



Orion Group
Half-Year Financial Report 1-6/2022

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Orion Group Half-Year Financial Report January-June 2022

- Net sales totalled EUR 554 million (EUR 524 million in 2021).
- Operating profit was EUR 153 (146) million.
- Profit before taxes was EUR 155 (145) million.
- Equity ratio was 60% (68%).
- Return on capital employed before taxes (ROCE) was 34% (36%).
- Return on equity after taxes (ROE) was 33% (32%).
- Basic earnings per share were EUR 0.88 (0.82).
- Cash flow from operating activities per share was EUR 0.59 (0.71).
- The outlook for 2022 was updated on 13 July 2022. Orion estimates that net sales in 2022 will be clearly higher than in 2021 (net sales in 2021 were EUR 1,041 million). Operating profit is estimated to be clearly higher than in 2021 (operating profit in 2021 was EUR 243 million).

Key figures

	4-6/22	4-6/21	Change %	1-6/22	1-6/21	Change %	1-12/21
Net sales, EUR million	283.7	254.9	+11.3%	554.3	523.6	+5.9%	1,041.0
EBITDA, EUR million	93.6	82.0	+14.1%	176.5	168.0	+5.1%	289.1
% of net sales	33.0%	32.2%		31.8%	32.1%		27.8%
Operating profit, EUR million	82.0	71.0	+15.4%	153.4	146.0	+5.1%	243.3
% of net sales	28.9%	27.9%		27.7%	27.9%		23.4%
Profit before taxes, EUR million	83.1	70.4	+18.1%	155.2	145.2	+6.9%	242.3
% of net sales	29.3%	27.6%		28.0%	27.7%		23.3%
Profit for the period, EUR million	66.1	56.0	+18.1%	123.4	115.5	+6.8%	193.8
% of net sales	23.3%	22.0%		22.3%	22.1%		18.6%
Research and development expenses, EUR million	28.6	28.8	-0.8%	60.7	53.9	+12.6%	117.7
% of net sales	10.1%	11.3%		11.0%	10.3%		11.3%
Capital expenditure, EUR million	19.4	14.4	+34.5%	30.5	26.4	+15.5%	85.4
% of net sales	6.8%	5.7%		5.5%	5.0%		8.2%
Acquired in business combination, net of cash, EUR million	81.1			81.1			
Interest-bearing net liabilities, EUR million				167.5	-51.1	-427.7%	-108.3
Basic earnings per share, EUR million	0.47	0.40	+18.0%	0.88	0.82	+6.8%	1.38
Cash flow from operating activities per share, EUR	0.35	0.40	-11.9%	0.59	0.71	-17.2%	1.53
Equity ratio, %				59.6%	68.2%		68.1%
Gearing, %				22.3%	-7.3%		-14.5%
Return on capital employed (before taxes), %				33.7%	35.6%		28.8%
Return on equity (after taxes), %				33.0%	32.3%		26.2%
Average personnel during the period				3,418	3,362	+1.7%	3,364

President and CEO Timo Lappalainen:

Important news for Orion's future

“The year 2022 has so far held a number of important events for Orion's future. In February, together with Bayer, we announced more detailed positive results of the Phase III ARASENS study on darolutamide and Bayer updated its estimate of the sales potential of darolutamide. In April, Orion's Board of Directors appointed Liisa Hurme as Orion's new Chief Executive Officer with effect from 1 November 2022.

During the spring, we decided to focus our research and development activities for new proprietary products on cancer and pain. At the same time, we decided to discontinue the development of the indacaterol-glycopyrronium combination product for COPD. Other ongoing clinical development projects will continue as normal. In May, we entered into an agreement with Chinese Jemincare, through which Orion received exclusive global development and commercialisation rights excluding mainland China, Hong Kong, Macau and Taiwan for a potent and selective NaV 1.8 blocker for the treatment of acute and chronic pain. We aim to start the first clinical trial with the molecule later this year.

In June, we acquired Inovet's animal health business i.e. the animal health company VMD. With the acquisition, Orion Animal Health unit will become a comprehensive animal health company with a broader geographical presence and a broad product portfolio covering both companion animals and livestock. In addition, we now have a production unit specialised in the manufacture of veterinary medicines.

Following the period under review, in July we announced a global development and commercialisation agreement regarding the ODM-208 molecule and a related upfront payment of USD 290 million, of which we will recognise EUR 228 million in the current year's results in the third quarter. The agreement positions Orion to harness the potential of ODM-208 for the benefit of patients while continuing to invest in other projects without compromising our financial targets.

At the same time, Orionees have continued their uncompromising work to ensure production continuity, product availability and patient safety, despite a challenging operating environment, particularly in global supply chains, due to the impact of the COVID-19 pandemic, the war in Ukraine and cost inflation. Supply chain risks have been well managed by Orion and potential challenges during the remainder of the year are likely to be reflected in our operations more in the following years. The impact of cost inflation is expected to start to be felt in late 2022 and more in 2023.

Orion's net sales in January-June 2022 were slightly higher than in the comparative period. Net sales of the Proprietary Products unit increased slightly, driven by strong sales performance of Nubeqa® and the Easyhaler® product portfolio. Sales of Parkinson's medicines also developed favourably. Sales of Dextor® and Simdax®, on the other hand, declined significantly, as expected. The Specialty Products unit reported higher sales in all main markets and in both product segments. The increase in the Group's net sales includes the positive impact from exchange rates. The decline in net sales in the Animal Health unit was mainly due to the termination of one distribution agreement in Finland and the timing of partner deliveries. Fermion and Contract Manufacturing sales developed in line with expectations in the first half of the year. Operating profit in January-June 2022 was also slightly higher than in the comparative period. The increase is mainly due to higher sales.

We remain on track to achieve Orion's 2025 growth target. As part of this work, we will continue to evaluate new collaboration opportunities and business and product acquisition targets.”

Outlook for 2022 (provided on 13 July 2022)

Orion estimates that net sales in 2022 will be clearly higher than in 2021 (net sales in 2021 were EUR 1,041 million).

Operating profit is estimated to be clearly higher than in 2021 (operating profit in 2021 was EUR 243 million).

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

Impacts of the war in Ukraine on Orion

Financial risks for Orion caused by the war in Ukraine relate to net sales, receivables and inventories in Russia and Ukraine. Orion's operations in Russia and Ukraine are sales operations and the Company does not have any proprietary fixed assets in these countries. Orion has about 20 people working for the company in Ukraine and about 50 in Russia. Due to patient safety and ethical reasons, Orion continues to deliver certain critical medicines to Ukraine and Russia, and to supply medicines to customers from local warehouses in these countries. However, the situation currently makes it very difficult to estimate the future development of the business.

In 2021, Orion's sales in Russia and in Ukraine accounted for less than 4% and less than 1% respectively of the Group's total net sales. In January-June 2022, the combined sales in these countries increased from the previous year. A significant part of the growth took place before the war in January and February 2022.

The Russian rouble has fluctuated strongly over the year. Revaluation of the receivables in Russian rouble at the end of Q1 had a EUR 3 million negative impact on operating profit. The revaluation at the end of the second quarter, in turn, had a positive impact of EUR 12 million on operating profit. At the end of June 2022, Orion's trade receivables in Russia amounted to EUR 10 million and the value of inventories was EUR 8 million. The future development of the Russian rouble exchange rate and its impact on Orion's receivables is currently difficult to estimate.

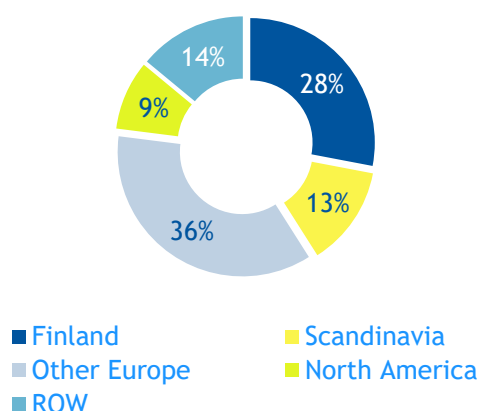
Orion has procured mainly energy and some chemicals needed in the manufacturing of pharmaceuticals or active pharmaceutical ingredients from Russia, albeit mostly indirectly. The company has found alternative sources for these products outside Russia. The availability of natural gas and raw materials from Russia and Ukraine could cause potential risks to our suppliers. Together with its partners, Orion works to analyse and minimise possible risks.

Financial review for 1 January-30 June 2022

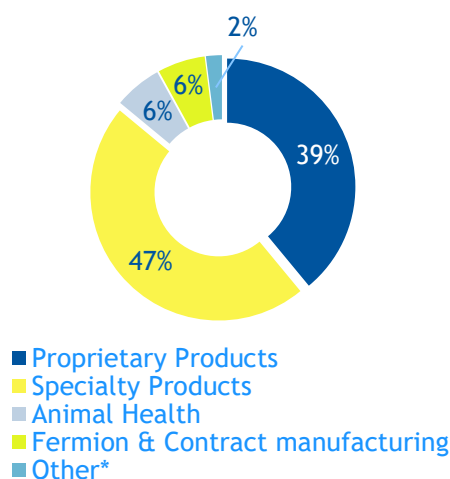
Net sales

Orion Group's net sales in January-June 2022 totalled EUR 554 (524) million, an increase of 6%. Exchange rate fluctuations had EUR 15 million positive impact on net sales during the period mainly due to Russian rouble. Net sales of Orion's top ten pharmaceuticals amounted to EUR 263 (238) million. They accounted for 48% (45%) of total net sales.

Net sales split by region
1-6/2022

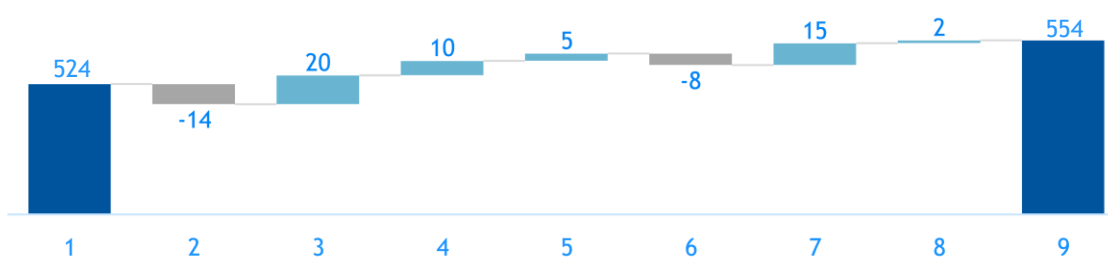


Net sales split by business units
1-6/2022



*) Other mostly comprises the impact of translation differences on Orion's net sales.

Development of net sales 1-6/2022 vs. 1-6/2021



1	Net sales in 1-6/2021	6	Animal Health and Fermion & Contract Manufacturing
2	Simdax® & Dexdor®	7	Exchange rates
3	Nubeqa® (product sales & royalty)	8	Royalties & milestones (without Nubeqa® royalties)
4	Easyhaler® product portfolio	9	Net sales in 1-6/2022
5	Other Proprietary Products and Specialty Products		

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

Operating profit

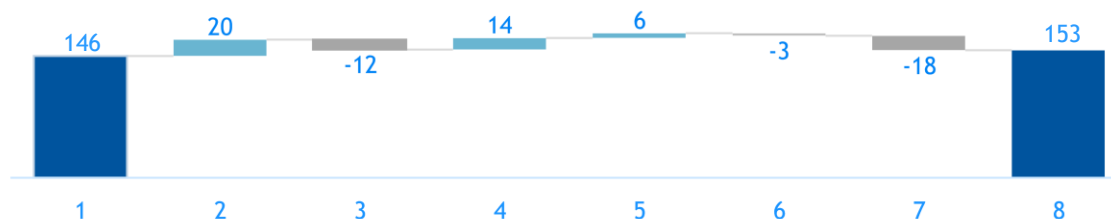
The Orion Group's operating profit was up by 5% at EUR 153 (146) million. EBITDA was up by 5% at EUR 177 (168) million.

Gross profit from sales in local currencies increased by EUR 20 million from the comparative period. Price, cost and product portfolio changes had a negative impact of EUR 12 million. Currency rate changes had a positive impact of EUR 14 million, of which EUR 12 million was due to a revaluation of receivables in Russia. With the combined impact of these items, the gross profit from product and service sales was EUR 22 million higher than in the comparative period.

Milestone payments accounted for EUR 5 (2) million and royalties for EUR 15 (12) million of net sales and operating profit. The increase in milestones is mainly due to a payment related to a change in one collaboration agreement. Other operating income and expenses accounted for EUR 2 (5) million of operating profit including the variable component of EUR 1 million from the divestment of Orion Diagnostica in 2018.

Operating expenses increased by EUR 18 million.

Development of operating profit 1-6/2022 vs. 1-6/2021



1	Operating profit in 1-6/2021	5	Milestones & royalties
2	Product & service sales without sales margin and product mix change and exchange rate effect	6	Other operating income and expenses
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 1-6/2022

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 8% and totalled EUR 100 (92) million. Research and development expenses increased by 13% mainly due to the timing of clinical development programs and totalled EUR 61 (54) million. They accounted for 11% (10%) of the Group's net sales. Administrative expenses were EUR 26 (22) million.

Group profit

Profit for the period was EUR 123 (116) million.

Basic earnings per share were EUR 0.88 (0.82). Equity per share was EUR 5.33 (4.97).

The return on capital employed before taxes (ROCE) was 34% (36%) and the return on equity after taxes (ROE) 33% (32%).

Financial position

The Group's gearing was 22% (-7%) and the equity ratio 60% (68%).

The Group's total liabilities as at 30 June 2022 were EUR 521 (343) million. At the end of the period, interest-bearing liabilities amounted to EUR 254 (108) million, including EUR 30 million of liabilities in VMD. Of the total interest-bearing liabilities EUR 203 (105) million were long-term liabilities. During the reporting period, Orion withdrew a EUR 100 million long-term loan from the European Investment Bank.

The Group had EUR 86 (159) million of cash and cash equivalents at the end of the reporting period.

The remeasurement of the pension plans has increased the equity by EUR 91 million during the period.

Cash flow

The cash flow from operating activities was EUR 83 (100) million. Cash flow declined mostly due to an increase in working capital.

The cash flow from investing activities was EUR -113 (-26) million. The increase is mainly due to the VMD acquisition.

The cash flow from financing activities was EUR -103 (-212) million. The difference to the comparative period is due to changes in borrowing. In January-June 2022, net borrowing increased by EUR 107 million.

Capital expenditure

The Group's capital expenditure without the acquisition of VMD totalled EUR 31 (26) million. This comprised EUR 24 (21) million on property, plant and equipment and EUR 7 (5) million on intangible assets.

Capital expenditure to the acquisition of VMD totalled EUR 94 million including the initial purchase price, net of cash of EUR 81 million and deferred payments of EUR 12 million. In addition, Orion repaid shareholder loans of EUR 7 million after the acquisition.

Key business targets and key performance indicators in 2022

TARGET	KPI's in 2022	Status on 30/6/2022
Increasing the sales of the current product portfolio	Significant increase in sales of Nubeqa® booked by Orion	On target
	Easyhaler® product portfolio sales increase by more than 5%	On target
Building up long-term growth	In-licensing of new products	In progress
	Portfolio enhancement through product acquisitions and M&A	On target
	Partner for ODM-208 development and commercialisation	Status on 13/7/2022
	Launch of Phase III clinical trial on ODM-208*	Target not attainable
	At least one new project proceeds to clinical development	In progress
	Solidifying the R&D portfolio with new collaboration agreements	On target

* Based on the decision to recruit additional patients to the ongoing Phase II study on ODM-208, further data from this trial is expected in 2023. Thus the status of this KPI for 2022 has changed.

	= on target		= in progress		= 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 (1-6/2022), the total sales of Orion's human pharmaceuticals in January-June 2022, including both medicinal and non-medicinal products, grew by 4 per cent 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 11 per cent while the total market fell by 6 per cent from the comparative period. The significant increase in Orion's reference priced prescription medicines in the statistics is explained by the strong volume growth and the statistical method that only takes into account products that are reference priced prescription medicines at the time of compilation of the statistics. The average price of reference-priced drugs in the market declined by approximately 12 per cent 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	1-6/22	1-6/21	Change %
Total sales of human pharmaceuticals (hospital and pharmacy channel)			
Market	1 487	1 426	+4%
Orion	160	154	+4%
Prescription drugs total (pharmacy channel)			
Market	831	789	+5%
Orion	90	89	+2%
Reference priced prescription drugs (pharmacy channel) *			
Market	215	227	-6%
Orion	53	48	+11%
Self-care products (pharmacy channel)			
Market	210	197	+7%
Orion	53	49	+8%

* 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 1-6/2022

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

Orion's market share, %	1-6/22	1-6/21
Human pharmaceuticals in total (hospital and pharmacy channel)	11%	11%
Prescription drugs total (pharmacy channel)	11%	11%
Reference priced prescription drugs (pharmacy channel) *	25%	21%
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 1-6/2022

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.

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 the Easyhaler® product portfolio.

Net sales of the unit in January-June 2022 were up by 7% and totalled EUR 217 (202) million.

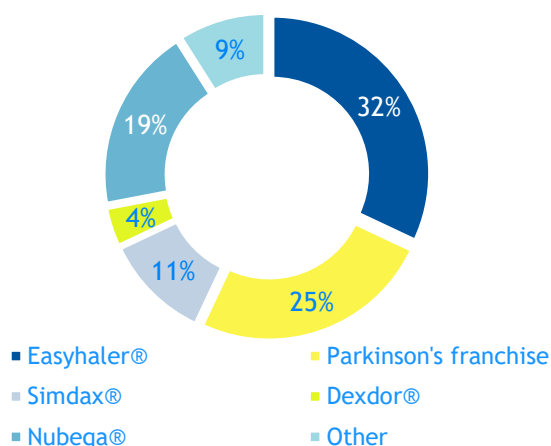
Net sales by product

EUR million	4-6/22	4-6/21	Change %	1-6/22	1-6/21	Change %
Easyhaler® product portfolio	34	30	+14%	65	56	+17%
Stalevo®, Comtess® and Comtan®	27	23	+16%	57	52	+9%
Nubeqa®*	20	11	+74%	39	19	+103%
Simdax®	12	15	-17%	24	29	-16%
Dexdor®	4	8	-54%	11	20	-44%
Other**	10	12	-19%	19	26	-25%
Total	106	99	+7%	217	202	+7%

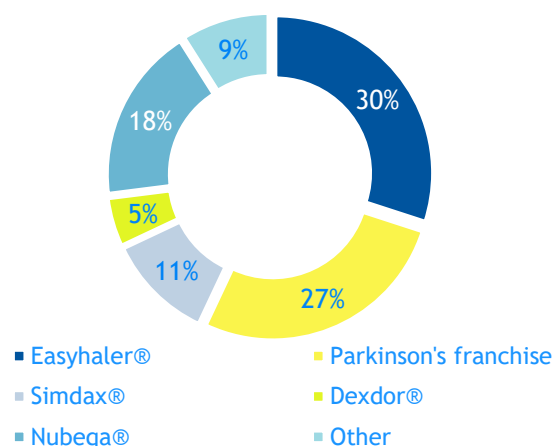
*) includes product sales to Bayer and royalties booked by Orion

**) includes service sales, milestone payments and products such as Enantoni®, Precedex® and pharmaceuticals sold for use in clinical trials. In January–June 2022, net sales of darolutamide sold for use in clinical trials were EUR 0 (9) million.

Net sales split 4-6/2022



Net sales split 1-6/2022



Orion's sales of Nubeqa® (darolutamide) in January-June 2022 totalled EUR 39 (19) million, of which royalties amounted to EUR 10 (5) million and product sales ie. deliveries to Bayer to EUR 29 (14) million. Nubeqa® is indicated for the treatment of non-metastatic castration-resistant prostate cancer.

Bayer holds global commercial rights to darolutamide and Orion is entitled to receive annually tiered royalties on global darolutamide sales. The total annual royalty rate is approximately 20% including product sales to Bayer. Initially the total annual royalty rate will be slightly lower, and as sales increase, the total annual royalty rate will increase. Orion manufactures the product for global markets and co-promotes the product in Europe with Bayer. In addition to royalties, Orion is entitled to receive

progressive one-off milestone payments from Bayer that may total EUR 280 million, depending on the future sales development of Nubeqa.

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 17% and amounted to EUR 65 (56) million in January-June 2022. In the comparative period, 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. The growth was driven by the sales of the budesonide-formoterol combined formulation which increased by 21% to EUR 41 (34) million. The sales of other Easyhaler® products (beclometasone, budesonide, formoterol, salbutamol and salmeterol-fluticasone combined formulation) increased by 12% to EUR 24 (21) 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. Orion and Menarini Asia Pacific Holdings have terminated the license and distribution agreement related to Easyhaler® portfolio in selected countries of the Asia Pacific region. Orion is in the process of re-evaluating the commercial structures for the Easyhaler portfolio in the region. Another company, Hikma Pharmaceuticals PLC, is responsible for selling the budesonide-formoterol combined formulation in the Middle East and North Africa.

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-June 2022 increased by 9% and amounted to EUR 57 (52) million. Orion markets its own Parkinson's drugs in Europe and in some countries in the Asia-Pacific area. Elsewhere, the products are sold by partners. The most important single market for Orion's Parkinson's drugs is currently Japan, where Orion has a distribution agreement with Novartis. Significant mandatory price reductions have taken effect in Japan at the beginning of 2022.

Net sales of Orion's Dexdor® intensive care sedative (dexmedetomidine), a product sold in Europe, were at EUR 11 (20) million, down by 44%. The expected decline in sales was due to generic competition and a strong comparative period owing to demand caused by the COVID-19 pandemic, despite the launch of generic competition.

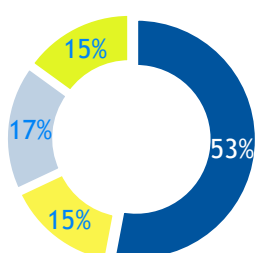
Simdax® (levosimendan), a drug for treatment of acute decompensated heart failure is sold in some 60 countries worldwide. Net sales of the product in January-June 2022 were down by 16% at EUR 24 (29) million. Sales declined from the comparative period mainly due to falling prices in some markets. Direct generic competition with a similar formulation did not yet have a material impact on Simdax® sales in the first half of 2022.

During the review period in May, Orion's partner Marinus Pharmaceuticals announced that the processing of the European marketing authorisation application (MAA) of ganaxolone for the treatment of seizures in children and young adults with cyclin-dependent kinase-like 5 (CDKL5) deficiency disorder (CDD) is further extended by four months. Marinus now expects the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) to provide opinion on the MAA by the end of the first quarter of 2023.

Specialty Products

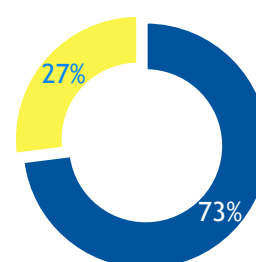
Net sales of the Specialty Products unit, comprising generic (off-patent) prescription drugs (including biosimilars) and self-care products, increased by 6% in January-June 2022 and amounted to EUR 259 (244) million. The growth was mainly driven by self-care products. Prices of reference priced prescription drugs have continued to decline especially in Finland, but Orion has been able to compensate for the impact of decreasing prices through increased sales volumes. Owing to the COVID-19 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 comparative period. This led to a decline in non-critical medical appointments and therefore in the number of prescriptions issued. Generic prescription drugs accounted for 73% (76%) and self-care products for 27% (24%) of Specialty Products' net sales.

Net sales split 1-6/2022



- Finland
- Scandinavia
- Eastern Europe & Russia
- ROW

Net sales split by product groups 1-6/2022



- Generic prescription drugs
- Self-care

Breakdown of Specialty Products' net sales by product group 4-6/2022:

EUR million	4-6/22	4-6/21	Change %	Share of unit's net sales 4-6/22	Share of unit's net sales 4-6/21
Generic prescription drugs	96	92	+4%	74%	76%
Self-care products	33	29	+17%	26%	24%
Total	129	121	+7%		

Breakdown of Specialty Products' net sales by product group 1-6/2022:

EUR million	1-6/22	1-6/21	Change %	Share of unit's net sales 1-6/22	Share of unit's net sales 1-6/21
Generic prescription drugs	190	185	+3%	73%	76%
Self-care products	69	60	+15%	27%	24%
Total	259	244	+6%		

The Specialty Products unit's most important market areas are Finland, Scandinavia and Eastern Europe. The unit's sales in Finland in January-June 2022 amounted to EUR 137 (133) million. The increase of 3% came mostly from self-care products. The general decline in the prices of reference-priced generic drugs due to price competition continued but Orion was able to compensate for this impact with strong volume development.

In Scandinavia, Specialty Products' sales totalled EUR 40 (38) million, up by 6%. In Eastern Europe and Russia, they were up by 11% and amounted to EUR 44 (40) million. The growth is mainly due to a strong sales development before the war broke out in Ukraine. Specialty Products' sales in regions other than Finland, Scandinavia and Eastern Europe and Russia stood at EUR 39 (34) million.

Animal Health

In the Nordic countries and some Eastern European markets, 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 in the Nordic countries.

In June 2022, Orion announced it has entered into an agreement with Belgian private company Inovet BV to acquire 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 is headquartered in Arendonk, Belgium. VMD has production sites in Arques, France (manufacturing) and in Arendonk (packaging) as well as its own sales operations in Belgium, France, Hungary and Vietnam. VMD's revenues in 2021 were EUR 61 million, and the group was profitable. Following this acquisition, the 181 employees of VMD joined the Orion Group.

Through this acquisition, Orion's Animal Health unit will expand its product portfolio and get a foothold in the livestock market, expand its own geographical presence to Western Europe and expand export markets, and gain a production unit that is specialised in manufacturing of veterinary medicines. The acquisition also supports Orion Group's growth strategy.

Orion Group has 100 percent equity interest over the acquired companies. The transaction price is approximately EUR 130 million debt free. The transaction is funded from Orion's cash reserves. Capital expenditure to the acquisition of VMD totalled EUR 94 million including the initial purchase price, net of cash of EUR 81 million and deferred payments of EUR 12 million. In addition, Orion repaid shareholder loans of EUR 7 million after the acquisition. The transaction will have a positive impact on Orion Animal Health unit's net sales and EBITDA starting from 2022. The transaction was completed on 15 June 2022 and thus VMD did not have material impact on Orion Animal Health's net sales in the reporting period.

Net sales of the Animal Health unit in January-June 2022 were down by 16% and amounted to EUR 31 (37) million. The decline is mainly due to the termination of one distribution agreement in Finland and the timing of deliveries to partners. Sales of animal sedative products accounted for 55% (50%), or EUR 17 (18) million, of the unit's total net sales. The animal sedative product family comprises Orion's animal sedatives Dexdomitor® (dexmedetomidine), Domitor® (medetomidine) and Domosedan® (detomidine), and antagonist Antisedan® (atipamezole), which reverses the effects of the sedatives.

Fermion and Contract Manufacturing

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

Net sales of Fermion and Contract Manufacturing, excluding deliveries for Orion's own use, totalled EUR 36 (38) 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.

Research and development

The Group's R&D expenses in January-June 2022 totalled EUR 61 (54) million, up by 13%. They accounted for 11% (10%) of the Group's net sales. R&D expenses also include expenses related to the development of the current portfolio. The core therapy areas of Orion's pharmaceutical R&D are oncology and pain. 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 due to, for example, slower than anticipated patient recruitment.

During the review period, Orion decided to focus on oncology and pain in the research and development of new proprietary products. By concentrating resources, the company believes that it can best develop new treatments for patients' needs and gain the most effective return for its R&D efforts. Ongoing clinical development projects will continue as normal, with the exception of Easyhaler® indacaterol glycopyrronium, for which the decision has been taken to terminate development. The development of new generic pharmaceuticals and the R&D of veterinary drugs will continue unchanged. The refocusing of research and product development of new proprietary products will not affect the current portfolio of products that are on sale.

Key clinical development projects

Project	Indication	PHASE			Registration
		I	II	III	
Darolutamide ARASENS ¹	Prostate cancer (mHSPC)	I	II	III	Registration
Darolutamide ARANOTE ¹	Prostate cancer (mHSPC)	I	II	III	
ODM-208 (CYP11A1 inhibitor) ²	Prostate cancer (mCRPC)	I	II		
ODM-105 (tasipimidine)	Treatment of psychiatric disorders	I			
Easyhaler® tiotropium	COPD	Bioequivalence study			
Easyhaler® indacaterol-glycopyrronium	COPD	Bioequivalence study			

¹ In collaboration with Bayer
² In collaboration with MSD

Legend:
 =Phase completed
 =Phase ongoing
 =Status changed

Detailed results from Orion's and Bayer's Phase III ARASENS trial investigating the use of the oral androgen receptor inhibitor (ARI) darolutamide in metastatic hormone-sensitive prostate cancer (mHSPC) were published in February in the New England Journal of Medicine and at the 2022 ASCO GU Cancers Symposium. In the ARASENS trial, darolutamide in combination with docetaxel and androgen deprivation therapy (ADT) significantly increased overall survival (OS) compared to placebo, docetaxel and ADT. The overall incidence of reported adverse events was similar between treatment arms. Consistent benefits were also seen across secondary endpoints. Bayer has submitted applications for additional indication of darolutamide in the United States, the EU, Japan and China, among others.

In addition, 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 has an ongoing Phase II CYPIDES clinical trial on the ODM-208 molecule, a novel selective hormone synthesis inhibitor (CYP11A1 inhibitor), for the treatment of patients with metastatic castration-resistant prostate cancer (mCRPC). Based on the decision to recruit additional patients to this study, further data from this trial is expected in 2023. After the review period, Orion and MSD announced a global development and commercialisation agreement for ODM-208 and other drugs targeting cytochrome P450 11A1 (CYP11A1), an enzyme important in steroid production. Under the terms of the agreement, Orion and MSD will co-develop and co-commercialise ODM-208. MSD will pay Orion an upfront payment of USD 290 million. Of this upfront payment Orion recognises EUR 228 million as income at the time of signing and EUR 60 million is reserved to cover Orion's share of ODM-208 development cost to be accrued in the future. Orion will be responsible for the manufacture of clinical and commercial supply of ODM-208.

In addition, the contract provides both parties with an option to convert the initial co-development and co-commercialisation agreement into a global exclusive license to MSD. If the option is exercised, MSD would assume full responsibility for all accrued and future development and commercialisation expenses associated with the programme. Orion would be eligible to receive milestone payments associated with progress in the development and commercialisation of ODM-208 as well as tiered double-digit royalties on sales if the product is approved. The total amount potentially accrued from multiple regulatory and sales milestone events represents a substantial opportunity for Orion.

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

Orion is working on a project to expand the Easyhaler® product portfolio for the treatment of asthma and COPD. It 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. As part of R&D function's refocusing, Orion has decided to terminate the development of an indacaterol-glycopyrronium combined formulation indicated for the treatment of COPD.

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 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.

In May, Orion entered into an agreement with Chinese Jemincare, through which Orion received exclusive global development and commercialisation rights, excluding mainland China, Hong Kong, Macau and Taiwan, for a potent and selective NaV 1.8 blocker for the treatment of acute and chronic pain. Orion will also receive ownership to certain key patent applications relating to the compound within its own territory.

According to the agreement, Orion has the right to develop and commercialise the asset in its territory. Orion will be fully responsible for its own development and commercialisation costs. In addition, Orion will manufacture the products, including active pharmaceutical ingredient, for its markets.

Under the terms of the agreement, Orion will pay Jemincare a EUR 15 million upfront payment, in addition to which Jemincare is upon achievement of certain development, commercialisation and sales targets entitled to receive milestone payments, which may be significant. In addition, Jemincare is eligible to receive tiered royalty of 8% to 15% on future sales in Orion territory. Orion aims to start the first clinical trial with the molecule later this year.

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 2022 was 3,418 (3,362). At the end of June 2022 the Group had a total of 3,613 (3,447) employees, of whom 2,721 (2,713) worked in Finland and 892 (734) outside Finland. The increase in personnel is due to employees transferred from VMD to Orion.

Salaries and other personnel expenses in January-June 2022 totalled EUR 124 (120) million.

Changes in Executive Management

On 20 April 2022, Orion Corporation's Board of Directors appointed Dr. Liisa Hurme as President and CEO of Orion Corporation as of 1 November 2022, until which her predecessor Timo Lappalainen will hold the position.

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 2022

- 17 Feb 2022 Detailed results of Phase III ARASENS study were published.
- 17 Feb 2022 Orion's collaboration partner Bayer upgraded estimate on Nubeqa®'s peak sales potential.
- 9 Mar 2022 Orion's collaboration partner Bayer announced submissions of applications in the U.S and EU for additional indication of darolutamide.
- 11 Mar 2022 Orion's collaboration partner Bayer announced submission of application for additional indication of darolutamide in Japan.
- 23 Mar 2022 Orion Corporation's Annual General Meeting was held in Helsinki.
- 24 Mar 2022 Orion announced that the Company is planning to refocus its R&D.
- 20 Apr 2022 Liisa Hurme was appointed President and CEO of Orion Corporation as of 1 November 2022.
- 22 Apr 2022 Orion's collaboration partner Bayer submitted application for additional indication of darolutamide in China.
- 3 May 2022 U.S. FDA accepted supplemental new drug application (sNDA) and granted priority review for additional indication of darolutamide.
- 6 May 2022 Orion entered into exclusive agreement with Jemincare for novel non-opioid drug candidate for the treatment of pain.
- 9 May 2022 Orion announced that in the future the Company's research and development of new proprietary drugs will focus on oncology and pain.
- 15 Jun 2022 Orion announced that it is acquiring Inovet's Animal Health Business.

Key events after the reporting period

- 13 Jul 2022 Orion and MSD announced a global development and commercialisation agreement for ODM-208.
- 13 Jul 2022 Orion upgraded full-year outlook for 2022.

Shares and shareholders

On 30 June 2022 Orion had a total of 141,134,278 (141,134,278) shares, of which 34,476,321 (35,039,407) were A shares and 106,657,957 (106,094,871) B shares. The Group's share capital is EUR 92,238,541.46 (92,238,541.46). At the end of June 2022 Orion held 532,771 (571,314) B shares as treasury shares. On 30 June 2022, the aggregate number of votes conferred by the A and B shares was 795,051,606 (806,311,697) excluding treasury shares.

At the end of June 2022, Orion had 80,766 (80,906) 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 336,885 A shares were converted into B shares in January-June 2022.

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 2022, the market capitalisation of the Company's shares, excluding treasury shares, was EUR 5,983 million.

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

Authorisations of the Board of Directors

On 23 March 2022, 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 Annual General Meeting authorised the Board of Directors also 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 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 2022, Orion had a total of 80,766 (80,906) registered shareholders, of whom 96% (96%) were private individuals. They held 39% (40%) of the entire share stock and had 61% (61%) of the total votes. There were 56 (56) million nominee-registered and foreign-owned shares, which was 40% (40%) of all shares, and they conferred entitlement to 10% (10%) of the total votes.

At the end of June 2022, Orion held 532,771 (571,314) 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-June 2022 Orion Corporation received altogether 9 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/and 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.

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 2022 (provided on 13 July 2022)

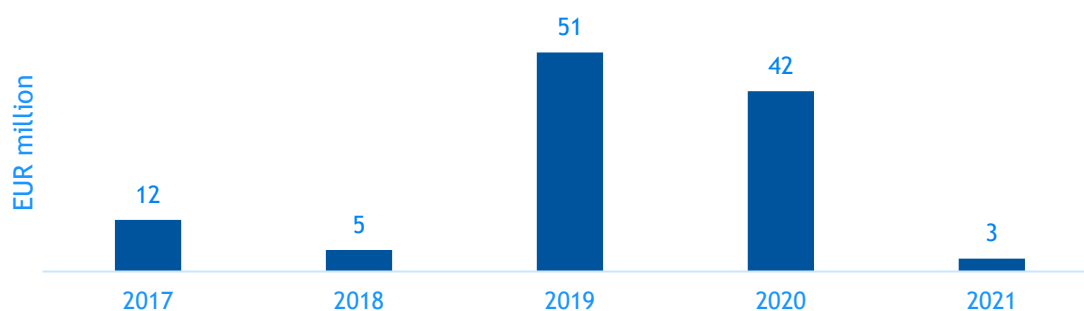
Orion estimates that net sales in 2022 will be clearly higher than in 2021 (net sales in 2021 were EUR 1,041 million).

Operating profit is estimated to be clearly higher than in 2021 (operating profit in 2021 was EUR 243 million).

Basis for outlook in more detail

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

Milestone payments received by Orion in 2017-2021



The outlook for 2022 includes EUR 228 million to be recognised for this year from the USD 290 million upfront payment Orion received but not any other material milestones. Orion is currently looking for a partner for further development and commercialisation of its digital therapy software solution for treating chronic pain. The outlook does not contain any potential milestone payments associated with this project, as the company does not yet have assurance of finding any partner or of the financial structure of any agreement to be made. Orion is entitled to receive milestone payments from Bayer for Nubeqa® sales when certain global annual sales thresholds are met for the first time. Such milestone payments are not included in the outlook for 2022, as Orion does not have the ability to accurately estimate or predict the timing when the sales thresholds potentially are met.

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

The outlook includes the impact of the acquisition of animal health company VMD on the Group's net sales and operating profit.

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

Net sales

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

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

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

The Specialty Products unit, meaning generic drugs and self-care products, accounts for a significant share of Orion's total sales. The outlook assumes that the COVID-19 pandemic will no longer materially affect the demand for generic drugs in 2022, although some customers may start using the stockpiles they had accumulated earlier in the pandemic. The outlook assumes that Orion will be able to increase its generic drugs sales volume, but foresees a simultaneous continued decline in generic drug prices. Visibility of the business development in Russia and Ukraine is currently very low due to the war. However, Orion assumes that the sales development in these countries will not have material impact on the Group's net sales in 2022. For example, the outlook does not assume significant write-downs of the value of the trade receivables in Russian roubles which at the end of June 2022 were EUR 10 million. Due to the above-mentioned reasons, net sales of the Specialty Products unit are expected to be at a similar level as in 2021. The estimate does not include any impact of material supply disruptions or product shortages.

Net sales of Orion's Animal Health unit are expected to be clearly higher than in 2021 due to the acquisition of animal health company VMD.

Fermion has been operating at very near full capacity over the past few years. The share of manufacturing of the active pharmaceutical ingredients of Orion's own proprietary drugs is estimated to increase, and consequently Fermion's external net sales reported by Orion are estimated to slightly decline in 2022.

Operating profit

Orion's operating profit in 2022 will be clearly higher than in 2021 due to an upfront payment of USD 290 million received by Orion, of which EUR 228 million will be recognised in profit this year. Orion's operating profit will also be positively impacted by growing products such as Nubeqa® and the Easyhaler® portfolio.

The falling sales of proprietary drugs Dexdor® and Simdax® due to generic competition will have a negative impact on Orion's operating profit in 2022. The price cuts of Stalevo® and Comtan® in Japan are also having a negative impact on operating profit. Relative gross margin of some products is estimated to decline, as production costs, including wages, and the prices of raw materials, goods and services rise, and these price increases cannot be passed through to Orion's product prices. On the contrary, the prices of generic drugs are estimated to continue on a downward path despite rising costs. Also, cost inflation will have a negative impact on Orion's operating profit in 2022. The acquisition of animal health company VMD is not expected to have a material impact on the Group's operating profit in 2022.

The Russian rouble has fluctuated strongly during the year. Revaluation of the receivables in Russian rouble at the end of Q1 had a EUR 3 million negative impact on operating profit. The revaluation at the end of the second quarter, in turn, had a positive impact of EUR 12 million on operating profit. However, the outlook assumes that the fluctuation of the Russian rouble will not have material impact on Orion's receivables and that Orion is capable of collecting those receivables.

Operating expenses are estimated to increase from 2021. The impact of the COVID-19 pandemic kept operating expenses below normal in 2020-2021. The outlook presupposes that the pandemic will no longer affect costs with equal force in the second half of 2022. At the same time, increasing investments are made in the sales and marketing of products that are experiencing growth as well as new products, such

as ganaxolone. Research and development expenses are estimated to be on par with or slightly higher than in 2021.

Capital expenditure

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

Near-term risks and uncertainties

The outlook is based on the assumption that Orion's own production can continue to operate normally despite the COVID-19 pandemic and the challenges in the global supply chains. The sales of Orion-manufactured products depend on the ability of production and the entire supply chain to operate at the planned level. This involves numerous risks that may cause even material production disruptions. Such risks include the infection of employees, the availability of supplies, equipment and spare parts, deteriorating availability of starting materials and intermediate products as well as logistics chain disruptions. The logistics challenges especially in China and also globally are currently increasing. Also, the availability of natural gas and raw materials from Russia and Ukraine could cause potential risks to global supply chains.

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

Sales of individual products and also Orion's sales in individual markets may vary, for example depending on the extent to which the ever-tougher price and other competition prevailing in pharmaceutical markets in recent years will specifically focus on Orion's products. 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. In June 2022, the Finnish government has issued a proposal to cut government spending on pharmaceuticals from 1 January 2023. The proposal is currently in consultation and its final content and impact on Orion will be known during autumn 2022. Product deliveries to key partners are based on timetables that are jointly agreed in advance. Nevertheless, they can change, for example as a consequence of decisions concerning adjustments of stock levels. In addition, changes in market prices and exchange rates affect the value of deliveries. The COVID-19 pandemic significantly increased the demand for some Orion products especially in 2020, partly because customers increased their safety stocks. The dismantling of such safety stocks may have a momentary negative effect on the demand for Orion products. However, Orion is unaware of how much additional safety stocks customers have remaining and when customers might start using inventories that exceed normal stock levels. Due to the pandemic and various pandemic-related restrictions, the prevalence of many seasonal illnesses has been below normal, whereby the numbers of medical appointments and prescriptions issued have also declined. Non-critical procedures have also been postponed due to the pandemic. These phenomena have negatively impacted the development of the entire pharma market. At present, it is difficult to estimate how long the situation will last or to what extent the eventual waning of the pandemic will manifest as a release of any pent-up demand. Due to Russia's invasion of Ukraine, the visibility of business in these countries is currently very low. Furthermore, it is uncertain whether all the receivables in Russia can be collected. Orion has insured its receivables, but only in part.

Currently no single currency is posing a material exchange rate risk for Orion. In Orion's total net sales, the share of invoicing in US dollars has fallen to around ten per cent. At the same time, the value of purchases in dollars has increased. The weight of the US dollar will increase due to increasing sales of Nubeqa®. Other key currencies that carry an exchange rate risk are European currencies other than EUR.

However, the overall effect of the risk arising from currencies of European countries will be abated by the fact that Orion has organisations of its own in most European countries, which means that in addition to sales income there are also costs in these currencies. The exchange rate performance of the Japanese yen is significant due to sales of Parkinson's drugs in Japan. The exchange rate effect related to the Russian rouble arises in particular due to the strong volatility of the currency. Russian sales do not represent a significant portion of Orion's entire net sales. However, due to the war in Ukraine, the fluctuations in the Russian rouble exchange rate pose a higher risk to the Company's Russian receivables than previously assumed.

Orion's broad product range may cause risks to the delivery reliability and make it challenging to maintain the high quality standard required in production. The impacts of the COVID-19 pandemic and other challenges in the global supply and logistics chains of pharmaceuticals have increased the already elevated risk of supply disruptions. Moreover, the disruptions, production volume changes and logistical challenges experienced in other industries may also have unexpected and sudden ramifications that can manifest as shortages of necessary raw materials, supplies and equipment in the chemical and pharmaceutical industries and as increases in prices. Supply chain risks have been well managed by Orion and potential challenges during the remainder of the year 2022 are likely to be reflected in company's operations more in the following years. The rise of raw material prices and other supply chain costs deteriorates the profitability of Orion's products, since in the pharmaceuticals industry it is virtually impossible to pass through the cost increases to own product prices, especially in Europe. Cost inflation remains a risk for Orion's profitability in 2022. The impact of cost inflation is expected to start to be felt in late 2022 and more in 2023.

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, for example due to the COVID-19 pandemic, are reflected in costs relatively slowly and are not expected to have a material impact on earnings in the current year. Owing to the nature of the research process, the timetables and costs of new studies that are being started are known well in advance. They therefore typically do not lead to unexpected changes in the estimated cost structure. Orion often undertakes the last, in other words Phase III, clinical trials in collaboration with other pharmaceutical companies. Commencement of these collaboration relationships and their structure also materially affect the schedule and cost level of research projects.

Collaboration arrangements are an important component of Orion's business model. Possible collaboration and licensing agreements related to these arrangements also often include payments to be recorded in net sales that may materially affect Orion's financial results. In 2014-2021 the annual payments varied from EUR 3 million to EUR 51 million. The payments may be subject to conditions relating to the progress of research projects or sales or to new contracts to be signed, and whether these conditions or contracts materialise and what their timing is will always entail uncertainties.

Upcoming events

Interim Report January-September 2022
Financial Statement Release for 2022
Annual General Meeting 2023
Interim Report January-March 2023
Half-Year Financial Report January-June 2023
Interim Report January-September 2023

Thursday 20 October 2022
Thursday 9 February 2023
planned to be held on Wednesday 22 March 2023
Thursday 27 April 2023
Monday 17 July 2023
Thursday 26 October 2023

The Financial Statements and the Report of the Board of Directors for 2022 will be published on the Company's website at the latest in week 9/2023.

Espoo, 15 July 2022

Board of Directors of Orion Corporation

Orion Corporation

Tables

CONSOLIDATED INCOME STATEMENT

EUR million	4-6/22	4-6/21	Change %	1-6/22	1-6/21	Change %	1-12/21
Net sales	283.7	254.9	+11.3%	554.3	523.6	+5.9%	1,041.0
Cost of goods sold	-110.2	-99.6	+10.7%	-216.3	-214.3	+0.9%	-447.5
Gross profit	173.4	155.3	+11.6%	337.9	309.3	+9.3%	593.5
Other operating income and expenses	1.7	4.7	-62.9%	2.2	5.4	-59.7%	6.4
Sales and marketing expenses	-51.5	-48.1	+6.9%	-99.9	-92.4	+8.1%	-191.0
Research and development expenses	-28.6	-28.8	-0.8%	-60.7	-53.9	+12.6%	-117.7
Administrative expenses	-13.2	-12.1	+9.3%	-26.1	-22.3	+17.0%	-47.9
Operating profit	82.0	71.0	+15.4%	153.4	146.0	+5.1%	243.3
Finance income and expenses	1.1	-0.7	+275.7%	1.8	-0.8	+310.2%	-1.0
Profit before taxes	83.1	70.4	+18.1%	155.2	145.2	+6.9%	242.3
Income tax expense	-17.0	-14.4	+18.1%	-31.8	-29.7	+7.0%	-48.5
Profit for the period	66.1	56.0	+18.1%	123.4	115.5	+6.8%	193.8
PROFIT ATTRIBUTABLE TO							
Owners of the parent company	66.1	56.0	+18.1%	123.4	115.5	+6.8%	193.8
Basic earnings per share, EUR¹	0.47	0.40	+18.0%	0.88	0.82	+6.8%	1.38
Diluted earnings per share, EUR¹	0.47	0.40	+18.0%	0.88	0.82	+6.8%	1.38

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	4-6/22	4-6/21	Change %	1-6/22	1-6/21	Change %	1-12/21
Profit for the period	66.1	56.0	+18.1%	123.4	115.5	+6.8%	193.8
Translation differences	-1.6	-0.1		-1.6	1.2		1.6
Items that may be reclassified subsequently to profit and loss	-1.6	-0.1		-1.6	1.2		1.6
Remeasurement of pension plans, net of tax	45.1	12.9		90.6	58.9		29.0
Items that will not be reclassified to profit and loss	45.1	12.9		90.6	58.9		29.0
Other comprehensive income net of tax	43.5	12.8		88.9	60.1		30.6
Comprehensive income for the period	109.5	68.7	+59.3%	212.3	175.6	+20.9%	224.4
COMPREHENSIVE INCOME ATTRIBUTABLE TO							
Owners of the parent company	109.5	68.7	+59.3%	212.3	175.6	+20.9%	224.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	6/22	6/21	Change %	12/21
Property, plant and equipment	361.2	321.8	+12.2%	332.6
Goodwill	87.2	13.5	+546.4%	13.5
Intangible rights	60.6	28.9	+109.8%	53.0
Other intangible assets	2.2	2.5	-13.1%	2.5
Investments in associates	0.1	0.1		0.1
Other investments	0.2	0.2	-5.1%	0.2
Pension asset	124.0	55.9	+121.8%	15.0
Deferred tax assets	7.1	2.1	+234.1%	6.6
Other non-current assets	3.4	0.4	+773.3%	0.3
Non-current assets total	646.0	425.4	+51.8%	423.7
Inventories	316.8	272.8	+16.1%	265.2
Trade receivables	187.1	154.3	+21.3%	174.8
Current tax receivables	3.0	0.5	+538.5%	3.3
Other receivables	31.9	29.5	+8.3%	30.2
Cash and cash equivalents	86.1	159.0	-45.9%	216.7
Current assets total	624.8	616.0	+1.4%	690.3
Assets total	1,270.8	1,041.4	+22.0%	1,114.0

EQUITY AND LIABILITIES

EUR million	6/22	6/21	Change %	12/21
Share capital	92.2	92.2		92.2
Other reserves	3.3	3.4	-2.1%	3.3
Cumulative translation adjustments	-9.5	-8.8	+8.1%	-8.4
Retained earnings	663.9	611.7	+8.5%	660.7
Equity attributable to owners of the parent company	749.9	698.5	+7.4%	747.9
Equity total	749.9	698.5	+7.4%	747.9
Deferred tax liabilities	57.3	40.1	+42.8%	34.0
Pension liability	3.3	3.6	-8.8%	4.9
Non-current provisions	0.5	0.5	-0.2%	0.4
Interest-bearing non-current liabilities	203.3	104.9	+93.8%	104.7
Other non-current liabilities	20.7	14.0	+47.7%	13.0
Non-current liabilities total	285.0	163.1	+74.8%	156.9
Current provisions	0.6	0.0		0.0
Interest-bearing current liabilities	50.3	2.9		3.8
Trade payables	74.1	82.1	-9.8%	89.6
Current tax liabilities	6.5	1.5	+324.5%	6.8
Other current liabilities	104.5	93.2	+12.0%	109.0
Current liabilities total	235.9	179.8	+31.2%	209.2
Liabilities total	520.9	342.9	+51.9%	366.1
Equity and liabilities total	1,270.8	1,041.4	+22.0%	1,114.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to owners of the parent company

EUR million	Share capital	Other reserves	Cumulative translation adjustments	Re-measurement of pension plans	Treasury shares	Retained earnings	Retained earnings total	Equity total
Equity at 1 January 2021	92.2	3.4	-7.9	-28.9	-21.5	694.1	643.7	731.3
Profit for the period						115.5	115.5	115.5
Other comprehensive income								
Translation differences			-0.9			2.1	2.1	1.2
Remeasurement of pension plans				58.9			58.9	58.9
Transactions with owners								
Dividends						-211.2	-211.2	-211.2
Share-based incentive plan					3.4	-0.8	2.5	2.5
Other adjustments						0.2	0.2	0.2
Equity at 30 June 2021	92.2	3.4	-8.8	29.9	-18.2	599.9	611.7	698.5
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								
Translation differences			-1.1			-0.5	-0.5	-1.6
Remeasurement of pension plans				90.6			90.6	90.6
Transactions with owners								
Dividends						-211.3	-211.3	-211.3
Share-based incentive plan					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

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-6/22	1-6/21	1-12/21
Profit before taxes	155.2	145.2	242.3
Adjustments	13.6	21.0	50.2
Change in working capital	-55.0	-45.1	-36.3
Net financial items	2.0	-0.8	-0.9
Income taxes paid	-32.8	-20.1	-39.6
Total net cash flow from operating activities	83.0	100.2	215.7
Investments in property, plant and equipment	-25.3	-20.6	-47.0
Investments in intangible assets	-7.3	-9.7	-38.0
Acquired in business combination, net of cash	-81.1		
Sales of property, plant and equipment and other investments	0.5	4.3	4.7
Total net cash flow from investing activities	-113.2	-26.0	-80.2
Cash flow from operating and investing activities, total	-30.2	74.2	135.5
Changes in current loans including leasing liabilities	20.7	-0.4	-3.6
Proceeds of non-current loans	100.0		
Repayment of non-current loans	-13.3		
Dividends paid and other distribution of profits	-210.9	-211.2	-211.2
Total net cash flow from financing activities	-103.4	-211.6	-214.8
Net change in cash and cash equivalents	-133.6	-137.4	-79.3
Cash and cash equivalents at the beginning of the period	216.7	294.4	294.4
Foreign exchange differences	3.0	2.0	1.6
Cash and cash equivalents at the end of the period	86.1	159.0	216.7
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	86.1	159.0	216.7
Money market investments at the end of the period			
Cash and cash equivalents in the statement of cash flows	86.1	159.0	216.7

Appendices

NET SALES BY REVENUE FLOWS

EUR million	4-6/22	4-6/21	Change %	1-6/22	1-6/21	Change %	1-12/21
Sale of goods	276.0	247.0	+11.7%	534.6	509.9	+4.8%	1,013.9
Royalty income	3.5	7.2	-51.7%	15.0	12.0	+24.4%	24.3
Total sale of goods	279.5	254.2	+10.0%	549.5	521.9	+5.3%	1,038.2
Milestone payments	4.2	0.7	+463.5%	4.7	1.7	+180.0%	2.8
Total	283.7	254.9	+11.3%	554.3	523.6	+5.9%	1,041.0

In the period January-June 2022 EUR 0.3 (0.3) million of the sales revenue from clinical phase R&D falls under Milestone payments and EUR 0.0 (9.4) million under Sale of goods. Sales revenue from clinical phase R&D are reported under Sale of goods once the product is commercially available.

EUR 2.3 (1.0) 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 8.1 (4.2) 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	4-6/22	4-6/21	Change %	1-6/22	1-6/21	Change %	1-12/21
Proprietary Products ¹	106.0	98.9	+7.1%	216.6	202.4	+7.0%	388.1
Specialty Products	129.4	120.6	+7.3%	259.4	244.3	+6.2%	503.2
Animal Health	17.7	17.6	+0.2%	30.9	36.9	-16.1%	73.1
Fermion and Contract manufacturing	15.8	16.9	-6.5%	36.1	38.1	-5.5%	74.9
Translation differences and Other operations	14.8	0.8		11.3	1.9	+484.7%	1.6
Total	283.7	254.9	+11.3%	554.3	523.6	+5.9%	1,041.0

¹The net sales of Proprietary Products during January-June 2022 include EUR 2.3 (1.0) million of sales revenue for performance obligations to be transferred to customers that will be recognised as income over time.

QUARTERLY NET SALES BY REGION

EUR million	2022		2021		2020			
	4-6	1-3	10-12	7-9	4-6	1-3	10-12	7-9
Finland	81.2	75.7	85.3	78.2	78.0	74.2	83.3	74.7
Scandinavia	35.8	36.1	36.2	34.8	33.8	36.5	43.0	39.5
Other Europe	101.9	98.7	90.2	82.7	86.6	94.1	87.0	89.2
North America	27.5	20.3	26.3	14.7	23.1	25.6	15.9	15.0
Other markets	37.3	39.9	38.4	30.5	33.5	38.3	26.2	31.9
Total	283.7	270.6	276.5	240.9	254.9	268.7	255.4	250.3

OPERATING PROFIT BY QUARTER

EUR million	2022		2021		2020			
	4-6	1-3	10-12	7-9	4-6	1-3	10-12	7-9
Operating profit	82.0	71.5	39.9	57.3	71.0	75.0	34.2	65.1

TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	4-6/22	4-6/21	Change %	1-6/22	1-6/21	Change %	1-12/21
Easyhaler® product family (asthma, COPD)	33.9	29.6	+14.5%	65.1	55.5	+17.2%	117.2
Stalevo®, Comtess® and Comtan® (Parkinson's disease)	26.9	23.1	+16.2%	57.2	52.4	+9.2%	95.2
Nubeqa® (prostate cancer)	19.6	11.3	+74.4%	39.4	19.4	+102.7%	39.4
Simdax® (acute decompensated heart failure)	12.0	14.5	-17.2%	24.5	29.1	-15.9%	56.8
Dexdomitor®, Domitor®, Domosedan® and Antisedan® (animal sedatives)	11.3	9.0	+26.7%	17.0	18.5	-8.0%	38.8
Divina series (menopausal symptoms)	7.2	5.9	+22.8%	14.0	11.7	+20.0%	23.1
Solomet® (inflammatory diseases, among others)	3.4	4.1	-17.4%	12.8	10.3	+25.1%	22.4
Burana® (inflammatory pain)	6.3	5.6	+14.1%	12.3	10.7	+14.3%	23.7
Dexdor® (intensive care sedative)	3.9	8.5	-53.6%	11.4	20.4	-44.2%	36.9
Biosimilars (rheumatoid arthritis, inflammatory bowel diseases)	5.0	5.5	-8.4%	9.8	10.0	-1.8%	22.0
Total	129.7	116.9	+10.9%	263.4	238.0	+10.7%	475.6
Share of net sales, %	46%	46%		48%	45%		46%

ACQUISITION OF INOVET'S ANIMAL HEALTH BUSINESS

Orion has 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. VMD's revenues in 2021 were EUR 61 million, and the group was profitable. Following this acquisition, the 181 employees of VMD joined the Orion Group.

Through this acquisition, Orion's Animal Health unit will expand its product portfolio and get a foothold in the livestock market, expand its own geographical presence to Western Europe and expand export markets, and gain a production unit that is specialised in manufacturing of veterinary medicines. The acquisition also supports Orion Group's growth strategy.

Orion Group has 100 percent equity interest over the acquired companies. The transaction price is approximately EUR 130 million debt free. The transaction is funded from Orion's cash reserves. Capital expenditure to the acquisition of VMD totalled EUR 94 million including the initial purchase price, net of cash of EUR 81 million and deferred payments of EUR 12 million. In addition, Orion repaid shareholder loans of EUR 7 million after the acquisition.

In addition, advisory costs amount to EUR 0.4 million.

The acquired business has been consolidated into Group financials from the acquisition date onwards and is reported as part of Orion Animal Health's business.

Preliminary fair values of assets acquired, liabilities assumed, and goodwill recognized at the date of acquisition, together with net cash flow impact for acquisition is summarized in the table. The net assets acquired for the business combination is denominated in euros. The assumed accounting for the acquisition, including estimated purchase consideration, is based on provisional amounts and associated purchase accounting is not final.

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

EUR million	15 June 2022
Property, plant and equipment	25.1
Intangible rights	3.3
Investments in associates	0.0
Other non-current assets	0.0
Non-current assets total	28.5
Inventories	26.8
Trade receivables	15.3
Other receivables	0.8
Cash and cash equivalents	0.5
Current assets total	43.3
Assets total	71.8
Deferred tax liabilities	1.2
Pension liability	0.7
Interest-bearing non-current liabilities	24.0
Non-current liabilities total	25.8
Interest-bearing current liabilities	13.0
Trade payables	11.5
Other current liabilities	3.6
Current liabilities total	28.1
Liabilities total	54.0
Net assets acquired	17.8
Goodwill	73.7
Interest accrual on deferred purchase price	2.4
Preliminary purchase consideration including interest	94.0
Deferred purchase price and earn-out	12.4
Consideration transferred	81.5

CASH FLOWS ASSOCIATED WITH THE ACQUISITION

EUR million	15 June 2022
Consideration transferred	81.5
Cash and cash equivalents acquired	-0.5
Net cash outflow	81.1

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	6/22	6/21	12/21
Carrying amount at the beginning of the period	332.6	319.6	319.6
Additions	23.6	21.3	51.9
Acquired in business combination	25.1		
Depreciation and impairment for the period	-19.9	-18.8	-38.3
Disposals and other changes	-0.3	-0.4	-0.6
Carrying amount at the end of the period	361.2	321.8	332.6

CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	6/22	6/21	12/21
Carrying amount at the beginning of the period	55.5	29.5	29.5
Additions	6.9	5.1	33.5
Acquired in business combination	3.3		
Amortisation and impairment for the period	-3.2	-3.2	-7.4
Disposals and other changes	0.2	-0.0	-0.0
Carrying amount at the end of the period	62.7	31.4	55.5

CHANGES IN FINANCIAL LIABILITIES

In December 2021, Orion signed EUR 100 million loan agreement with European Investment Bank and the loan was withdrawn in June 2022. In addition, Orion has withdrawn in 2020 a long-term loan EUR 100 million from European Investment Bank. The first repayment of the loan was made during the period January-March 2022 and the last repayment will be made in the financial year 2030.

If the financial covenants determined in the terms of the credit limit agreements of the company and loan agreements of the European Investment Bank are breached, the lender optionally has the right to demand early repayment of the loan. As at 30 June 2022 Orion met these financial covenants.

COMMITMENTS AND CONTINGENCIES

EUR million	6/22	6/21	12/21
CONTINGENCIES FOR OWN LIABILITIES			
Guarantees	5.2	7.0	7.0
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	6/22	6/21	12/21
CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS			
Fair value	-0.5	-0.1	-0.0
Nominal value	39.8	27.8	30.4
CURRENCY OPTIONS			
Fair value	0.0	-0.0	0.0
Nominal value	30.5	33.9	30.2

FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS, 30 JUNE 2022

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
Currency derivatives		-0.8		-0.8
Liabilities total		-0.8		-0.8

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

EUR million	1-6/22	1-6/21	1-12/21
Management's employment benefits	3.7	5.5	6.5

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 2022

	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	22.5	69.7	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

	4-6/22	4-6/21	Change %	1-6/22	1-6/21	Change %	1-12/21
Net sales, EUR million	283.7	254.9	+11.3%	554.3	523.6	+5.9%	1,041.0
EBITDA, EUR million	93.6	82.0	+14.1%	176.5	168.0	+5.1%	289.1
% of net sales	33.0%	32.2%		31.8%	32.1%		27.8%
Operating profit, EUR million	82.0	71.0	+15.4%	153.4	146.0	+5.1%	243.3
% of net sales	28.9%	27.9%		27.7%	27.9%		23.4%
Profit for the period, EUR million	66.1	56.0	+18.1%	123.4	115.5	+6.8%	193.8
% of net sales	23.3%	22.0%		22.3%	22.1%		18.6%
Research and development expenses, EUR million	28.6	28.8	-0.8%	60.7	53.9	+12.6%	117.7
% of net sales	10.1%	11.3%		11.0%	10.3%		11.3%
Capital expenditure, EUR million	19.4	14.4	+34.5%	30.5	26.4	+15.5%	85.4
% of net sales	6.8%	5.7%		5.5%	5.0%		8.2%
Acquired in business combination, net of cash, EUR million	81.1			81.1			
Depreciation, amortisation and impairment, EUR million	11.6	11.0	+5.6%	23.1	22.0	+4.9%	45.8
Personnel expenses, EUR million	63.2	61.3	+3.2%	124.4	119.7	+4.0%	231.0
Equity total, EUR million				749.9	698.5	+7.4%	747.9
Interest-bearing net liabilities, EUR million				167.5	-51.1	-427.7%	-108.3
Assets total, EUR million				1,270.8	1,041.4	+22.0%	1,114.0
Cash flow from operating activities, EUR million				83.0	100.2	-17.2%	215.7
Equity ratio, %				59.6%	68.2%		68.1%
Gearing, %				22.3%	-7.3%		-14.5%
Return on capital employed (before taxes), %				33.7%	35.6%		28.8%
Return on equity (after taxes), %				33.0%	32.3%		26.2%
Personnel at the end of the period				3,613	3,447	+4.8%	3,355
Average personnel during the period				3,418	3,362	+1.7%	3,364

PERFORMANCE PER SHARE

	4-6/22	4-6/21	Change %	1-6/22	1-6/21	Change %	1-12/21
Basic earnings per share, EUR	0.47	0.40	+18.0%	0.88	0.82	+6.8%	1.38
Diluted earnings per share, EUR	0.47	0.40	+18.0%	0.88	0.82	+6.8%	1.38
Cash flow from operating activities per share, EUR	0.35	0.40	-11.9%	0.59	0.71	-17.2%	1.53
Equity per share, EUR				5.33	4.97	+7.3%	5.32
A share							
Number of shares at the end of the period				34,476,321	35,039,407	-1.6%	34,813,206
% of total share stock				24.4%	24.8%		24.7%
Number of votes excluding treasury shares				689,526,420	700,788,140	-1.6%	696,264,120
% of total votes				86.7%	86.9%		86.8%
Total number of shareholders				23,370	23,018	+1.5%	23,252
Closing quotation at the end of previous financial year, EUR				36.10	37.40	-3.5%	37.40
Lowest quotation of review period, EUR				33.90	34.55	-1.9%	33.45
Average quotation of review period, EUR				39.03	37.08	+5.3%	36.33
Highest quotation of review period, EUR				45.60	41.05	+11.1%	41.05
Closing quotation at the end of review period, EUR				42.40	36.20	+17.1%	36.10
Trading volume, EUR million				44.7	29.0	+53.8%	58.9
Shares traded				1,145,247	783,780	+46.1%	1,620,990
% of the total number of shares				3.3%	2.2%		4.7%
B share							
Number of shares at the end of the period including treasury shares				106,657,957	106,094,871	+0.5%	106,321,072
% of total share stock				75.6%	75.2%		75.3%
Treasury shares				532,771	571,314	-6.7%	571,314
Number of shares at the end of the period excluding treasury shares				106,125,186	105,523,557	+0.6%	105,749,758
Number of votes excluding treasury shares				106,125,186	105,523,557	+0.6%	105,749,758
% of total votes				13.3%	13.1%		13.2%
Diluted number of shares, average				105,897,443	105,475,282	+0.4%	105,548,260
% of total share stock				75.3%	75.1%		75.1%
Total number of shareholders				64,216	64,725	-0.8%	64,385
Closing quotation at the end of previous financial year, EUR				36.52	37.53	-2.7%	37.53
Lowest quotation of review period, EUR				33.75	32.51	+3.8%	32.51
Average quotation of review period, EUR				38.86	36.07	+7.7%	35.86
Highest quotation of review period, EUR				46.00	39.42	+16.7%	39.42
Closing quotation at the end of review period, EUR				42.60	36.25	+17.5%	36.52
Trading volume, EUR million				1,774.1	1,582.1	+12.1%	3,027.7
Shares traded				45,661,414	43,863,233	+4.1%	84,437,433
% of the total number of shares				42.8%	41.3%		79.4%
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				140,588,730	140,529,892		140,546,563
Total number of votes conferred by the shares excluding treasury shares				795,651,606	806,311,697	-1.3%	802,013,878
Diluted number of shares, average				140,596,714	140,529,892		140,546,563
Total number of shareholders				80,766	80,906	-0.2%	80,792
Trading volume, EUR million				1,818.8	1,611.2	+12.9%	3,086.6
Shares traded				46,806,661	44,647,013	+4.8%	86,058,423
Total shares traded, % of total shares				33.2%	31.6%		61.0%
Market capitalisation at the end of the period excluding treasury shares, EUR million				5,982.7	5,093.7	+17.5%	5,118.7

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 companion and livestock 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 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 2021 financial statements, besides which the amendments to existing IFRS and IAS standards endorsed by the EU have been adopted as of 1 January 2022. New amendments to existing IFRS and IAS standards adopted from 1 January 2022 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 + 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 × 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 oncology and pain. Orion's net sales in 2021 amounted to EUR 1,041 million and the company had about 3,350 employees at the end of the year. Orion's A and B shares are listed on Nasdaq Helsinki.