



Orion Group  
Interim Report 1-9/2020

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## Orion Group Interim Report January-September 2020

- Net sales were EUR 823 million (EUR 776 million in January-September 2019).
- Operating profit was EUR 246 (198) million.
- Both net sales and operating profit include a total of EUR 37 (47) million milestone payments.
- Profit before taxes was EUR 245 (196) million.
- Equity ratio was 70% (78%).
- ROCE before taxes was 40% (32%).
- ROE after taxes was 34% (28%).
- Basic earnings per share were EUR 1.38 (1.10).
- Cash flow per share before financial items was EUR 1.52 (1.28).
- Outlook for 2020 was updated after the review period on 19 October 2020. Orion estimates that in 2020 net sales will be at a similar level as in 2019 or slightly higher than in 2019 (net sales in 2019 were EUR 1,051 million). Operating profit is estimated to be higher or clearly higher than in 2019 (in 2019 operating profit was EUR 253 million).

### Key figures

	7-9/20	7-9/19	Change %	1-9/20	1-9/19	Change %	1-12/19
Net sales, EUR million	<b>250.3</b>	283.7	-11.8%	<b>822.7</b>	776.5	+6.0%	1,051.0
EBITDA, EUR million	<b>79.5</b>	104.6	-24.0%	<b>288.7</b>	239.3	+20.6%	308.9
% of net sales	<b>31.8%</b>	36.9%		<b>35.1%</b>	30.8%		29.4%
Operating profit, EUR million	<b>65.1</b>	90.7	-28.2%	<b>245.9</b>	197.8	+24.3%	252.8
% of net sales	<b>26.0%</b>	32.0%		<b>29.9%</b>	25.5%		24.1%
Profit before taxes, EUR million	<b>64.6</b>	90.9	-28.9%	<b>244.5</b>	196.1	+24.7%	250.8
% of net sales	<b>25.8%</b>	32.0%		<b>29.7%</b>	25.3%		23.9%
Profit for the period, EUR million	<b>51.4</b>	71.6	-28.2%	<b>194.4</b>	155.2	+25.2%	200.4
% of net sales	<b>20.5%</b>	25.2%		<b>23.6%</b>	20.0%		19.1%
R&D expenses, EUR million	<b>25.6</b>	28.5	-10.2%	<b>84.8</b>	86.5	-2.0%	119.3
% of net sales	<b>10.2%</b>	10.1%		<b>10.3%</b>	11.1%		11.3%
Capital expenditure, EUR million	<b>9.3</b>	9.3	+0.1%	<b>30.5</b>	28.1	+8.7%	42.6
% of net sales	<b>3.7%</b>	3.3%		<b>3.7%</b>	3.6%		4.0%
Interest-bearing net liabilities, EUR million				<b>-140.0</b>	-85.8		-139.1
Basic earnings per share, EUR million	<b>0.37</b>	0.51	-28.2%	<b>1.38</b>	1.10	+63.2%	1.43
Cash flow per share before financial items, EUR	<b>0.62</b>	0.71	-12.6%	<b>1.52</b>	1.28	+18.3%	1.68
Equity ratio, %				<b>70.4%</b>	78.2%		76.7%
Gearing, %				<b>-18.4%</b>	-12.1%		-17.8%
ROCE (before taxes), %				<b>40.1%</b>	32.3%		29.9%
ROE (after taxes), %				<b>33.7%</b>	27.9%		25.8%
Average personnel during the period				<b>3,343</b>	3,246	+3.0%	3,251

President and CEO Timo Lappalainen:

## Orion is prepared for a second wave of the COVID-19 pandemic

“The COVID-19 pandemic has accelerated in the course of the autumn in Finland, Europe and around the world. At Orion, our priority continues to be safeguarding our employees’ health and safety. Through this, we strive to secure continued manufacturing of important active pharmaceutical ingredients and drugs as well as optimal availability of drugs in the current exceptional circumstances. Ensuring patient safety in ongoing clinical trials is another key priority for us. This year we have been able to increase our stocks of finished products and raw materials, and Orion’s people have worked hard in all other aspects as well to ensure our optimal preparedness for the second wave of the pandemic.

Orion’s net sales from January to September 2020 increased slightly and our operating profit increased clearly from the comparative period. All our reporting units increased their net sales. Some of the growth is partly attributable to a strong increase in demand for pharmaceuticals in March and April in all markets caused by the ongoing COVID-19 pandemic. In several products, however, the impact of the spike in demand has levelled off in the second and third quarters, as anticipated. Furthermore, COVID-19-induced disruptions in the availability of some products have been less severe than expected.

The high capacity utilisation rate of Orion’s production facilities and reduction of scrap and inventory write-offs due to continuous development of operations as well as a favourable sales margin structure served to increase the gross margin from the comparative period. Operating expenses have been lower than in the comparative period owing to the COVID-19 pandemic, with significant reduction in travel, for example. Due to these reasons as well as the increase in net sales our operating profit increased clearly in January-September 2020.

The net sales of Orion’s intensive care sedative Dexdor® for the European market decreased from the comparative period due to generic competition. However, due to the strong demand spike in March and April, the product’s sales were well above the levels estimated at the start of the year. The sales of Simdax®, applied in the treatment of acute decompensated heart failure, remained on par with those of the comparative period. The product’s formulation patent expired in September, but generic competition is not expected to materially impact the sales of Simdax® this year.

Our Easyhaler® product family, used in the treatment of asthma and COPD, saw a marked increase in its sales in March, but subsequently the growth levelled off, and the increase in the product’s net sales from January to September was at the level anticipated at the start of the year. The net sales of the Parkinson’s drugs Stalevo® and Comtess®/Comtan® increased due to the reacquisition of their sales and distribution rights by Orion at the end of 2018 and in early 2019 as well as timing of partner deliveries. Compared with the first half of the year, the growth rate has since evened out as anticipated, and this trend is estimated to continue in the year’s remaining months.

From January to September 2020, Orion booked EUR 11 million in sales of Nubeqa®, a drug indicated for the treatment of non-metastatic castration-resistant prostate cancer. In addition, Orion has this year booked a total of EUR 28 million in milestone payments from the first commercial sales of the product in the EU and Japan. During the comparative period in August 2019, Orion booked a EUR 45 million milestone payment for the first commercial sales of the product in the USA.

The net sales of the Specialty Products unit increased, but the growth rate levelled off as expected once the March hoarding phenomenon and demand spike related to self-care products and generic prescription drugs had passed. However, the full-year sales of some products will be higher than expected at the start of the year. Additionally, the risk of COVID-19-induced lower product availability in 2020 has reduced significantly. The Animal Health unit had a very robust third quarter, partly thanks to the timing of partner deliveries, and its other business has developed well all year. Consequently, the unit’s net sales in January-September increased slightly from the comparative period. The demand for Fermion products has been good, and the production capacity has been utilised nearly in full.

The clinical Phase III REFALS trial, which was completed in July, unfortunately failed to meet its pre-specified endpoints. Therefore, Orion currently has no plans concerning the establishment of commercial

operations in the United States. Orion remains focused on managing the safety and continued treatment of patients involved in the clinical trials during the COVID-19 pandemic. It is to be expected that the exceptional circumstances may delay ongoing research and development projects, and some projects have already experienced slight delays. In the period under review in September, we announced plans to revise and refocus the strategy of our research and development function. Through these changes and reorganisation measures, we aim to strengthen the company's R&D portfolio and accelerate our research projects.

Orion has made sustainable investments amounting to tens of millions of euros per year in maintenance, refurbishment and expansion of our production facilities in Finland. We have systematically continued making these investments this year, and our tangible investments from January to September exceeded EUR 25 million.”

## Outlook for 2020 (provided on 19 October 2020)

Orion estimates that in 2020 net sales will be at a similar level as in 2019 or slightly higher than in 2019 (net sales in 2019 were EUR 1,051 million).

Operating profit is estimated to be higher or clearly higher than in 2019 (in 2019 operating profit was EUR 253 million).

Basis for the outlook and an overview of near-term risks and uncertainties are provided on pages 20-23 of this review.

# Financial review for 1 January-30 September 2020

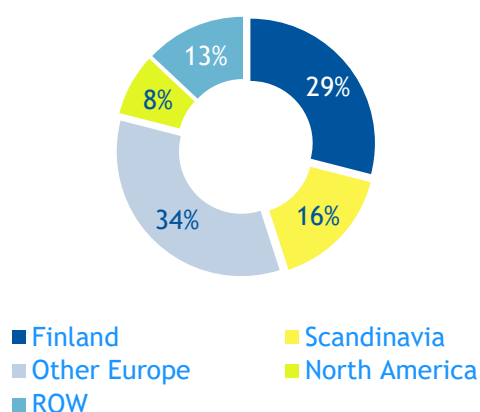
## Change in reporting of net sales

Starting with interim report January-March 2020, Orion has combined Fermion’s external net sales and Orion’s contract manufacturing net sales in reporting. The item “Other operations” reported in the context of net sales mostly comprises the impact of exchange rate changes on consolidated net sales.

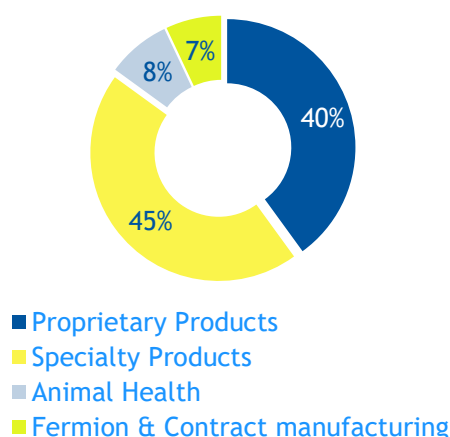
## Net sales

Orion Group’s net sales in January-September 2020 totalled EUR 823 (776) million, an increase of 6%. Exchange rates impacted net sales negatively by EUR 11 million. Net sales of Orion’s top ten pharmaceuticals in January-September 2020 were EUR 359 (348) million. They accounted for 44% (45%) of the total net sales.

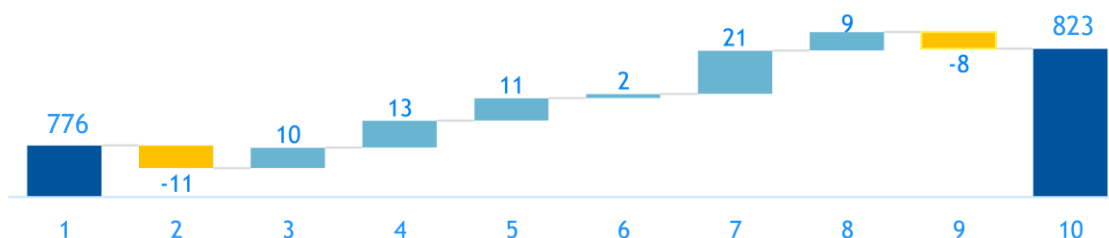
Net sales split by region  
1-9/2020



Net sales split by business units  
1-9/2020



Development of net sales 1-9/2020 vs. 1-9/2019



1	Net sales in 1-9/2019	6	Reference Priced in Finland
2	Exchange rates	7	Other Specialty Products
3	Parkinson’s franchise	8	Other
4	Easyhaler® franchise	9	Royalties & milestones (without Nubeqa® royalties)
5	Nubeqa® (product sales & royalty)	10	Net sales in 1-9/2020



## Operating profit

The Orion Group's operating profit was up by 24% at EUR 246 (198) million. EBITDA was up by 21% at EUR 289 (239) million.

The positive effect of increased net sales calculated in local currencies on the gross profit of product and service sales was EUR 34 million. Price, cost and product portfolio changes had a positive impact of EUR 19 million and currency rate changes a negative impact of EUR 10 million. The improvement in the cost level was due to, for example, the high capacity utilisation rate of production facilities and reduction of scrap and inventory write-offs. In all, with the joint impact of these items, the gross profit from product and service sales was EUR 43 million higher than in the comparative period.

Milestone payments accounted for EUR 37 (47) million and royalties for EUR 14 (8) million of net sales and operating profit. The increase in other operating income improved operating profit by EUR 2 million.

Operating expenses decreased by EUR 6 million.

### Development of operating profit 1-9/2020 vs. 1-9/2019



1	Operating profit in 1-9/2019	5	Milestones & royalties
2	Product & service sales without sales margin and product mix change and exchange rate effect	6	Other income
3	Product sales margin and product mix change but without exchange rate effect	7	Fixed cost
4	Exchange rate effect on gross margin	8	Operating profit in 1-9/2020

## Operating expenses

The Group's sales and marketing expenses were down by 5% and totalled EUR 147 (155) million. Due to the COVID-19 pandemic, travel costs particular have declined clearly. R&D expenses were EUR 85 (86) million. They accounted for 10% (11%) of the Group's net sales. Research projects are reported in more detail under the 'Research and development' section of this review.

Administrative expenses were EUR 37 (34) million.

Other operating income and expenses amounted to total of EUR 4 (2) million positive.

## Group's profit

Profit for the period was EUR 194 (155) million.

Basic earnings per share were EUR 1.38 (1.10). Equity per share was EUR 5.42 (5.07).

The return on capital employed before taxes (ROCE) was 40% (32%) and the return on equity after taxes (ROE) 34% (28%).

## Financial position

The Group's gearing was -18% (-12 %) and the equity ratio 70% (78%).

The Group's total liabilities at 30 September 2020 were EUR 339 (220) million. At the end of the period, interest-bearing liabilities amounted to EUR 108 (8) million, including EUR 105 (5) million of long-term liabilities. During the year, Orion has withdrawn a EUR 100 million long-term loan from the European

Investment Bank. The loan ensures the Company's good liquidity despite possible adverse impacts of the coronavirus pandemic. The EUR 50 million short-term loan, which was withdrawn in the first quarter, was repaid in the third quarter. Orion is not currently aware of factors that would materially affect the Company's liquidity negatively.

The Group had EUR 248 (94) million of cash and cash equivalents and money market investments at the end of the review period.

#### **Cash flow**

Cash flow from operating activities was EUR 243 (206) million. The company's inventories have increased, but since receivables have decreased, working capital only increased by EUR 3 million in the period under review, whereas it decreased by EUR 10 million in the comparative period.

The cash flow from investing activities was EUR -30 (-26) million.

The cash flow from financing activities was EUR -113 (-370) million. The difference to the comparative period is due to changes in borrowing. In January-September, net borrowing increased by EUR 100 million. In the comparative period, a matured bond loan of EUR 150 million was repaid.

#### **Capital expenditure**

The Group's capital expenditure totalled EUR 30 (28) million. This comprised EUR 26 (22) million on property, plant and equipment and EUR 5 (6) million on intangible assets.



## Key business targets for 2020

TARGET	DEVELOPMENT 1-9/2020
Launch and commercialisation of the prostate cancer drug darolutamide jointly with Bayer. Continued research and development collaboration in the ARASENS trial (metastatic prostate cancer) to expand the indication.	<ul style="list-style-type: none"> <li>○ First commercial sales of darolutamide in Japan and the EU.</li> <li>○ Fully-recruited ARASENS trial is expected to be completed in 2021.</li> </ul>
Development of orally administered levosimendan (ODM-109) for the treatment of symptoms of ALS in Phase III clinical trial (REFALS) and preparation for its possible commercialisation. In research and development, the potential of different projects are reviewed with consideration of the total research portfolio.	<ul style="list-style-type: none"> <li>○ REFALS trial did not reach its endpoints.</li> <li>○ Orion currently has no plans concerning the establishment of commercial operations in the United States.</li> <li>○ Partners are being sought for the development of ODM-203 and ODM-207.</li> </ul>
Strengthening Orion's position as the most significant provider of generic drugs in Finland and competitive pricing. Development of a competitive product portfolio in Specialty Products and strengthening of product launches.	<ul style="list-style-type: none"> <li>○ Orion is the clear market leader both in self-care products and reference priced prescription drugs in Finland and grew faster than the market.</li> </ul>
Accelerating the growth of the Easyhaler® product family and strengthening its market position. Progress on the launch of the salmeterol-fluticasone Easyhaler® in Europe.	<ul style="list-style-type: none"> <li>○ Easyhaler® product family sales increased by 17%.</li> </ul>
Evaluation of new in-licensing opportunities in Europe, particularly in the area of hospital care.	<ul style="list-style-type: none"> <li>○ The work continues.</li> </ul>

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

## Business review

### Review of the Finnish human pharmaceuticals market

Finland is the most important individual market for Orion, generating more than one-quarter of the Group's net sales. According to Pharmarket statistics (1-9/2020), the total sales of Orion's human pharmaceuticals, including both medicinal and non-medicinal products, developed slightly weaker than the market. The COVID-19 epidemic increased demand strongly in March but the impact of this demand spike has clearly levelled off.

Orion's biggest product group in Finland are reference-priced prescription drugs in the pharmacy channel. The sales of Orion's reference-priced prescription drugs increased faster than the market from the comparative period despite continuing tough price competition and availability disruptions. The average price of reference-priced drugs in the market declined approximately 4% from the comparative period (Source: Pharmarket). The impact of 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 in self-care product sales, with its market share being a quarter of the market in each.

Sales of human pharmaceuticals in Finland (medicinal and non-medicinal products):

EUR million	1-9/20	1-9/19	Change %
<b>Total sales of human pharmaceuticals (hospital and pharmacy channel)</b>			
Market	2,121	2,085	+2%
Orion	229	230	-0%
<b>Prescription drugs total (pharmacy channel)</b>			
Market	1,188	1,157	+3%
Orion	131	129	+1%
<b>Reference priced prescription drugs (pharmacy channel)</b>			
Market	340	339	+0%
Orion	84	83	+2%
<b>Self-care products (pharmacy channel)</b>			
Market	302	297	+2%
Orion	76	73	+3%

Source: Pharmarket sales statistics 1-9/2020

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

Orion's market share, %	1-9/20	1-9/19
Human pharmaceuticals in total (hospital and pharmacy channel)	11%	11%
Prescription drugs total (pharmacy channel)	11%	11%
Reference priced prescription drugs (pharmacy channel)	25%	24%
Self-care products (pharmacy channel)	25%	25%

Source: Pharmarket sales statistics 1-9/2020

## Proprietary Products

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

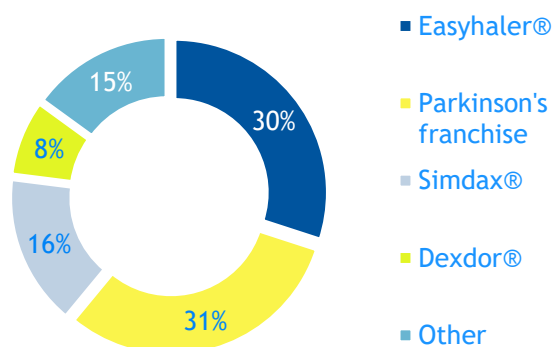
Net sales of the Proprietary Products unit in January-September 2020 were EUR 331 (308) million, up by 8%.

### Net sales by product

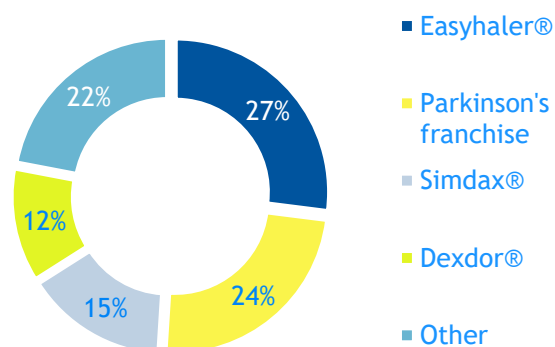
EUR million	7-9/20	7-9/19	Change %	1-9/20	1-9/19	Change %	1-12/19
Easyhaler® product family	27	23	+16%	88	75	+17%	104
Stalevo®, Comtess® and Comtan®	28	27	+4 %	80	70	+14 %	98
Simdax®	14	15	-4 %	49	49	-1 %	68
Dexdor®	7	12	-43%	41	46	-10 %	57
Others*	13	53	-75%	73	67	+9 %	80
<b>TOTAL</b>	<b>89</b>	<b>129</b>	<b>-31%</b>	<b>331</b>	<b>308</b>	<b>+8 %</b>	<b>406</b>

\*) includes milestones and several products, among them Nubeqa®, Enanton®, Precedex® and products sold for clinical trial use.

### Net sales split 7-9/2020



### Net sales split 1-9/2020



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 family for treatment of asthma and chronic obstructive pulmonary disease were up by 17% in January-September 2020 at EUR 88 (75) million. In March, the COVID-19 pandemic momentarily increased demand but during the second and third quarter the demand has levelled off and growth normalised. Sales of the budesonide-formoterol combined formulation were up by 24% at EUR 55 (44) million. The combined sales of other Easyhaler® products increased by 6% to EUR 33 (31) million.

Besides Orion's sales, co-marketing partner Menarini sells the budesonide-formoterol combined formulation in France and in a few Southern European countries. The first marketing authorisation applications have also been submitted outside Europe. Menarini sells the budesonide-formoterol combined formulation in the Asia and Pacific region, and Hikma Pharmaceuticals PLC in the Middle East and North Africa.

The sales of salmeterol-fluticasone combined formulation have also started in several European countries, but they have initially developed more slowly than anticipated and for the time being, the product has no material impact on the net sales of the product family.

Orion's drugs for treatment of Parkinson's disease are Stalevo® (active pharmaceutical ingredients carbidopa, levodopa and entacapone) and Comtess®/Comtan® (entacapone). Their total net sales in January-September 2020 were up by 14% at EUR 80 (70) million. In 2019, the European sales and distribution rights for Stalevo® and Comtan® returned to Orion. Growth in the review period is mostly explained by the fact that in the comparative period proprietary sales of Stalevo® had only started and proprietary sales of Comtan® only started in April 2019. In addition, sales to partners increased because of the timing of deliveries.

Except for Japan, distribution agreements of Parkinson's drugs with Novartis in other markets will expire during 2020 and in most of these markets, Orion has made distribution agreements with new partners. In Singapore, Thailand and Malesia Orion sells these products through its own sales organisations.

Breakdown of sales of Parkinson's drugs in 7-9/2020:

EUR million	7-9/2020	7-9/2019	Change %
Deliveries to key partners	13	14	-6%
Orion's own sales	14	13	+13%

Breakdown of sales of Parkinson's drugs in 1-9/2020:

EUR million	1-9/2020	1-9/2019	Change %
Deliveries to key partners	42	37	+12%
Orion's own sales	39	33	+16%

The net sales of Orion's Dexdor® intensive care sedative (dexmedetomidine) were EUR 41 (46) million. The sales were very strong in March and April due to the increase in demand caused by the COVID-19 pandemic as well as shortages in competing products in the markets. For these reasons, Dexdor® sales from January to September declined only 10%, although generic competition with the product has begun and expanded in Europe.

Simdax® (levosimendan), a drug for treatment of acute decompensated heart failure is sold in some 60 countries worldwide. Net sales of the product in January-September 2020 was EUR 49 (49) million. Simdax® is a liquid infusion concentrate, and its formulation patent expired in September 2020. Orion has been informed that a marketing authorisation has been granted in a few European countries for a generic levosimendan dry-powder infusion concentrate. The launch of generic competition is not estimated to materially impact the sales of Simdax® in 2020.

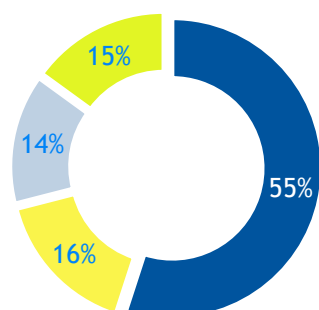
From January to September 2020, Orion booked a total of EUR 11 million in product sales of and royalties from Nubeqa® (darolutamide), a drug indicated for the treatment of non-metastatic castration-resistant prostate cancer. In addition, Orion has this year booked a total of EUR 28 million milestones for the first commercial sales of the product in the EU and Japan. In the comparative period in August 2019 Orion booked a EUR 45 million milestone for the first commercial sales of the product in the USA.

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

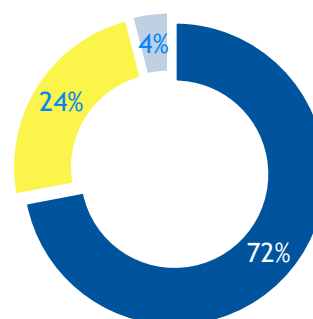
## Specialty Products

The net sales of the Specialty Products unit, consisting of off-patent products, i.e. generic prescription drugs, self-care products and biosimilars, were up by 6% in January-September 2020 and amounted to EUR 372 (349) million. The COVID-19 pandemic caused a drug hoarding phenomenon in Finland and other main markets in March, which partly explains the increase in the net sales of the Specialty Products unit. However, in Orion's estimation, the fundamental need for these products remains materially unchanged, and the demand spike has already levelled off during the second and third quarter. The full-year sales of some products will be higher than expected at the start of the year. Additionally, the risk of COVID-19-induced lower product availability in 2020 has reduced substantially. The expected clear decline in the net sales of biosimilars had a negative impact on the unit's overall net sales.

Net sales split by region in 1-9/2020



Net sales split by product groups in 1-9/2020



■ Finland ■ Scandinavia ■ Eastern Europe ■ Other ■ Generic prescription drugs ■ Self-care ■ Biosimilars

Breakdown of Specialty Products' net sales by product group 7-9/2020:

EUR million	7-9/2020	7-9/2019	Change %	Share of unit's net sales 7-9/2020	Share of unit's net sales 7-9/2019
Generic prescription drugs	89	80	+11%	73%	67%
Self-care products	29	30	-1%	24%	25%
Biosimilars	4	10	-59%	3%	9%
<b>TOTAL</b>	<b>123</b>	<b>120</b>	<b>+2%</b>		

Breakdown of Specialty Products' net sales by product group 1-9/2020:

EUR million	1-9/2020	1-9/2019	Change %	Share of unit's net sales 1-9/2020	Share of unit's net sales 1-9/2019
Generic prescription drugs	269	236	+14%	72%	67%
Self-care products	90	86	+5%	24%	25%
Biosimilars	13	28	-55%	4%	8%
<b>TOTAL</b>	<b>372</b>	<b>349</b>	<b>+6%</b>		

Finland, Scandinavia and Eastern Europe and Russia are the most important markets for Specialty Products. In Finland, the unit's sales in January to September 2020 increased by 3% to EUR 205 (199) million. The growth is mainly attributable to the spike in demand for self-care products and prescription drugs caused by the COVID-19 epidemic in March, the effect of which has already levelled off in the second and third quarter. Decline in the price of generic drugs due to price competition and other than COVID-19-induced availability disruptions impacted net sales negatively. The impact was clearly smaller than in the previous few years.

In Scandinavia the sales of Specialty Products totalled EUR 61 (65) million, down by 7%. The decrease is due to the anticipated substantial decline in the sales of biosimilars. Strong demand for generic prescription drugs during the year and especially in March tempered the decline of Specialty Products' net sales in Scandinavia. In Eastern Europe and Russia, the sales of Specialty Products were up by 8% and totalled EUR 52 (48) million. The increase is mostly attributable to the timing of major deliveries of some products. Both in Scandinavia and Eastern Europe, the effect of the spike in demand experienced in March has levelled off in the second and third quarter.

In Specialty Products, 72% (67%) of the net sales came from generic prescription drugs, 24% (25%) from self-care products and 4% (8%) from biosimilars. The biosimilars net sales totalled EUR 13 (28) million, down by 55%. The expected decline is due to lost tendering competitions. Biosimilars distributed by Orion include Remsima® (infliximab), Ritemvia® (rituximab) and Amgevita® (adalimumab).

### Animal Health

In the Nordic countries and some Eastern European markets Orion itself sells veterinary drugs, and in other markets the Company operates through partners. In addition, in the Nordic countries Orion markets and sells veterinary drugs manufactured by several other companies. Orion's Animal Health unit has a strong market position in the Nordic countries, its home markets.

The net sales of the Animal Health unit in January-September 2020 were up by 7% and amounted to EUR 69 (64) million. The growth is explained partly by the strong third quarter, which saw a lot of partner deliveries, but other business has developed well during the whole year. At EUR 29 (28) million, sales of animal sedative products accounted for 43% (43%) of the Animal Health 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. Fermion produces the active pharmaceutical ingredients for Orion's in-house developed proprietary drugs. For other pharmaceutical companies Fermion manufactures generic pharmaceutical ingredients and offers contract manufacturing services for development and manufacturing of new active pharmaceutical ingredients.

Net sales of Fermion and contract manufacturing excluding deliveries for Orion's own use were up 4% at EUR 56 (54) million. In recent years order cycles in the trade in pharmaceutical raw materials have become ever shorter, and this has led to clearly greater fluctuation in business volume than before within each year and between different years. The demand for Fermion products has been good and the manufacturing capacity has been in almost full use.

## Research and development

The Group's R&D expenses totalled EUR 85 (86) million in January-September 2020, down 2%. They accounted for 10% (11%) of the Group's net sales. R&D expenses also include expenses related to development of the current portfolio.

During the COVID-19 pandemic, Orion has paid much attention to ensuring the safety and continued treatment of patients involved in clinical trials. However, the exceptional circumstances may lead to delays in ongoing projects, and some projects have already been slightly delayed. Research projects in earlier phases may experience delays. Such delays may be partly attributable to the fact that some of the R&D personnel were transferred earlier this year to providing assistance to the Orion supply chain and ensuring the continuity of pharmaceutical production.

In September Orion announced that it is planning to change and refocus the strategy of its R&D function. The changes and renewal of the organisation are intended to strengthen the company's R&D portfolio and speed up the progress of research projects. The changes affect the entire R&D organisation, and the company has held co-operation negotiations on this in Finland.

### Key clinical development projects

Project	Indication	PHASE			Registration
Easyhaler® tiotropium	COPD	Bioequivalence study			
Darolutamide <sup>1)</sup>	Prostate cancer (mHSPC)	I	II	III	
ODM-203 (targeted FGFR+VEGFR inhibitor) <sup>2)</sup>	Solid tumours	I	II		
ODM-207 (BET protein inhibitor) <sup>2)</sup>	Cancer	I			
ODM-208 (CYP11A1 inhibitor)	Prostate cancer (CRPC)	I			
ODM-209 (CYP11A1 inhibitor)	Breast cancer, prostate cancer (CRPC)	I			

<sup>1)</sup> In collaboration with Bayer

<sup>2)</sup> Search for a partner ongoing for the next possible development phase

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

Orion is working on a project to expand the Easyhaler product family for the treatment of asthma and COPD by developing a tiotropium formulation for European markets. The bioequivalence study with the formulation is ongoing. Tiotropium is a long-acting anticholinergic bronchodilator used in the treatment of chronic obstructive pulmonary disease.

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

Orion has completed the clinical phase 3 REFALS trial evaluating the efficacy and safety of oral levosimendan in the treatment of ALS (amyotrophic lateral sclerosis). The primary endpoint of the trial was to show a difference between levosimendan and placebo in slow vital capacity (SVC) in supine position at 12 weeks compared to the baseline. An important secondary endpoint was to show a difference between levosimendan and placebo in patient functionality measured by ALSFRS-R Scale (Revised Amyotrophic Lateral Sclerosis Functional Rating Scale) in combination with survival at 48 weeks compared to the baseline.

These pre-specified endpoints were not met in the trial. No new safety concerns were identified for levosimendan in this study. The REFALS phase 3 trial data will be presented at a future scientific meeting.

Orion suspends the REFALS-ES study, which provided an opportunity for all applicable patients completing the REFALS study to receive levosimendan treatment for as long as it is clinically required, since based on the REFALS study results levosimendan does not provide clinical benefit to the patients.



Orion has carried out a Phase II clinical trial with a new targeted FGFR+VEGFR inhibitor (ODM-203) for the treatment of cancers. The trial has investigated the efficacy of the drug candidate in slowing the growth of solid cancerous tumours in patients with detected FGFR changes in cancerous tumours. Orion is looking for a partner for the possible next development phase.

Orion has carried out a Phase I clinical trial with a BET protein inhibitor (ODM-207) which inhibits transcription of key oncogenes such as Myc in many cancers. Results from the study were published in the British Journal of Cancer on 29 September 2020. Orion is looking for a partner for the possible next development phase.

Orion has an ongoing Phase I clinical trial for the development of a novel selective hormone synthesis inhibitor (CYP11A1 inhibitor) for castration-resistant prostate cancer. A decision has been made to expand the trial to ensure sufficient research data for making informed decisions regarding subsequent development phases. The recruitment of new patients in the trial was suspended in the spring due to the COVID-19-pandemic but in the summer the recruitment has continued again. In preclinical studies, the molecule (ODM-208) has shown antitumor activity. It has potential efficacy also for those cancers that have become resistant to the standard hormonal treatments. Orion is the first pharmaceutical company to develop a drug that works with this mechanism. The trial will investigate the safety and tolerability of the drug candidate in prostate cancer patients, but Orion also plans to study the potential of the molecule for breast cancer treatment.

Orion has an ongoing Phase I clinical trial on the ODM-209 molecule. This molecule is a selective hormone synthesis inhibitor (CYP11A1 inhibitor) much like the ODM-208. A decision has been made to expand this trial as well to ensure sufficient data for making informed decisions regarding subsequent research phases. The recruitment of new patients in the trial was suspended in the spring due to the COVID-19-pandemic but in the summer the recruitment has continued again. In preclinical studies, the molecule (ODM-209) has shown antitumor activity. Like ODM-208, it has potential efficacy also for those hormone-dependent cancers that have become resistant to the standard hormonal treatments. The trial will investigate the safety and tolerability of the drug candidate in breast cancer and prostate cancer patients.

Orion also has several projects in the early research phase investigating neurological disorders, cancer, neuropathic pain and rare diseases regarded as Finnish heritage diseases, among others.

## Personnel

The average number of employees in the Orion Group in January-September 2020 was 3,343 (3,246). At the end of September 2020, the Group had a total of 3,320 (3,240) employees, of whom 2,640 (2,579) worked in Finland and 680 (661) outside Finland.

Salaries and other personnel expenses in January-September 2020 totalled EUR 168 (157) million.

## Significant legal proceedings

Companies belonging to the Orion Group are parties to various legal disputes, which are not, however, considered to be significant legal proceedings for the Group.

## Key events in January-September 2020

- 23 Jan 2020 Japan's Ministry of Health granted marketing authorisation to darolutamide for the treatment of non-metastatic castration-resistant prostate cancer (nmCRPC).
- 30 Jan 2020 Orion announced that new results from the ARAMIS trial indicate that the combination of darolutamide and conventional hormonal therapy significantly extend the overall survival of men with non-metastatic castration-resistant prostate cancer.
- 31 Jan 2020 The Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) issued a positive opinion, recommending darolutamide be granted marketing authorisation.
- 5 Mar 2020 Orion announced that the Company's SVP for Research and Development, Christer Nordtstedt, resigned from his post for family reasons.
- 19 Mar 2020 Orion cancelled the Annual General Meeting which was due to be held on 25 March 2020 due to the coronavirus situation.
- 30 Mar 2020 Nubeqa® (darolutamide) was granted marketing authorisation in the EU as a new treatment for non-metastatic castration-resistant prostate cancer.
- 24 Apr 2020 Orion upgraded full-year outlook for 2020.
- 28 Apr 2020 Orion announced that Mr. Markku Huhta-Koivisto, SVP for Growth Projects and member of the Executive Management Board of the Orion Group will retire in July 2020 and leave the Executive Management Board of the Orion Group as of 1 May 2020.
- 6 May 2020 Orion Corporation's Annual General Meeting was held in Helsinki.
- 25 May 2020 Orion announced that Professor Outi Vaarala has been appointed as Senior Vice President for Research and Development as of 1 June 2020.
- 15 Jun 2020 Orion decided on cancellation of shares on the joint account.
- 25 Jun 2020 The cancellation of Orion shares was entered in the Trade Register.
- 8 Jul 2020 Orion upgraded full-year outlook for 2020.
- 28 Jul 2020 Orion announced that phase 3 REFALS trial evaluating the efficacy of oral levosimendan in treatment of ALS patients did not reach its pre-specified endpoints.
- 10 Sep 2020 New England Journal of Medicine published final overall survival data for darolutamide showing treatment significantly extends life in men with non-metastatic prostate cancer.
- 10 Sep 2020 Orion announced that the company is planning to renew its R&D strategy and organisation.

## Key events after the review period

- 19 Oct 2020 Orion announced that the statutory co-operation negotiations regarding the Research & Development function were completed.
- 19 Oct 2020 Orion upgraded full-year outlook for 2020.

## Shares and shareholders

On 30 September 2020 Orion had a total of 141,134,278 (141,257,828) shares, of which 35,251,974 (36,686,579) were A shares and 105,882,304 (104,571,249) B shares. The Group's share capital is EUR 92,238,541.46 (92,238,541.46). At the end of September 2020, Orion held 671,082 (765,399) B shares as treasury shares. On 30 September 2020, the aggregate number of votes conferred by the A and B shares was 810,250,702 (837,537,430) excluding treasury shares.

At the end of September 2020, Orion had 67,839 (69,165) 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 1,019,839 A shares were converted into B shares in January-September 2020.

### Trading in Orion's shares

Orion's A shares and B shares are quoted on Nasdaq Helsinki in the Large Cap group under the Healthcare sector heading under the trading codes ORNAV and ORNBV. Trading in both of the Company's share classes commenced on 3 July 2006, and information on trading in the Company's shares has been available since that date.

On 30 September 2020, the market capitalisation of the Company's shares, excluding treasury shares, was EUR 5,434 million.

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

### Authorisations of the Board of Directors

On 26 March 2019, the Annual General Meeting of Orion Corporation authorised the Board of Directors to decide on an acquisition of no more than 350,000 Orion Corporation B shares. Based on this authorisation and a decision by the Board of Directors on 25 April 2019, Orion acquired a total of 250,000 B shares between 2 and 13 May 2019. The authorisation to acquire own shares was valid 18 months from the decision of the Annual General Meeting and it expired during the review period.

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

The terms and conditions of the authorisations are reported in more detail in a stock exchange release on 26 March 2019.

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

### Share-based incentive plans

The Group has two currently operating share-based incentive plans for key persons of the Group: Orion Group's Long-Term Incentive Plan 2016, announced in a stock exchange release published on 2

February 2016 and Orion Group's Long-Term Incentive Plan 2019, announced in a stock exchange release published on 6 February 2019.

### Share ownership

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

At the end of September 2020, Orion had a total of 67,839 (69,165) registered shareholders, of whom 96% (96%) were private individuals. They held 39% (41%) of the entire share stock and had 61% (61%) of the total votes. There were 58 (50) million nominee-registered and foreign-owned shares, which was 41% (35%) of all shares, and they conferred entitlement to 10% (8%) of the total votes.

At the end of September 2020, Orion held 671,082 (765,399) B shares as treasury shares, which is 0.5% (0.5%) of the Company's total share stock and 0.08% (0.09%) of the total votes.

## 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 2020 (provided on 19 October 2020)

Orion estimates that in 2020 net sales will be at a similar level as in 2019 or slightly higher than in 2019 (net sales in 2019 were EUR 1,051 million).

Operating profit is estimated to be higher or clearly higher than in 2019 (in 2019 operating profit was EUR 253 million).

### Basis for outlook in more detail

Orion continues persistent actions to generate growth more rapidly than growth of the market in the long term.

Due to the COVID-19 pandemic the whole year international sales of Dexdor® will be clearly higher than expected at the start of the year. The demand spike of generic prescription drugs and self-care products in March has levelled off during the year as expected but the full-year sales of some products, however, will be higher than expected at the start of the year. Additionally, the risk of COVID-19-induced lower product availability in 2020 has reduced significantly. Due to these reasons, among others, Orion estimates the full-year 2020 net sales to be at a similar level as in 2019 or slightly higher than in 2019.

Mainly due to the COVID-19 pandemic the full-year operating expenses of Orion will be lower than estimated earlier. Due to the net sales that will be higher than estimated at the start of the year, favourable sales margin structure of the sold products and lower than estimated earlier operating expenses, Orion estimates the full-year 2020 operating profit to be higher or clearly higher than in 2019. In addition to prices and product portfolio, the sales margin structure is affected by the cost level, which is improved, for example, by the high capacity utilisation rate of production facilities and the reduction of scrap and inventory write-offs.

The outlook is based on the assumption that Orion's own production can continue normal operations despite the COVID-19 pandemic. This requires that Orion continues to succeed in protecting its employees and employee absence rates do not significantly increase, that personal protective equipment, starting materials, intermediate products and materials are available and that the logistics chains are sufficiently functional.

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

#### Net sales

The sales of the Easyhaler® product family will continue to grow also in 2020 due to the combined formulations (budesonide-formoterol and salmeterol-fluticasone) launched in the past few years. The COVID-19 pandemic increased the demand for Easyhaler® products at least temporarily in the spring, but this is not estimated to have a material impact on overall annual sales.

Orion reacquired from Novartis the European sales and distribution rights for the Parkinson's drugs Stalevo® and Comtan® in December 2018 and April 2019, respectively. Except for Japan, Orion's arrangements with Novartis in other markets have expired or will expire during 2020 and in most of these markets, Orion has transferred the distribution to new partners. Orion sells these products through its own sales organisations in Singapore, Malaysia and Thailand. After these changes, 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.

Generic competition for Dexdor® started in Germany in 2017 and has since expanded to almost all countries in the European Union, resulting in a decline in the sales of the product. However, the strong increase in the demand for intensive care sedatives in March and April 2020 brought about by the COVID-19 pandemic temporarily increased the sales of the product substantially. The full-year sales are also expected to exceed the original estimate, but are unlikely to surpass the 2019 level. Even so, it is difficult to make accurate estimates on the sales of Dexdor® in 2020.

Orion has also been informed that marketing authorisation applications have been filed for a generic version of Simdax® in Europe, and that a generic dry-powder infusion concentrate of levosimendan has

received marketing authorisation in a few European countries. The levosimendan used in Simdax® is a liquid infusion concentrate. It is, however, difficult to make precise estimates on the impact of generic competition on the sales of Simdax®. The formulation patent for Simdax® expired in September 2020. The expiry of product protection and start of generic competition is not estimated to materially affect Simdax® sales in 2020.

Sales of generic products account for a significant proportion of Orion's total sales. Towards the end of the first quarter in 2020, the COVID-19 pandemic caused significant increase in demand, but the growth in sales generated by this demand spike levelled off in the second and third quarters and is estimated to level off further in the last quarter. The full-year sales of some products, however, will be higher than expected at the start of the year. At the same time, other than COVID-19-induced availability disruptions as well as price competition in generic drugs have affected and continue to affect the net sales negatively in all markets. The risk of lower product availability in 2020 owing to the COVID-19 pandemic has reduced substantially. The prices of reference-priced prescription drugs in Finland, Orion's biggest individual market, continued to decrease slightly in January-September 2020 compared with the corresponding period a year before.

Net sales of Orion's biosimilars (Remsima®, Ritemvia® and Amgevita®) have fluctuated heavily in the past few years. Their net sales were EUR 57 million in 2017, EUR 25 million in 2018 and EUR 38 million in 2019. The changes are due to varying success in national or regional tendering competitions. Tendering competitions for 2020 have been challenging for Orion, and therefore the net sales of biosimilars are estimated to decline significantly in 2020.

Collaboration agreements with other pharmaceutical companies are an important component of Orion's business model. Agreements often include payments recorded in net sales that vary greatly from year to year. Forecasting the timing and amount of these payments is difficult. In some cases they are conditional on, for instance, the progress or findings of research projects, which are not known until studies have been completed. On the other hand, neither the outcome nor the schedule of contract negotiations is generally known before the final signing of the agreement. In 2019, milestone payments amounted to EUR 51 million, including the EUR 45 million milestone payment from Bayer for the commercialisation of the prostate cancer drug darolutamide in the United States. The outlook for 2020 includes milestone payments worth around EUR 40 million, the largest single payments among which are EUR 20 million for the commercialisation of darolutamide in the EU and EUR 8 million for its commercialisation in Japan. Of the EUR 40 million milestones included in the outlook, EUR 37 million was booked in January-September 2020.

## Expenditure

Mainly due to the COVID-19 pandemic, sales and marketing expenses for the full year will be lower than estimated earlier, for example due to significantly reduced travel. A significant part of the approximately EUR 5 million expenditure previously planned for the preparation of the launch of the ALS product will not be realised. Sales and marketing expenditure for 2019-2020 includes a EUR 12 million annual depreciation related to the acquisition of the European sales and distribution rights for the Parkinson's drugs Stalevo® and Comtan®. Orion paid a total of USD 28 million for the transfer of the sales rights in December 2018 and in April 2019, and the investment will be depreciated over two years.

Because the registrations and launches of new products are projects that generally take more than a year, the increases in resources and other inputs required in 2020 were mainly planned during the previous year.

Research and development costs are estimated to be roughly equal to those in 2019. The expenses from the Phase III REFALS clinical trial investigating levosimendan (ODM-109) for the treatment of symptoms of amyotrophic lateral sclerosis (ALS) will slightly decline from previous year, since the trial has come to an end in 2020. On the other hand, investments in earlier research phases will increase. Research and development expenses partly consist of the Company's internal fixed cost items, such as salaries and maintenance of the operating infrastructure, and partly of external variable costs. External costs arise from, among other things, long-term clinical trials, which are typically performed in clinics located in several countries. The most important clinical trials scheduled for 2020 are either continuing from the previous year or at an advanced stage of planning, therefore their cost level can be estimated rather accurately. However, the accrued costs are materially affected by collaboration arrangements and how the costs arising are allocated between Orion and its collaboration partners. For instance, Bayer is paying the majority of the darolutamide research costs.



## Capital expenditure

The Group's total capital expenditure in 2020 is expected to be higher than in 2019, when capital expenditure was EUR 43 million. However, the COVID-19 pandemic may slow down the execution of planned investments and thus slightly reduce the volume of investments originally planned for 2020.

## Near-term risks and uncertainties

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

The reacquisition of European sales and distribution rights for Stalevo® and Comtan® has generated additional sales for Orion's branded Parkinson's drugs since 2019. With the expiration of the Novartis contract in 2020, the distribution of these products has been handed over to new partners in most non-European markets, with the exception of Japan. Orion has started to sell these products by itself in Singapore, Malaysia and Thailand. Sales will continue to be negatively affected by continued generic competition. All these changes and impacts have been taken into account in the outlook for the current year. However, they still entail uncertainty that may materially affect the accuracy of the estimate made at this stage.

The basic Dexdor® and Simdax® patents have expired. Dexdor®'s indication patent expired at the end of March 2019 and the formulation patent for Simdax® expired in September 2020. Generic competition for Dexdor® started in Germany in 2017 and has since expanded to most countries in the European Union, turning down sales of the product. However in March-April 2020, the strong increase in demand for intensive care sedatives caused by the COVID-19 pandemic has temporarily brought a significant increase to the sales of Dexdor®. It is therefore difficult to make precise estimates on the impact of generic competition on the sales of Dexdor® in 2020. Orion has been informed that a generic levosimendan dry-powder infusion concentrate has received marketing authorisation in a few European countries. The levosimendan used in Simdax® is a liquid infusion concentrate. However, the launch of generic competition is not estimated to materially impact the sales of Simdax® in 2020.

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 pharmaceuticals markets in recent years will specifically focus on Orion's products. Product deliveries to key partners are based on timetables that are jointly agreed in advance. Nevertheless, they can change, for example as a consequence of decisions concerning adjustments of stock levels. In addition, changes in market prices and exchange rates affect the value of deliveries.

The structural exchange rate risk due to the US dollar has decreased in recent years because the share of Orion's net sales invoiced in dollars has fallen to below ten per cent and at the same time the value of purchases in dollars has increased. The greatest exchange rate risk at present relates to European currencies such as the Swedish and Norwegian crown and British pound. However, the overall effect of the risk due to currencies of European countries will be abated by the fact that Orion has organisations of its own in most of these countries, which means that in addition to sales income, there are also costs in these currencies. Changes in the Japanese yen exchange rate have relevance due to sales of Parkinson's drugs in Japan. The exchange rate effect related to the Russian rouble has increased due to the strong volatility of the currency. However, Russian sales are not a significant portion of Orion's entire net sales.

Orion's broad product range may cause risks to the delivery reliability and make it challenging to maintain the high quality standard required in production. The impact of availability disruptions on our net sales has increased in the past few years. The ongoing COVID-19 pandemic has clearly raised this risk. However, the risk of COVID-19-induced lower product availability in 2020 has reduced significantly from what was previously estimated. The travel and other restrictions in place around the world may cause disruptions to the global pharmaceutical supply and logistics chains with a delay. Authorities and key customers in



different countries undertake regular and detailed inspections of development and manufacturing of drugs at Orion's production sites. Any remedial actions that may be required may at least temporarily have effects that decrease delivery reliability and increase costs. Orion's product range also contains products manufactured by other pharmaceutical companies and products that Orion manufactures on its own but for which other companies deliver active pharmaceutical or other ingredients. 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 2014-2019 the annual payments varied from EUR 5 million to EUR 51 million. The payments may be subject to conditions relating to the progress of research projects or sales or to new contracts to be signed, and whether these conditions or contracts materialise and what their timing is will always entail uncertainties. The outlook for 2020 includes milestone payments worth around EUR 40 million, the largest single payments among which are EUR 20 million for the commercialisation of darolutamide in the EU and EUR 8 million for its commercialisation in Japan. Of the EUR 40 million milestones included in the outlook, EUR 37 million was booked in January-September 2020.

## Orion calendar

Financial Statement Release for 2020	Tuesday 9 February 2021
Annual General Meeting 2021	Planned to be held on Thursday 25 March 2021
Interim Report January-March 2021	Tuesday 27 April 2021
Half-Year Financial Report January-June 2021	Monday 19 July 2021
Interim Report January-September 2021	Wednesday 20 October 2021

The Financial Statements and the Report of the Board of Directors for 2020 will be published on the Company's website at the latest in week 9/2021.

Espoo, 21 October 2020

Board of Directors of Orion Corporation

Orion Corporation

## Tables

### CONSOLIDATED INCOME STATEMENT

EUR million	7-9/20	7-9/19	Change %	1-9/20	1-9/19	Change %	1-12/19
<b>Net sales</b>	<b>250.3</b>	283.7	-11.8%	<b>822.7</b>	776.5	+6.0%	1,051.0
Cost of goods sold	<b>-105.1</b>	-106.6	-1.4%	<b>-311.4</b>	-304.6	+2.2%	-417.6
<b>Gross profit</b>	<b>145.2</b>	177.1	-18.0%	<b>511.3</b>	471.9	+8.4%	633.4
Other operating income and expenses	<b>1.6</b>	0.7	+127.9%	<b>4.1</b>	1.7	+136.6%	2.2
Sales and marketing expenses	<b>-45.4</b>	-48.3	-5.9%	<b>-147.4</b>	-154.9	-4.8%	-215.7
R&D expenses	<b>-25.6</b>	-28.5	-10.2%	<b>-84.8</b>	-86.5	-2.0%	-119.3
Administrative expenses	<b>-10.7</b>	-10.4	+3.1%	<b>-37.4</b>	-34.4	+8.8%	-47.8
<b>Operating profit</b>	<b>65.1</b>	90.7	-28.2%	<b>245.9</b>	197.8	+24.3%	252.8
Finance income	<b>0.0</b>	0.3		<b>0.1</b>	0.6		0.7
Finance expenses	<b>-0.6</b>	-0.1		<b>-1.4</b>	-2.3	-36.4%	-2.6
<b>Profit before taxes</b>	<b>64.6</b>	90.9	-28.9%	<b>244.5</b>	196.1	+24.7%	250.8
Income tax expense	<b>-13.2</b>	-19.3	-31.4%	<b>-50.1</b>	-40.9	+22.5%	-50.5
<b>Profit for the period</b>	<b>51.4</b>	71.6	-28.2%	<b>194.4</b>	155.2	+25.2%	200.4

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

#### OTHER COMPREHENSIVE INCOME INCLUDING TAX EFFECTS<sup>1</sup>

Translation differences	<b>-0.6</b>	0.2		<b>-2.6</b>	-0.2		0.9
<b>Items that may be reclassified subsequently to profit and loss</b>	<b>-0.6</b>	0.2		<b>-2.6</b>	-0.2		0.9
Remeasurement of pension plans	<b>-0.0</b>	0.0		<b>-2.8</b>	-0.0		19.9
<b>Items that will not be reclassified to profit and loss</b>	<b>-0.0</b>	0.0		<b>-2.8</b>	-0.0		19.9
<b>Other comprehensive income net of tax</b>	<b>-0.7</b>	0.2		<b>-5.4</b>	-0.2		20.9
<b>Comprehensive income for the period including tax effects</b>	<b>50.7</b>	71.8	-29.3%	<b>189.0</b>	155.0	+21.9%	221.2
<b>PROFIT ATTRIBUTABLE TO<sup>1</sup></b>							
Owners of the parent company	<b>51.4</b>	71.6	-28.2%	<b>194.4</b>	155.2	+25.2%	200.4
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO<sup>1</sup></b>							
Owners of the parent company	<b>50.7</b>	71.8	-29.3%	<b>189.0</b>	155.0	+21.9%	221.2
<b>Basic earnings per share, EUR<sup>1</sup></b>	<b>0.37</b>	0.51	-28.2%	<b>1.38</b>	1.10	+25.3%	1.43
<b>Diluted earnings per share, EUR<sup>1</sup></b>	<b>0.37</b>	0.51	-28.2%	<b>1.38</b>	1.10	+25.3%	1.43
Depreciation, amortisation and impairment	<b>14.4</b>	13.9	+3.5%	<b>42.9</b>	41.5	+3.3%	56.1
Personnel expenses	<b>49.2</b>	46.2	+6.6%	<b>167.5</b>	156.8	+6.8%	217.1

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### ASSETS

EUR million	9/20	9/19	Change %	12/19
Property, plant and equipment	317.3	317.2		320.9
Goodwill	13.5	13.5		13.5
Intangible rights	24.7	39.0	-36.6%	34.8
Other intangible assets	2.8	2.7	+6.7%	2.8
Investments in associates	0.1	0.1		0.1
Other investments	0.2	0.2	-4.3%	0.2
Pension asset	52.0	30.7	+69.1%	55.8
Deferred tax assets	6.0	5.7	+6.3%	6.8
Other non-current assets	0.5	0.9	-40.7%	0.8
<b>Non-current assets total</b>	<b>417.2</b>	<b>409.9</b>	<b>+1.8%</b>	<b>435.6</b>
Inventories	254.6	229.3	+11.0%	230.3
Trade receivables	150.2	176.6	-15.0%	196.5
Other receivables	30.0	22.4	+33.8%	24.3
Money market investments	24.9	0.0		35.0
Cash and cash equivalents	223.6	93.9	+138.0%	114.0
<b>Current assets total</b>	<b>683.2</b>	<b>522.3</b>	<b>+30.8%</b>	<b>600.1</b>
<b>Assets total</b>	<b>1,100.4</b>	<b>932.2</b>	<b>+18.0%</b>	<b>1,035.7</b>

### EQUITY AND LIABILITIES

EUR million	9/20	9/19	Change %	12/19
Share capital	92.2	92.2		92.2
Other reserves <sup>1</sup>	3.0	3.0		3.0
Retained earnings	665.8	616.9	+7.9%	684.2
<b>Equity attributable to owners of the parent company</b>	<b>761.0</b>	<b>712.1</b>	<b>+6.9%</b>	<b>779.4</b>
<b>Equity total</b>	<b>761.0</b>	<b>712.1</b>	<b>+6.9%</b>	<b>779.4</b>
Deferred tax liabilities	41.2	35.8	+14.8%	41.2
Pension liability	3.2	3.5	-8.3%	3.4
Provisions	0.4	0.4	+10.1%	0.4
Interest-bearing non-current liabilities	105.4	5.1		6.7
Other non-current liabilities	15.5	16.6	-6.5%	17.1
<b>Non-current liabilities total</b>	<b>165.7</b>	<b>61.4</b>	<b>+169.9%</b>	<b>68.8</b>
Trade payables	67.6	66.7	+1.3%	79.0
Current tax liabilities	4.1	1.2		2.6
Other current liabilities	98.9	87.7	+12.9%	102.6
Current provisions	0.0			
Interest-bearing current liabilities	3.0	3.1	-1.6%	3.3
<b>Current liabilities total</b>	<b>173.6</b>	<b>158.7</b>	<b>+9.4%</b>	<b>187.5</b>
<b>Liabilities total</b>	<b>339.3</b>	<b>220.1</b>	<b>+54.2%</b>	<b>256.3</b>
<b>Equity and liabilities total</b>	<b>1,100.4</b>	<b>932.2</b>	<b>+18.0%</b>	<b>1,035.7</b>

<sup>1</sup>As of Q3 reporting, the Group has combined the previously separately presented "Expendable fund" item under the item "Other reserves". The share of the expendable fund of other reserves at 30 September 2020 is EUR 0.5 million. There have been no changes in the expendable fund since 1 January 2018.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Equity attributable to owners of the parent company						Equity total
	Share capital	Other reserves <sup>1</sup>	Remeasurement of pension plans <sup>2</sup>	Treasury shares	Translation differences	Retained earnings	
<b>Equity at 1 January 2019</b>	92.2	2.9	10.5	-18.0	-7.7	693.2	<b>773.1</b>
Impact of the adoption of the IFRS 16 standard						-0.2	<b>-0.2</b>
<b>Adjusted equity at 1 January 2019</b>	92.2	2.9	10.5	-18.0	-7.7	693.0	<b>772.9</b>
Profit for the period						155.2	<b>155.2</b>
<b>Other comprehensive income</b>							
Translation differences					-0.4	0.2	<b>-0.2</b>
Remeasurement of pension plans			-0.0				<b>-0.0</b>
<b>Transaction with owners</b>							
Dividend						-211.4	<b>-211.4</b>
Repurchase of own shares				-7.4			<b>-7.4</b>
Share-based incentive plan				0.9		0.7	<b>1.6</b>
Other adjustments		0.0				1.2	<b>1.2</b>
<b>Equity at 30 September 2019</b>	92.2	3.0	10.5	-24.5	-8.1	638.9	<b>712.1</b>
<b>Equity at 1 January 2020</b>	92.2	3.0	30.5	-24.5	-7.0	685.2	<b>779.4</b>
Profit for the period						194.4	<b>194.4</b>
<b>Other comprehensive income</b>							
Translation differences					-2.1	-0.5	<b>-2.6</b>
Remeasurement of pension plans			-2.8				<b>-2.8</b>
<b>Transaction with owners</b>							
Dividend						-210.4	<b>-210.4</b>
Share-based incentive plan				2.9		-0.0	<b>2.9</b>
Other adjustments						0.1	<b>0.1</b>
<b>Equity at 30 September 2020</b>	<b>92.2</b>	<b>3.0</b>	<b>27.7</b>	<b>-21.5</b>	<b>-9.2</b>	<b>668.8</b>	<b>761.0</b>

<sup>1</sup>As of Q3/2019 reporting, the Group has combined the previously separately presented "Expendable fund" item under the item "Other reserves". The share of the expendable fund of other reserves at 30 September 2020 is EUR 0.5 million. There have been no changes in the expendable fund since 1 January 2018.

<sup>2</sup> The Group has revaluated the pension assets of Orion Pension Fund on 30 September 2020 due to the COVID-19 pandemic. Besides, the Group has updated the discount rate assumption used in the pension liability calculation for the reporting period. The discount rate in the period 1-9/2020 reporting has been lowered to 1.45 percent (1.65 percent in fiscal year 2019). The total effect of the revaluation of the pension assets on pension receivable in the balance sheet in 1-9/2020 is EUR -3.5 million. The change in pension receivable has been directly recognised as a decrease in equity under other comprehensive income, stated with deferred tax impact.

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-9/20	1-9/19	1-12/19
Operating profit	245.9	197.8	252.8
Adjustments	46.5	41.9	56.7
Change in working capital	-3.2	10.2	14.5
Net financial items	-1.4	-4.1	-3.9
Income taxes paid	-44.2	-39.7	-49.3
<b>Total net cash flow from operating activities</b>	<b>243.5</b>	<b>206.0</b>	<b>270.8</b>
Investments in property, plant and equipment	-26.4	-21.4	-28.7
Investments in intangible assets	-4.9	-6.5	-7.5
Sales of property, plant and equipment and other investments	0.8	0.4	0.7
Sales of subsidiaries		1.4	1.4
<b>Total net cash flow from investing activities</b>	<b>-30.5</b>	<b>-26.0</b>	<b>-34.0</b>
<b>Cash flow from operating and investing activities, total</b>	<b>213.0</b>	<b>180.1</b>	<b>236.8</b>
Current loans raised	-1.3	-1.2	1.4
Repayments of current loans	-0.5	-150.3	-154.2
Non-current loans raised	100.0		
Repurchase of own shares		-7.4	-7.4
Dividends paid and other distribution of profits	-211.1	-211.2	-211.2
<b>Total net cash flow from financing activities</b>	<b>-112.9</b>	<b>-370.0</b>	<b>-371.4</b>
<b>Net change in cash and cash equivalents</b>	<b>100.1</b>	<b>-189.9</b>	<b>-134.5</b>
Cash and cash equivalents at the beginning of the period	149.0	283.7	283.7
Foreign exchange differences	-0.7	0.2	-0.1
Cash and cash equivalents at the end of the period	248.5	94.0	149.0
<b>Reconciliation of cash and cash equivalents in statement of financial position</b>			
Cash and cash equivalents in statement of financial position at the end of the period	223.6	94.0	114.0
Money market investments at the end of the period	24.9		35.0
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>248.5</b>	<b>94.0</b>	<b>149.0</b>

## Appendices

### REVENUE BY REVENUE FLOWS

EUR million	7-9/20	7-9/19	Change %	1-9/20	1-9/19	Change %	1-12/19
Sale of goods	242.2	237.0	+2.2%	771.5	721.4	+6.9%	988.6
Royalty income	4.2	1.2	+243.1%	14.1	8.3	+70.1%	11.5
<b>Total sale of goods</b>	<b>246.3</b>	238.2	+3.4%	<b>785.5</b>	729.6	+7.7%	1,000.1
Milestone payments	4.0	45.5	-91.3%	37.2	46.9	-20.7%	50.8
<b>Group total</b>	<b>250.3</b>	283.7	-11.8%	<b>822.7</b>	776.5	+6.0%	1,051.0

In the period 1-9/20 EUR 0.4 (0.4) million of the profits from clinical phase R&D falls under Milestone payments and EUR 9.9 (0.0) million under Product sales. Profits from clinical phase R&D are reported under Product sales once the product is commercially available. From performance obligations delivered to customers, EUR 1.5 (1.5) million has been entered as income. The Group recorded EUR -0.0 (0.3) million of sales performance obligations satisfied during previous financial periods.

### NET SALES BREAK-DOWN

EUR million	7-9/20	7-9/19	Change %	1-9/20	1-9/19	Change %	1-12/19
Proprietary products <sup>1)</sup>	88.6	129.2	-31.4%	331.4	307.6	+7.8%	406.1
Specialty Products	122.7	120.0	+2.2%	371.9	349.5	+6.4%	486.1
Animal Health	26.2	18.4	+41.9%	68.8	64.1	+7.3%	85.8
Fermion and contract manufacturing	15.8	15.9	0.8%	55.5	53.6	+3.7%	70.7
Other	-2.9	0.2		-5.0	1.8	-379.0%	2.4
<b>Group total</b>	<b>250.3</b>	283.7	-11.8%	<b>822.7</b>	776.5	+6.0%	1,051.0

<sup>1)</sup> The net sales of Proprietary Products during the period 1-9/20 includes EUR 1.5 (1.5) million of sales revenue for performance obligations to be transferred to customers that will be entered as income over time.

### NET SALES AND OPERATING PROFIT BY QUARTER

EUR million	2020			2019			2018
	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Net sales	250.3	292.5	279.9	274.5	283.7	251.7	241.0
Operating profit	65.1	96.4	84.4	55.0	90.7	52.1	55.0

### GEOGRAPHICAL BREAKDOWN OF NET SALES BY QUARTER

EUR million	2020			2019			2018
	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Finland	74.7	73.8	84.2	83.0	76.2	75.2	74.3
Scandinavia	39.5	43.6	51.0	46.2	42.0	44.6	43.9
Other Europe	89.2	104.1	87.3	87.5	78.1	85.7	82.8
North America	15.0	29.9	21.7	14.8	57.8	16.5	13.9
Other markets	31.9	41.1	35.7	42.9	29.6	29.9	26.1
<b>Group total</b>	<b>250.3</b>	292.5	279.9	274.5	283.7	251.7	241.0

## TOP TEN BEST-SELLING PHARMACEUTICAL PRODUCTS

EUR million	7-9/20	7-9/19	Change %	1-9/20	1-9/19	Change %	1-12/19
Easyhaler® product family (asthma, COPD)	26.6	22.9	+16.1%	87.7	75.0	+16.8%	104.5
Stalevo®, Comtess® and Comtan® (Parkinson's disease)	27.7	26.7	+3.7%	80.3	70.4	+14.0%	97.5
Simdax® (acute decompensated heart failure)	14.5	15.0	-3.7%	49.0	49.4	0.9%	67.6
Dexdor® (intensive care sedative)	6.8	11.8	-42.7%	41.1	45.6	-10.0%	56.6
Dexdomitor®, Domitor®, Domosedan® and Antisedan® (animal sedatives)	13.6	6.4	+113.9%	29.3	27.6	+6.1%	36.2
Burana® (inflammatory pain)	5.6	6.4	-11.6%	17.7	18.3	-3.2%	25.0
Divina series (menopausal symptoms)	5.9	5.7	+3.7%	16.1	14.5	+11.3%	19.0
Trexan® (rheumatoid arthritis, cancer)	4.2	2.8	+50.5%	13.7	8.0	+71.4%	11.4
Biosimilars (rheumatoid arthritis, inflammatory bowel diseases)	4.1	9.9	-58.8%	12.6	28.1	-55.0%	37.7
Marevan® (anticoagulant)	4.0	4.4	-9.7%	11.7	11.5	+1.7%	15.9
<b>Total</b>	<b>112.9</b>	111.9	+0.9%	<b>359.1</b>	348.4	+3.1%	471.6
Share of net sales	<b>45 %</b>	39 %		<b>44 %</b>	45 %		45 %



## CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	9/20	9/19	12/19
Carrying amount at the beginning of the period	320.9	316.9	316.9
+ Impact of the adoption of the IFRS 16 standard		8.6	8.6
Additions	25.5	21.8	35.4
Disposals	-1.3	-3.4	-3.6
Depreciation, amortisation and impairment	-27.8	-26.7	-36.3
<b>Carrying amount at the end of the period</b>	<b>317.3</b>	<b>317.2</b>	<b>320.9</b>

## CHANGES IN INTANGIBLE ASSETS (EXCLUDING GOODWILL)

EUR million	9/20	9/19	12/19
Carrying amount at the beginning of the period	37.6	50.2	50.2
Additions	5.0	6.3	7.2
Disposals	-0.0	-0.0	-0.0
Depreciation, amortisation and impairment	-15.0	-14.8	-19.8
<b>Carrying amount at the end of the period</b>	<b>27.6</b>	<b>41.7</b>	<b>37.6</b>

## CHANGES IN FINANCIAL LIABILITIES

Orion has withdrawn during the period 1-9/20 a long-term loan of EUR 100 million from European Investment Bank. The first repayment of the loan will be made in two years and the last repayment is scheduled after 10 years from the disbursement. In addition, Orion has undrawn committed credit limit facilities in the value of EUR 100 million. Orion has withdrawn in the first quarter of the financial year 2020 a short-term loan of EUR 50 million from the before mentioned committed credit limit facility, which was repaid in the third quarter of the year. If the financial covenants determined in the terms of the credit limit agreements of the company and loan agreement of the European Investment Bank are breached, the lender optionally has the right to demand early repayment of the loan. As of 30 September 2020 Orion met these financial covenants.

## COMMITMENTS AND CONTINGENCIES

EUR million	9/20	9/19	12/19
<b>CONTINGENCIES FOR OWN LIABILITIES</b>			
Guarantees	6.8	6.3	6.5
<b>OTHER LIABILITIES</b>			
Other liabilities	0.3	0.3	0.3

## DERIVATIVES

EUR million	9/20	9/19	12/19
<b>CURRENCY FORWARD CONTRACTS AND CURRENCY SWAPS</b>			
Fair value, EUR million	0.2	0.2	-0.5
Nominal value, EUR million	21.4	47.2	56.2
<b>CURRENCY OPTIONS</b>			
Fair value, EUR million	0.0	-0.1	-0.1
Nominal value, EUR million	31.0	31.2	44.6

## FAIR VALUE MEASUREMENT AND HIERARCHY OF FINANCIAL INSTRUMENTS

EUR million	Level 1	Level 2	Level 3	Total
Derivatives				
Currency derivatives		0.4		0.4
Money market investments	24.9			24.9
Other investments				
Shares and investments			0.2	0.2
<b>Assets total</b>	24.9	0.4	0.2	25.5
Derivatives				
Currency derivatives		-0.1		-0.1
<b>Liabilities total</b>		-0.1		-0.1

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

In the Group the principle is applied that transfers between levels of fair value hierarchy are recognised on the date on which the event triggering the transfer occurred.

No transfers between levels occurred during the reporting period.

## RELATED PARTY TRANSACTIONS

EUR million	1-9/20	1-9/19	1-12/19
Management's employment benefits	6.5	4.3	4.9

## BASIC SHARE INFORMATION, 30 SEPTEMBER 2020

	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	23.0	69.2	92.2
Counter book value per share, EUR	0.65	0.65	
Minimum number of shares			1
Maximum number of A and B shares, and maximum number of all shares	500,000,000	1,000,000,000	1,000,000,000
Votes per share	20	1	

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

## KEY FINANCIAL FIGURES

	7-9/20	7-9/19	Change %	1-9/20	1-9/20	Change %	1-12/19
Net sales, EUR million	250.3	283.7	-11.8%	822.7	776.5	+6.0%	1,051.0
EBITDA, EUR million	79.5	104.6	-24.0%	288.7	239.3	+20.6%	308.9
% of net sales	31.8%	36.9%		35.1%	30.8%		29.4%
Operating profit, EUR million	65.1	90.7	-28.2%	245.9	197.8	+24.3%	252.8
% of net sales	26.0%	32.0%		29.9%	25.5%		24.1%
Profit for the period, EUR million	51.4	71.6	-28.2%	194.4	155.2	+25.2%	200.4
% of net sales	20.5%	25.2%		23.6%	20.0%		19.1%
R&D expenses, EUR million	25.6	28.5	-10.2%	84.8	86.5	-2.0%	119.3
% of net sales	10.2%	10.1%		10.3%	11.1%		11.3%
Capital expenditure, EUR million	9.3	9.3	+0.1%	30.5	28.1	+8.7%	42.6
% of net sales	3.7%	3.3%		3.7%	3.6%		4.0%
Depreciation, amortisation and impairment, EUR million	14.4	13.9	+3.5%	42.9	41.5	+3.3%	56.1
Personnel expenses, EUR million	49.2	46.2	+6.6%	167.5	156.8	+6.8%	217.1
Equity total, EUR million				761.0	712.1	+6.9%	779.4
Interest-bearing net liabilities, EUR million				-140.0	-85.8	+63.2%	-139.1
Assets total, EUR million				1,100.4	932.2	+18.0%	1,035.7
Cash flow from operating activities, EUR million				243.5	206.0	+18.2%	270.8
Equity ratio, %				70.4%	78.2%		76.7%
Gearing, %				-18.4%	-12.1%		-17.8%
ROCE (before taxes), %				40.1%	32.3%		29.9%
ROE (after taxes), %				33.7%	27.9%		25.8%
Personnel at the end of the period				3,320	3,240	+2.5%	3,265
Average personnel during the period				3,343	3,246	+3.0%	3,251

## PERFORMANCE PER SHARE

	7-9/20	7-9/19	Change %	1-9/20	1-9/20	Change %	1-12/19
Basic earnings per share, EUR	0.37	0.51	-28.2%	1.38	1.10	+25.3%	1.43
Diluted earnings per share, EUR	0.37	0.51	-28.2%	1.38	1.10	+25.3%	1.43
Cash flow per share before financial items, EUR	0.62	0.71	-12.6%	1.52	1.28	+18.3%	1.68
Equity per share, EUR				5.42	5.07	+6.9%	5.55
<b>A share</b>							
Number of shares at the end of the period				35,251,974	36,686,579	-3.9%	36,335,463
% of total share stock				25.0%	26.0%		25.7%
Number of votes excluding treasury shares				705,039,480	733,731,580	-3.9%	726,709,260
% of total votes				87.0%	87.6%		87.5%
Total number of shareholders				21,047	20,440	+3.0%	19,990
Closing quotation at the end of previous financial year, EUR				40.95	30.30	+35.1%	30.30
Lowest quotation of review period, EUR				29.60	28.20	+5.0%	28.20
Average quotation of review period, EUR				40.68	32,03	+27.0%	34.26
Highest quotation of review period, EUR				48.45	35.25	+37.4%	42.00
Closing quotation at the end of review period, EUR				38.75	34,00	+14.0%	40.95
Trading volume, EUR million				81.5	44.8	+82.0%	73.5
Shares traded				2,005,281	1,400,282	+43.2%	2,149,046
% of the total number of shares				5.7%	3.8%		5.9%
<b>B share</b>							
Number of shares at the end of the period, including treasury shares				105,882,304	104,571,249	+1.3%	104,922,365
% of total share stock				75.0%	74.0%		74.3%
Treasury shares				671,082	765,399	-12.3%	765,399
Number of shares at the end of the period, excluding treasury shares				105,211,222	103,805,850	+1.4%	104,156,966
Number of votes excluding treasury shares				105,211,222	103,805,850	+1.4%	104,156,966
% of total votes				13.0%	12.4%		12.5%
Total number of shareholders				53,193	55,150	-3.5%	52,913
Closing quotation at the end of previous financial year, EUR				41.27	30.28	+36.3%	30.28
Lowest quotation of review period, EUR				30.02	28.19	+6.5%	28.19
Average quotation of review period, EUR				41.28	31.91	+29.4%	33.48
Highest quotation of review period, EUR				48.80	35.40	+37.9%	42.52
Closing quotation at the end of review period, EUR				38.67	34.22	+13.0%	41.27
Trading volume, EUR million				3,295.4	2,058.6	+60.1%	2,846.5
Shares traded				79,837,901	64,762,123	+23.3%	85,303,946
% of the total number of shares				75.4%	61.9%		81.3%
<b>A and B share total</b>							
Number of shares at the end of the period				141,134,278	141,257,828		141,257,828
Avg. number of shares during the period excluding treasury shares				140,521,666	140,597,977		140,571,373
Total number of votes conferred by the shares				810,250,702	837,537,430	-3.3%	830,866,226
Total number of shareholders				67,839	69,165	-1.9%	66,595
Trading volume, EUR million				3,377.0	2,103.4	+60.6%	2,920.0
Shares traded				81,848,182	66,162,405	+23.7%	87,452,992
Total shares traded, % of total shares				58.0%	46.8%		61.9%
Market capitalisation at the end of the period excluding treasury shares, EUR million				5,434.5	4,800.0	+13.2%	5,786.5

## REPORTING

Orion has one business area or operating segment according to which Orion reports on its operations. Orion breaks down the net sales as follows:

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

The item “Other operations” reported in the context of net sales mostly comprises of the impact of exchange rate changes on consolidated net sales.

## ACCOUNTING POLICIES

This report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting. The same accounting principles have been applied as in the 2019 financial statements, besides which the amendments to existing IFRS and IAS standards endorsed by the EU have been adopted as of 1 January 2020.

New amendments to existing IFRS and IAS standards adopted from 1 January 2020 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 corresponding period of the previous year. All the figures in this report have been rounded, which is why the total sums of individual figures may differ from the total sums shown.

## CALCULATION OF THE KEY FIGURES

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

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

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Orion is a globally operating Finnish pharmaceutical company - a builder of well-being. Orion develops, manufactures and markets human and veterinary pharmaceuticals and active pharmaceutical ingredients. The company is continuously developing new drugs and treatment methods. The core therapy areas of Orion's pharmaceutical R&D are neurological disorders, oncology, Finnish heritage rare diseases and respiratory diseases for which Orion develops inhaled Easyhaler® pulmonary drugs. Orion's net sales in 2019 amounted to EUR 1,051 million and the company had about 3,300 employees at the end of the year. Orion's A and B shares are listed on Nasdaq Helsinki.