.3	-10.6	39.1	-28.0	671.9	683.0	768.0

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	4-6/23	4-6/22	1-6/23	1-6/22	1-12/22
Profit before taxes	45.8	83.1	100.9	155.2	440.3
Adjustments	13.5	-0.1	29.2	13.6	113.6
Change in working capital	-12.0	-20.8	-66.9	-55.0	-25.0
Net financial items	-1.3	1.3	0.7	2.0	1.0
Income taxes paid	-12.9	-14.1	-25.3	-32.8	-95.6
Total net cash flow from operating activities	33.2	49.6	37.2	83.0	434.4
Investments in property, plant and equipment	-15.6	-13.5	-31.2	-25.3	-56.5
Investments in intangible assets	-1.9	-4.4	-40.2	-7.3	-16.6
Acquired in business combination, net of cash	-0.1	-81.1	-0.1	-81.1	-82.0
Sales of property, plant and equipment and other investments	4.0	0.3	4.2	0.5	0.9
Total net cash flow from investing activities	-13.7	-98.7	-67.2	-113.2	-154.3
Cash flow from operating and investing activities, total	19.5	-49.1	-30.0	-30.2	280.1
Changes in current loans including leasing liabilities	-3.8	-8.2	-0.9	20.7	-11.4
Proceeds of non-current loans		100.0		100.0	100.8
Repayment of non-current loans	-0.5	-7.4	-7.0	-13.3	-20.0
Repurchase of Treasury shares					-17.9
Dividends paid and other distribution of profits	-40.7	-210.9	-224.3	-210.9	-211.2
Total net cash flow from financing activities	-45.1	-126.5	-232.1	-103.4	-159.8
Net change in cash and cash equivalents	-25.6	-175.5	-262.1	-133.6	120.4
Cash and cash equivalents at the beginning of the period	99.8	258.7	332.6	216.7	216.7
Foreign exchange differences	0.4	3.0	4.1	3.0	-4.4
Cash and cash equivalents at the end of the period	74.6	86.1	74.6	86.1	332.6

Reconciliation of cash and cash equivalents in statement of financial position

EUR million	4-6/23	4-6/22	1-6/23	1-6/22	1-12/22
Cash and cash equivalents in statement of financial position at the end of the period	74.6	86.1	74.6	86.1	332.6
Money market investments at the end of the period					
Cash and cash equivalents in the statement of cash flows	74.6	86.1	74.6	86.1	332.6

Appendices

NET SALES BY REVENUE FLOWS

EUR million	4-6/23	4-6/22	Change %	1-6/23	1-6/22	Change %	1-12/22
Sale of goods	259.1	276.0	-6.1%	511.4	534.6	-4.3%	1,059.3
Royalty income	30.0	3.5		55.1	15.0	+267.4%	47.7
Total sale of goods	289.1	279.5	+3.4%	566.5	549.5	+3.1%	1,106.9
Milestone payments	0.4	4.2	-89.7%	1.0	4.7	-79.1%	233.7
Total	289.6	283.7	+2.1%	567.5	554.3	+2.4%	1,340.6

In January–June 2023, EUR 1.0 (2.3) million has been entered as income from performance obligations transferred to customers over time and they are included in the Milestone payments. The Group recognised EUR 1.7 (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	4-6/23	4-6/22	Change %	1-6/23	1-6/22	Change %	1-12/22
Innovative Medicines	52.4	21.9	+139.2%	94.2	44.0	+114.0%	329.4
Branded Products	67.3	76.3	-11.8%	126.8	149.6	-15.2%	278.5
Generics and Consumer Health	126.7	137.1	-7.6%	260.3	282.3	-7.8%	557.2
Animal Health	23.4	17.7	+32.2%	50.3	30.9	+62.7%	98.9
Fermion	19.3	15.8	+21.7%	37.3	36.1	+3.6%	68.7
Translation differences and Other operations	0.5	14.8	-96.4%	-1.6	11.3	-113.9%	7.8
Total	289.6	283.7	+2.1%	567.5	554.3	+2.4%	1,340.6

QUARTERLY NET SALES BY REGION

EUR million	2023		2022		2021			
	4-6	1-3	10-12	7-9	4-6	1-3	10-12	7-9
Finland	82.4	79.2	89.4	80.1	81.2	75.7	85.3	78.2
Scandinavia	36.4	33.8	34.8	32.3	35.8	36.1	36.2	34.8
Other Europe	99.1	99.2	100.2	97.7	101.9	98.7	90.2	82.7
North America	41.3	34.3	35.2	251.7	27.5	20.3	26.3	14.7
Other markets	30.6	31.3	34.9	30.0	37.3	39.9	38.4	30.5
Total	289.6	277.9	294.5	491.8	283.7	270.6	276.5	240.9

OPERATING PROFIT BY QUARTER

EUR million	2023		2022		2021			
	4-6	1-3	10-12	7-9	4-6	1-3	10-12	7-9
Operating profit	46.5	55.5	40.7	245.4	82.0	71.5	39.9	57.3

TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	4-6/23	4-6/22	Change %	1-6/23	1-6/22	Change %	1-12/22
Nubeqa® (prostate cancer)	45.3	19.2 ¹	+135.6%	83.0	38.7 ¹	+114.3%	87.1 ¹
Easyhaler® portfolio (asthma, COPD)	36.0	33.9	+6.4%	68.2	65.1	+4.9%	129.7
Entacapone products (Parkinson's disease)	25.3	30.2	-16.2%	46.8	64.3	-27.3%	113.4
Simdax® (acute decompensated heart failure)	7.0	12.0	-41.9%	15.1	24.5	-38.2%	42.9
Dexdomitor®, Domitor®, Domosedan® and Antisedan® (animal sedatives)	4.8	11.3	-57.7%	12.8	17.0	-24.6%	36.3
Trexan® (rheumatoid arthritis, cancer)	5.0	3.6	+39.1%	12.6	7.3	+72.4%	15.2
Dexmedetomidine products for human use	5.1	9.7	-48.0%	12.2	23.2	-47.5%	37.3
Burana® (inflammatory pain)	6.1	6.3	-3.5%	12.0	12.3	-1.9%	26.7
Divina® series (menopausal symptoms)	5.2	7.2	-27.3%	10.2	14.0	-27.4%	27.6
Biosimilars ((rheumatoid arthritis, inflammatory bowel diseases)	4.8	5.0	-5.3%	8.9	9.8	-9.4%	20.4
Total	144.7	138.6	+8.8%	281.9	276.2	+2.1%	536.7
Share of net sales, %	50.0%	48.9%		49.7%	49.8%		40.0%

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

ACQUISITION OF INOVET'S ANIMAL HEALTH BUSINESS IN 2022

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

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

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

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

EUR million	30 June 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	14.6
Cash and cash equivalents	0.2
Current assets total	41.1
Assets total	73.2
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	16.6
Current liabilities total	29.8
Liabilities total	55.5
Net assets acquired	17.7
Goodwill	73.7
Interest accrual on deferred purchase price	2.2
Purchase consideration including interest	93.6
Deferred purchase price and earn-out	11.2
Consideration transferred total	82.4

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 0.1 million in January-June 2023.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	6/23	6/22	12/22
Carrying amount at the beginning of the period	373.3	332.6	332.6
Additions	29.1	23.6	59.1
Acquired in business combination		25.1	28.0
Depreciation and impairment for the period	-21.3	-19.9	-40.9
Disposals and other changes	-0.7	-0.3	-5.5
Carrying amount at the end of the period	380.4	361.2	373.3

CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	6/23	6/22	12/22
Carrying amount at the beginning of the period	103.8	55.5	55.5
Additions	6.6	6.9	50.5
Acquired in business combination		3.3	4.1
Amortisation and impairment for the period	-3.6	-3.2	-6.5
Disposals and other changes	-3.0	0.2	0.3
Carrying amount at the end of the period	103.8	62.7	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 30 June 2023 Orion met these financial covenants.

COMMITMENTS AND CONTINGENCIES

Contingencies for own liabilities

EUR million	6/23	6/22	12/22
Guarantees	3.9	5.2	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	6/23	6/22	12/22
Currency forward contracts and currency swaps	45.5	39.8	39.3
Currency options	32.9	30.5	25.7

Fair values of currency derivatives

EUR million	6/23	6/22	12/22
Currency forward contracts and currency swaps	0.0	-0.5	-0.2
Currency options	0.1	0.0	0.0

FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS, 30 JUNE 2023

EUR million	Level 1	Level 2	Level 3	Total
Currency derivatives		0.3		0.3
Shares and investments			0.2	0.2
Assets total		0.3	0.2	0.4
Deferred purchase price and earn-out			-9.1	-9.1
Currency derivatives		-0.2		-0.2
Liabilities total		-0.2	-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	1-6/23	1-6/22	1-12/22
Management's employment benefits	9.4	3.7	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, 30 JUNE 2023

	A share	B share	Total
Trading code on Nasdaq Helsinki	ORNAV	ORNBV	
Listing day	1 Jul 2006	1 Jul 2006	
ISIN code	FI0009014369	FI0009014377	
ICB code	4500	4500	
Reuters code	ORNAV.HE	ORNBV.HE	
Bloomberg code	ORNAV.FH	ORNBV.FH	
Share capital, EUR million	21.9	70.3	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

	4-6/23	4-6/22	Change %	1-6/23	1-6/22	Change %	1-12/22
Net sales, EUR million	289.6	283.7	+2.1%	567.5	554.3	+2.4%	1,340.6
EBITDA, EUR million	59.2	93.6	-36.7%	126.9	176.5	-28.1%	487.1
% of net sales	20.5%	33.0%		22.4%	31.8%		36.3%
Operating profit, EUR million	46.5	82.0	-43.2%	102.0	153.4	-33.5%	439.6
% of net sales	16.1%	28.9%		18.0%	27.7%		32.8%
Profit for the period, EUR million	36.4	66.1	-44.9%	80.2	123.4	-35.0%	349.5
% of net sales	12.6%	23.3%		14.1%	22.3%		26.1%
Research and development expenses, EUR million	31.3	28.0	+11.8%	63.0	59.5	+5.9%	133.2
% of net sales	10.8%	9.9%		11.1%	10.7%		9.9%
Capital expenditure, excluding acquired in business combination, EUR million	17.6	19.4	-9.1%	35.7	30.5	+17.1%	109.6
% of net sales	6.1%	6.8%		6.3%	5.5%		8.2%
Acquired in business combination, net of cash, EUR million	0.1	81.1	-99.9%	0.1	81.1	-99.9%	82.0
Depreciation, amortisation and impairment, EUR million	12.7	11.6	+9.2%	24.9	23.1	+8.0%	47.5
Personnel expenses, EUR million	73.3	63.2	+16.0%	140.7	124.4	+13.1%	263.9
Equity total, EUR million				768.0	749.9	+2.4%	908.1
Interest-bearing net liabilities, EUR million				132.1	167.5	-21.1%	-118.7
Assets total, EUR million				1,307.9	1,270.8	+2.9%	1,503.6
Cash flow from operating activities, EUR million	33.2	49.6	-33.1%	37.2	83.0	-55.2%	434.4
Equity ratio, %				59.2%	59.6%		60.9%
Gearing, %				17.2%	22.3%		-13.1%
Return on capital employed (before taxes), %				20.0%	33.7%		45.1%
Return on equity (after taxes), %				19.1%	33.0%		42.2%
Personnel at the end of the period				3 657	3,613	+1.2%	3,527
Average personnel during the period				3 577	3,418	+4.6%	3,472

PERFORMANCE PER SHARE

	4-6/23	4-6/22	Change %	1-6/23	1-6/22	Change %	1-12/22
Basic earnings per share, EUR	0.26	0.47	-44.8%	0.57	0.88	-34.8%	2.49
Diluted earnings per share, EUR	0.26	0.47	-44.8%	0.57	0.88	-34.8%	2.49
Cash flow from operating activities per share, EUR	0.24	0.35	-32.9%	0.27	0.59	-55.1%	3.09
Equity per share, EUR				5.47	5.33	+2.6%	6.48
A share							
Number of shares at the end of the period				33,462,382	34,476,321	-2.9%	34,186,494
% of total share stock				23.7%	24.4%		24.2%
Number of votes excluding treasury shares				669,247,640	689,526,420	-2.9%	683,729,880
% of total votes				86.2%	86.7%		86.6%
Total number of shareholders				23,926	23,370	+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				37.85	33.90	+11.7%	33.90
Average quotation of review period, EUR				45.38	39.03	+16.3%	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				38.80	42.40	-8.5%	51.10
Trading volume, EUR million				27.8	44.7	-37.8%	69.9
Shares traded				611,981	1,145,247	-46.6%	1,684,646
% of the total number of shares				1.8%	3.3%		4.9%
B share							
Number of shares at the end of the period, including treasury shares				107,671,896	106,657,957	+1.0%	106,947,784
% of total share stock				76.3%	75.6%		75.8%
Treasury shares				782,973	532,771	+47.0%	932,771
Number of shares at the end of the period, excluding treasury shares				106,888,923	106,125,186	+0.7%	106,015,013
Number of votes excluding treasury shares				106,888,923	106,125,186	+0.7%	106,015,013
% of total votes				13.8%	13.3%		13.4%
Diluted number of shares, average, excluding treasury shares				106,287,271	105,897,443	+0.4%	106,065,089
% of total share stock				75.3%	75.3%		75.2%
Total number of shareholders				66,433	64,216	+3.5%	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				37.30	33.75	+10.5%	33.75
Average quotation of review period, EUR				44.00	38.86	+13.2%	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				38.02	42.60	-10.8%	51.24
Trading volume, EUR million				1,462.4	1,774.1	-17.6%	3,344.4
Shares traded				33,238,753	45,661,414	-27.2%	79,342,616
% of the total number of shares				30.9%	42.8%		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				140,301,648	140,588,730	-0.2%	140,501,281
Number of votes excluding treasury shares				776,136,563	795,651,606	-2.5%	789,744,893
Diluted number of shares, average, excluding treasury shares				140,312,597	140,596,714	-0.2%	140,589,736
Total number of shareholders				83,339	80,766	+3.2%	79,423
Trading volume, EUR million				1,490.2	1,818.8	-18.1%	3,414.4
Shares traded				33,850,734	46,806,661	-27.7%	81,027,262
Total shares traded, % of total shares				24.0%	33.2%		57.4%
Market capitalisation at the end of the period excluding treasury shares, EUR million				5,362.3	5,982.7	-10.4%	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.