

orexo

**We empower people
with innovative
treatment solutions**

Annual and Sustainability Report 2023





CONTENTS

OREXO OVERVIEW

About Orexo	3
Our Heroes	5
CEO perspectives	7
Strong financial recovery	8
Opioid dependence: An epidemic in our time	9
Bringing dedication and expertise to work every day	10
AmorphOX® – a technology for product development with an established supply chain	11
Strategy for revenue growth grounded in sustainability	13
Market	15

BOARD OF DIRECTORS' REPORT

■ Organization	18
■ The year in brief	20
■ Operational development	21
■ Financial development	27
■ Litigations	29
■ Risks and risk management	30
■ Sustainability report	34
■ The share	51
■ Shareholder information	53

FINANCIAL REPORTS AND NOTES

■ Financial reports	55
■ Notes	63
■ Assurances of the Board of Directors and President	92
■ Auditor's report	93
■ Reconciliation and definition of key figures	98
CORPORATE GOVERNANCE	
■ Corporate Governance report	101
■ Board of Directors	109
■ Management	111
■ Auditor's opinion	113

■ THE ANNUAL REPORT

The Annual Report for Orexo AB (publ), 556500-0600, consists of pages 17–33 and 51–92.

■ SUSTAINABILITY REPORT

Includes Orexo's collected commitment to contribute to a sustainable world.

■ CORPORATE GOVERNANCE REPORT

The report focus on Orexo's governance procedures and compliance, and adherence to best practices for good corporate governance.

Forward-looking statements

This report contains 'forward-looking' statements that reflect the company's current expectations. Although the company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations prove to have been correct as they are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. These factors include, but are not limited to, changes in global economy, market and competitive conditions, changes in product demand, supply and production constraints, currency fluctuations, developments

in product litigations, changes in the regulatory environment and other government actions. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, the company undertakes no obligation to update any of them considering new information or future events.

Glossary and definitions
can be found at
[www.orexo.com/
glossary-defintions/](http://www.orexo.com/glossary-defintions/)



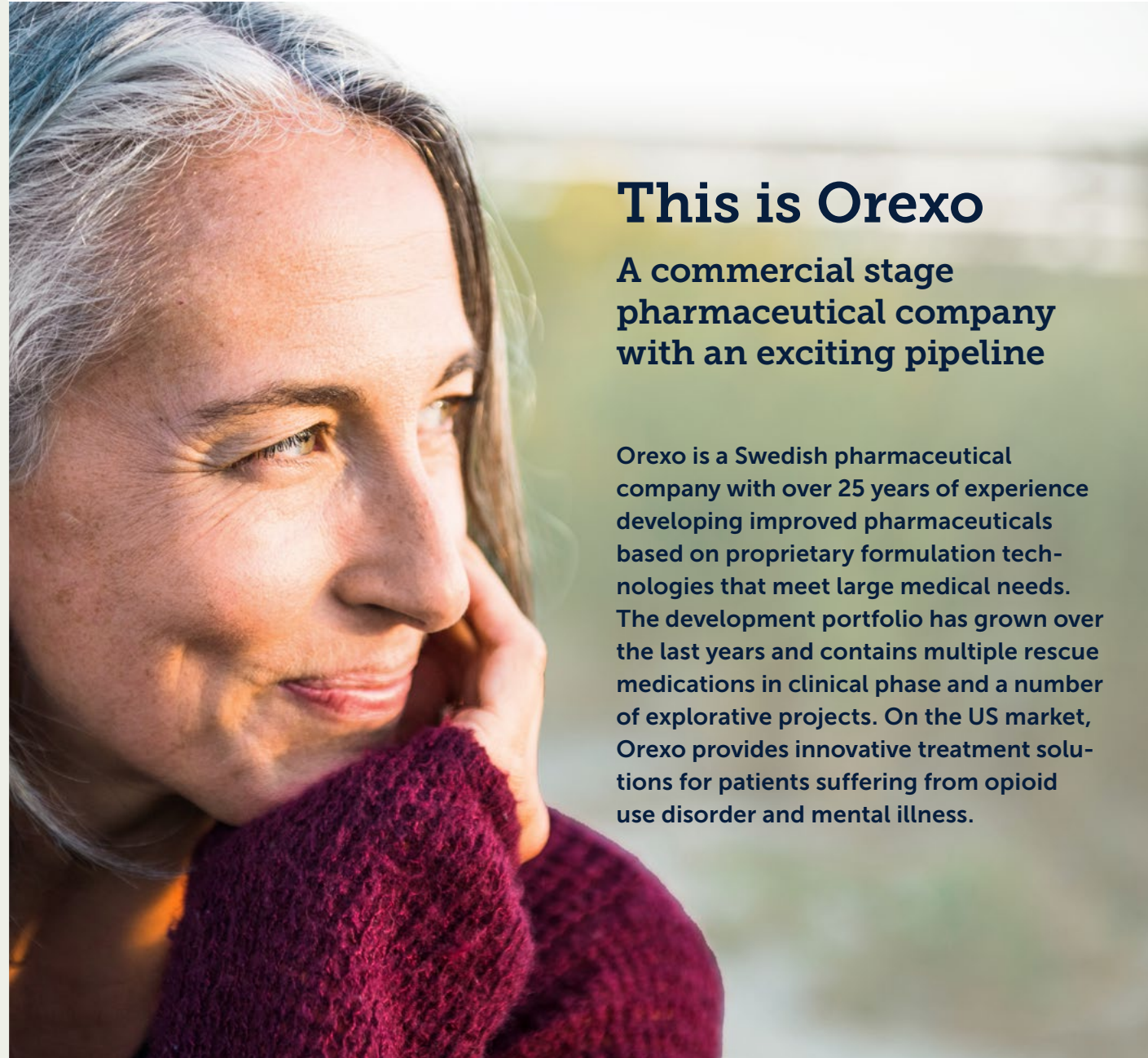
OREXO OVERVIEW

- About Orexo**
- Our heroes
- CEO perspectives
- Market

BOARD OF DIRECTORS' REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE



This is Orexo


A commercial stage pharmaceutical company with an exciting pipeline

Orexo is a Swedish pharmaceutical company with over 25 years of experience developing improved pharmaceuticals based on proprietary formulation technologies that meet large medical needs. The development portfolio has grown over the last years and contains multiple rescue medications in clinical phase and a number of explorative projects. On the US market, Orexo provides innovative treatment solutions for patients suffering from opioid use disorder and mental illness.

◀ **BACK TO START**

Empowering people suffering from opioid use disorder

The core mission is to improve life for people who are misusing, and dependent on, opioids. Many of these people are at risk of suffering with mental illness and other substance use disorders. We want to stand by their side. Orexo uses innovative pharmaceuticals and digital mental health programs to empower these people on their journey to a healthier and happier life.

 [More about the therapeutic areas and treatment solutions on orexo.com](https://orexo.com)



Making a difference for patients and societies

Opioid use disorder (OUD) and mental illness are areas of great human suffering and associated with comprehensive social and economic implications. Orexo is working at federal and local levels in the US to enable more people to get access to treatment options that can make a difference to their life and society more broadly.

OREXO OVERVIEW

- About Orexo
- Our heroes
- CEO perspectives
- Market

BOARD OF DIRECTORS' REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE



Commercial presence in the US and a growing product portfolio

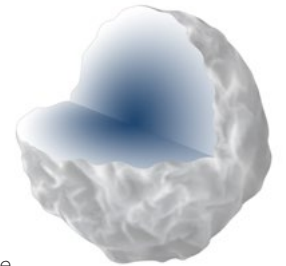
Orexo has been established in the US since 2013. The company works closely with insurers to get products reimbursed and the sales force, which covers states in the US with highest prevalence of OUD, is in dialogue with healthcare professionals daily. Orexo is commercializing Zubsolv® for maintenance treatment of OUD and three digital mental health programs. One of these, MODIA®, is for use by patients undergoing a clinical treatment plan for OUD, under the care of a health professional. In late 2024, the product portfolio is expected to grow further through the launch of a high-dose rescue medication for opioid overdose, OX124.

 [More about OX124 on orexo.com](#)

Commercial products in the US



AmorphOX® – a first-class drug delivery platform has enabled pipeline expansion




Orexo's innovative drug delivery platform has unique properties for the development of differentiated pharmaceuticals that need to be absorbed rapidly by the body and remain stable over time. The technology can be applied to a broad scope of active substances and is the backbone of the development of clinical stage rescue medications and multiple early-stage projects. For pharmaceuticals that go beyond Orexo's key therapeutic areas, the company intends to initiate development and commercialization partnerships.

 [More about AmorphOX and pipeline on orexo.com](#)

Four pharmaceuticals developed with market approval worldwide¹

Orexo develops improved pharmaceuticals by combining well-known and well-documented substances with in-house innovative drug delivery technologies. Since Orexo was founded in 1995, four pharmaceutical products have been developed; Diabact® for diagnosing of the gastric ulcer bacterium helicobacter pylori,¹ Abstral® for breakthrough cancer pain, Edluar® for insomnia and Zubsolv for OUD. The last three mentioned are built on the first-generation drug delivery platform – the sublingual. Thanks to successful partnerships, these products have been approved in multiple markets and helped patients benefit from improved drugs worldwide.

 [Learn about Orexo's history at orexo.com](#)

¹ Diabact was divested at the time of the sale of the subsidiary Kibion in 2015

OREXO OVERVIEW

About Orexo

Our heroes

CEO perspectives

Market

BOARD OF DIRECTORS' REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

◀ BACK TO START

MIKE'S STORY

"My road to recovery"**"My second day in jail was the start of my recovery journey.**

And it was the first full day I didn't stick a pill up my nose or in my mouth in ten plus years. I woke up that day and knew the ride was over, I could finally get off that train.

I was just getting high to get by – to survive.

The last four to five years, leading up to my jail sentence, it definitely wasn't 'fun' anymore. It was like a nightmare.

If I use opioids again, I will be violating my probation.

The first time I went to jail, on drug related charges, I missed out on nine months of my son's life. I try my best on a daily basis to ensure that I won't disappear from his life again due to my addiction.

Addiction consumes you and takes over your life.

It jeopardizes everyone and everything you love. Believe me, there are some days when I just want to use, but that would be like opening Pandora's box and losing everything all over again.

Today I am a different person.

I used to carry a lot of shame and guilt when I was living that life. The hardest thing I had to do was to forgive myself. I focus on the present and living each day with intention and purpose."

Visit our blog at orexo.com to read Mike's full story.



I missed out on nine months of my son's life. I try my best on a daily basis to ensure that I won't disappear from his life again.

OREXO OVERVIEW

- About Orexo
- Our heroes**
- CEO perspectives
- Market

BOARD OF DIRECTORS' REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

CHARLIE'S OVERDOSE

"Why we need to tell young people about fake pills"

"Our youngest son, Charlie, died on May 14, 2020, from a counterfeit Percocet. He was 22. My wife, Mary, and I (Ed) lived every parent's worst nightmare. We got the dreaded knock on the door late at night. Our Pastor told us, 'There's been an accident ... Charlie has died'.

Amid the chaos, we questioned Charlie's friends and a Sheriff's Deputy. They said, 'We think it was pills'.

We were vaguely aware that occasionally taking Xanax to chill out and play video games or watch TV was socially acceptable among kids Charlie's age. But how much Xanax would our 6'2" son need to overdose?



Charlie was among a growing number of young people to fall prey to the fentanyl crisis.

It was our 'What's This Fentanyl?' moment.

We learned that drug traffickers are pressing fake pills designed to look exactly like familiar legitimate prescription medications – Percocet, Oxycodone, Xanax.

They advertise them on social media and pass them off as the real thing. But they're 100 percent fake. The only active ingredient in these bogus pills is illegally manufactured fentanyl.

Who's telling the kids? We discovered Charlie was among a growing number of young people to fall prey to the fentanyl crisis. We found other families whose children had died after taking a 'fentapill'.

We identified the problem: Kids don't get their news from local TV or Government websites. Those warnings would never have reached Charlie and his friends.

If we were going to prevent other families from our tragic fate, we'd have to take the message directly to young people."

Read Charlie's parents' full story on our blog at orexo.com.



"What we're telling young people"

- The US drug market is flooded with 'fentapills'. Assume any pill online, on campus or on the street is fake and potentially deadly.
- Fentanyl and other synthetic drugs are cheap, potent, and profitable for dealers.
- This isn't your fault. But it is your reality.
- Your friends are at risk because fentanyl is used to make fake pills and is hidden in other street drugs.
- Educate yourself and spread the word.
- Tell everyone you know: No Random Pills.

OREXO OVERVIEW

About Orexo

Our heroes

CEO perspectives

Market

BOARD OF DIRECTORS' REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

CEO PERSPECTIVES

**“Strong financial recovery
paving the way for
EBITDA profitability
in 2024”**



◀ **BACK TO START**

OREXO OVERVIEW

- About Orexo
- Our heroes
- CEO perspectives**
- Market

BOARD OF DIRECTORS' REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

In 2023, we continued our path to make a difference for patients with OUD. I am particularly pleased with the NDA filing of OX124, a high-dose rescue medication for opioid overdose. In addition, we saw a recovery in our financial performance. It encourages us to aim for returning to EBITDA profitability already in 2024. Standing on a stronger financial ground gives us a tailwind as we are approaching US launch for OX124 and for our world-class drug delivery platform AmorphOX® to reach its full potential.

After several years of investment in development and unwelcome, but necessary, expenses related to a patent litigation, we are on the brink of returning to profitability. We have for the last few years monitored and reported our underlying profitability, before deducting non-repetitive R&D expenses and legal expenses. This has been to ensure we can return to profitability when these expenses diminish. Our first ambition was to reach EBITDA profitability in the second half of 2023 and despite the submission fee of SEK 18 million in September 2023 to the FDA for the filing of OX124 and some exchange rate headwinds late in the year, we managed to meet this objective. Reaching this objective has not been without challenges.

“ Our main revenue generator remains to be Zubsolv® and I am pleased to see a stabilization of the Zubsolv sales during 2023.

Our investment into digital mental health programs (previously known as digital therapies) has not met our expectations. Despite that, we continue to see opportunities leveraging the benefits of these programs as a complement to our opioid use disorder (OUD) portfolio and, when reimbursement pathways are established, even as stand-alone products. However, short term a significant restructuring of the business has been necessary. Most of this change was completed during the first half of 2023. From 2024 the digital mental health programs will be fully integrated into our US Commercial business and the direct expenses will be limited.

Our main revenue generator remains to be Zubsolv and I am pleased to see a stabilization of the Zubsolv sales during 2023. Zubsolv net sales in SEK grew slightly from 2022 and in Q4 Zubsolv grew also in USD.

Looking ahead, our cost reductions during 2023 in the ordinary business, less expenses to non-repetitive R&D and legal processes, in combination with a stabilization of Zubsolv sales will lead us to EBITDA profitability in 2024. In addition, we have good opportunities to get revenues from partnerships and digital mental health programs, which give us a strong foundation to show a growing profitability.



Key figures 2023

639 SEK M

Group net revenues

-32 SEK M

Group EBITDA

171 SEK M

Cash and cash equivalents

OREXO OVERVIEW

- About Orexo
- Our heroes
- CEO perspectives**
- Market

BOARD OF DIRECTORS' REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Opioid dependence: An epidemic in our time

2023 marked the tenth anniversary of Orexo's presence in the US and our purpose remains as strong now as it did then. We are dedicated to saving more lives and alleviating the suffering of people struggling with opioid addiction. "Out-The-Monster" was the theme of our award-winning 2013 disease awareness campaign in the US and an attempt to highlight the growing problem of opioid dependence. Tragically, opioid addiction in the US is now making headlines across the globe. Society has yet to find a solution and deaths from overdose where opioids are involved are steadily growing.

The causes are many and they are complex, but it is clear that socioeconomic, psychological, and environmental factors play an important role. A key driver is also the increasing availability and potency of illegal synthetic opioids, and the combinations of different drugs patients are exposed to, sometimes unknowingly. At a pharmacological level, we know this makes treatment more difficult due to the higher affinity of opioids to receptors. Overdoses are also more challenging to reverse with the existing standard dosages of naloxone.

The societal consequences of opioid addiction are significant. Individuals often suffer with loss of employment and their home as well as damaging relationships with loved ones. Orexo is on the frontier looking for smarter and better solutions to address the opioid epidemic and support individual patients.

// Society has yet to find a solution, and deaths from overdose where opioids are involved are steadily growing.

◀ BACK TO START

Broad portfolio of OUD treatment solutions targeting a large need in the US market

Medication assisted treatment



Digital mental health program



High-dose rescue medication for overdose
US launch expected in late 2024



8,900,000
are misusing opioids¹

6,100,000
are dependent on opioids²

2,400,000
are undergoing MAT treatment³

1, 2, 3 Substance Abuse and Mental Health Services Administration

OREXO OVERVIEW

- About Orexo
- Our heroes
- CEO perspectives**
- Market

BOARD OF DIRECTORS' REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Opioid dependence is a complex, difficult disease to manage and requires a broad range of treatment interventions for successful recovery. The foundation to effective treatment is pharmacological stabilization of patients to a level where they don't feel they need a new dose of opioids. This requires maintenance treatment, often using buprenorphine/naloxone with products such as Zubsolv®. To stabilize patients, prescribers titrate the dosage to find the optimal amount. Zubsolv has the broadest range of dosages on the market, providing flexibility for patients and their physicians during this critical treatment phase as they taper down over time to a low dose, or even abstinence.

Once a patient is stable, their true recovery journey can begin. To be successful, most patients will need a broad range of interventions and a holistic approach to treatment, and here MODIA® plays an important role. During 2023, we completed a clinical trial for MODIA. The study showed the importance of enable intensive monitoring of patient progress and the ability for the caregivers to intervene if the patient is at risk of relapsing or diverting from their treatment plan. In addition both treatment arms showed significantly better outcomes than previous studies and when compared with what could be expected from care as usual.

Access to affordable psychosocial support programs is a significant issue for many, and Orexo has developed MODIA to offer patients and caregivers a tool to support them during recovery and to monitor progress. In addition, Orexo has developed a new product, OX124, a high-dose naloxone rescue medication for opioid overdose. Pending FDA approval, OX124 is intended to improve the probability of survival when a patient has used synthetic opioids, such as fentanyl.

Our portfolio of products, in combination with patient support programs for financially vulnerable patients, are all part of our drive to overcome the opioid epidemic in the US, provide more equitable access to treatment and save more lives.

Bringing dedication and expertise to work every day

Orexo is a small, agile pharmaceutical company. Our ability to attract and maintain talented, compassionate employees is integral to our success in a competitive marketplace, where larger companies can dominate. Many employees come to Orexo because they are dedicated to helping patients with OUD and mental health issues. When new team members join us, we provide training about the disease space, and talk about how Orexo is one of the few companies on the frontier helping patients suffering from addictions.

We are proud of our culture and flexible, human-centred ways of working. My leadership team and I believe this is why we have seen excellent results in our annual employee survey once again this year. We continue to rank in the highest decile of companies participating.

The area of opioid dependence also sets a high bar in terms of our business conduct. We train all employees and ensure that they understand and act in accordance with our code of conduct and ethical rules. Our daily interactions with physicians in the US provide opportunities for delivering specialist training that covers promotional policies, federal laws and regulations related to pharmaceutical sales and ethics.



Our ability to attract and maintain talented, compassionate employees is integral to our success in a competitive marketplace.

OREXO OVERVIEW

- About Orexo
- Our heroes
- CEO perspectives**
- Market

BOARD OF DIRECTORS' REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

AmorphOX® – a technology for product development with an established supply chain

Submitting an application to the FDA for a pharmaceutical product approval (OX124) was a pivotal moment in 2023.

OX124 is a part of the future growth of the company and it is a product perfectly aligned with our founding principles, with which we set out almost 20 years ago, in 1995. Our vision has always been to develop improved pharmaceuticals based on innovative drug delivery technologies. OX124 is built on Orexo's new world-class drug delivery platform, AmorphOX. This pioneering technology has enabled us to take OX124 from concept to a potential

FDA approval. Upon an approval OX124 will be our second pharmaceutical we will commercialize on the US market, something we're very proud of.

We are planning to promote OX124 via our existing organization in the US. Our established presence there has been a key element in the development of OX124 and will be even more important in the future commercialization of the product. Historically, many of our revenues are from partnerships and, while OX124 will be launched by the Orexo team in the US, we still see partnerships as a key element of our strategy. Through partnerships, Orexo can reach even broader patient groups with new medications

based on the AmorphOX platform and address significant unmet medical needs outside our natural commercial focus area of OUD.

Our research and development team originally created the AmorphOX drug delivery technology to improve the treatment of opioid overdose, with a particular focus on curating better bioavailability compared to existing alternatives. The AmorphOX technology has also demonstrated robust stability, with reduced sensitivity to temperature variations, and therefore offers enormous potential for additional pharmaceuticals. It is an exciting step forward for Orexo and for the patients who stand to benefit from the pharmaceuticals of the future.

Formulation technologies the foundation in parts of the value chain

Pharmaceuticals based on drug delivery technologies

Sublingual platform

Three of Orexo's four developed pharmaceuticals,¹ are based on the sublingual platform, which combined have generated >SEK 10 billion in sales to Orexo and its partners.

AmorphOX

Pioneering nasal delivery technology backbone of new products: OX124, OX125, OX640. Patent & patent applications cover a range of molecules until 2039–2044.

¹ Diabact® was divested at the time of the sale of the subsidiary Kibion in 2015

Commercial US operations: Tackling the opioid epidemic since 2013

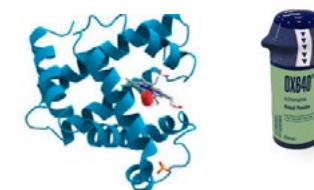
Significant value contribution from Zubsolv®, a medication assisted treatment for OUD
>SEK 5.2 billion in sales since launch, of which SEK 578 million in 2023.

Pipeline of synergistic overdose rescue medications
High-dose naloxone, OX124, and fast-acting nalmefene, OX125.

MODIA® a new complementary digital health program for OUD
For patients engaged in a clinician directed medication assisted treatment (MAT) plan.

Capitalizing on partnerships for development and commercialization

- Driving revenue to execute our strategy**
- Sublingual platform >SEK 2.3 billion.
- Emerging partnership opportunities**
- Epinephrine product, OX640.
 - AmorphOX technology in biomolecules.



OREXO OVERVIEW

- About Orexo
- Our heroes
- CEO perspectives**
- Market

BOARD OF DIRECTORS' REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

One such pharmaceutical is OX640, an epinephrine medication for the treatment of anaphylaxis (allergic reactions). OX640 is being developed using the unique properties of AmorphOX®: High bioavailability, rapid absorption, and superior stability. Current products have a short shelf life and are extremely sensitive to temperature changes, making OX640 an important differentiator, offering prescribers and patients better flexibility, reliability, and efficacy. These are potentially lifesaving qualities and make OX640 stand out compared with existing, and competing, products under development.

Orexo has tested AmorphOX on a broad range of molecules both internally and in collaboration with international biopharmaceutical companies. These tests repeatedly show how our technology improves the stability of these molecules, and even thermally sensitive bio molecules remain active after formulation with AmorphOX.

2023 has continued to be a challenging year in our environment, with increased geopolitical risk and a weaker economy. For Orexo, we mainly see a slightly increased risk in our supply chain when it comes to securing delivery of input materials. We have not seen any negative effects of this in 2023 and continue to maintain a good dialog with our suppliers to quickly find other solutions to ensure an efficient flow within our supply chain.

These are potentially lifesaving qualities and make OX640 stand out compared to existing, and competing, products under development.

During the year our supply chain met all requirements in the supplier code of conduct and is fully aligned with Orexo's commitment to the UN Global Compact. The anticipated approval of OX124 will be further affirmation of the high standards we expect across our supply chain. In addition, many of the current steps are applicable for

AmorphOX – a versatile drug delivery platform

Identified need

Amorphous compounds are common in drug development and can be of great importance for the properties of the drug substance. Amorphous solids are non-crystalline and possess no long-range order, giving them unique and highly sought-after properties, such as very rapid dissolution in water. Historically however, amorphous drug compositions were found to degrade during storage due to chemical and physical instability. Orexo has a solution to this problem.

The solution

Orexo's proprietary drug delivery platform, AmorphOX, is a powder-based technology made up of particles that are built using the unique combination of a drug, carrier materials and, optionally, other excipients such as a permeability enhancer. The particles are presented as an amorphous composite of the various ingredients providing for excellent chemical and physical stability in both low and high temperatures, meanwhile the rapidly dissolving property is maintained. The platform is protected by patents and patent applications until 2039–2044.

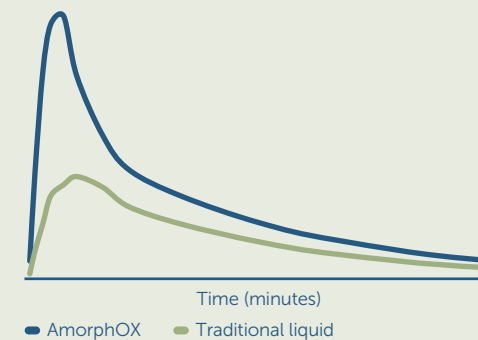
Clinically validated

The technology has successfully been proven in multiple clinical studies. It is validated in the development of various rescue medications including naloxone (OX124), nalmefene (OX125) and epinephrine (OX640), a treatment for allergic reactions. All use nasal delivery. Data has demonstrated it is rapidly dissolving, has excellent bioavailability and both chemical and physical stability.

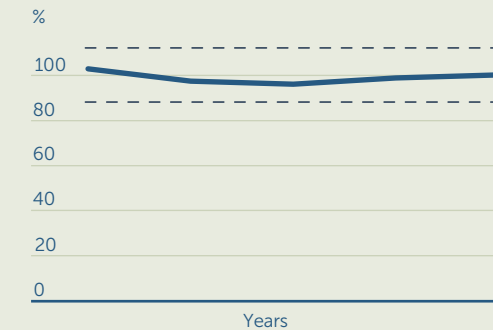
Wide applicability

The technology works with a broad spectrum of active chemical substances, including small and large molecules¹, and the properties of the powder can be tailored to meet specific needs such as particle size, dissolution, and mucosal retention. This makes it a versatile technology with broad applicability in pharmaceutical development across multiple therapeutic areas.

Plasma concentration



Amount of API



¹ Enzymes, peptides and proteins

OREXO OVERVIEW

- About Orexo
- Our heroes
- CEO perspectives**
- Market

BOARD OF DIRECTORS' REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

other products using the AmorphOX® platform. We believe an established supply chain, in addition to the unique properties of AmorphOX, are attractive for future development partnerships. This is an important part of Orexo's growth strategy and integral to executing on our pharmaceutical development plans.

Strategy for revenue growth grounded in sustainability

Orexo is a commercial stage company, with several products generating revenue on the market. After a period of investments and high expenses, the overarching strategic priority is to reach profitability and be able to finance ongoing projects with revenues from our commercial products and partnerships. During 2023, we took great steps towards this goal and had a cumulative positive EBITDA Q2-Q4. The natural next step is to maintain EBITDA profitability for the full year of 2024. Orexo has multiple investment opportunities and to maintain EBITDA profitability and positive earnings for the company, this requires a cautious perspective on these investments ensuring investments are sized to the amount of expected revenues.

1. Growing commercial revenues and profit contributions

Our first priority is driving our commercial revenues and profit contribution. The main revenue generator today is Zubsolv® and stability or some growth in Zubsolv is important for the overall business. At the same time, we're broadening our portfolio of commercial products to accelerate growth across all areas of the business. OX124 is expected to be our second pharma product on the US market, pending FDA approval. Its launch will leverage the synergies with Zubsolv to control expenses and make complementary investments in the areas with the greatest growth potential.



Our first priority is driving our commercial revenues and profit contribution.

◀ **BACK TO START**

Business strategy for a broader and stronger Orexo

1. Growing commercial revenues and profit contributions	2. Improving access to treatment	3. Capitalize on the AmorphOX drug delivery technology
<ul style="list-style-type: none"> • Stabilize Zubsolv revenues and focus commercial investments in areas with growth opportunities. • Approval of OX124 by the FDA. • Launch OX124 in the US leveraging existing resources and focus investments into new areas with greatest revenue potential. • Launch digital mental health programs within the VA and opportunistically to other customers based on demand. 	<ul style="list-style-type: none"> • Expand reimbursement of Zubsolv in the public segment and maintain access in the commercial segment. • Secure reimbursement for OX124 at launch. • Establish collaborations under MATCore to provide innovative solutions that improve access to OUD treatment. • Establish patient support programs for all Orexo products. • Work to establish legislation and policies enabling access to all types of treatment of OUD and mental health. 	<ul style="list-style-type: none"> • Partnering with other pharmaceutical companies to co-develop new products based on AmorphOX. • Out-license the AmorphOX technology. • Develop new products for Orexo to commercialize primarily within OUD and mental health.

Sustainability strategy

<p>Responsible business based on trust, transparency, integrity and no tolerance for corruption is central to all our activities and a foundation for our sustainability work.</p>	<p>Increase access to healthcare among patients with OUD and mental illness and develop new innovative medications meeting large unmet needs.</p>	<p>Reduce impact on environment and climate change across all our activities and our products.</p>	<p>To create a healthy working climate, an inclusive and diverse culture in all teams.</p>
---	--	---	---

Commitment to UN sustainability goals, with a focus on



Read more on pages 34–50

OREXO OVERVIEW

About Orexo

Our heroes

CEO perspectives

Market

BOARD OF DIRECTORS' REPORT**FINANCIAL REPORTS AND NOTES****CORPORATE GOVERNANCE****2. Improving access to treatment**

Our second strategic priority is closely related to future growth opportunities by improving access to treatment for patients suffering primarily from OUD but also the adjacent treatment area of mental health. We are already working to take this part of our strategy forwards. In addition, we are looking for expanding collaborations with US healthcare providers, and other stakeholders at federal and state levels, including local community groups leveraging our full portfolio of pharmaceuticals and digital mental health programs to further improve access to treatment. This will be done under the umbrella name "MAT-Core", creating new growth opportunities for our products. In addition, we are working with patient support programs directed towards patients who have undergone treatment with Zubsolv®, and our aim is that these programs will cover all our products. To improve access to medications, regardless of who is making them, we will continue to work alongside policy makers, advocates, and other stakeholders across the social spectrum.

3. Capitalize on the AmorphOX® drug delivery technology

The third strategic priority is to capitalize on the AmorphOX platform through co-development partnerships, technology out-licensing, and to develop more products for Orexo to commercialize. Partnership projects will leverage the unique properties of AmorphOX to improve product bioavailability, increase shelf life and/or improve thermal stability.

We see significant opportunities for AmorphOX to widen access to medication in locations without controlled storage facilities, such as a medical refrigerator.

Products made using AmorphOX will also have a longer shelf life, offering benefits to patients and prescribers, as well as significantly reducing waste and the associated environmental costs. In addition, for some disease areas, AmorphOX will offer new drug delivery pathways, for example the nasal route, replacing injections to increase patient convenience and improve compliance for patients afraid of injections, especially children. The development projects directed to our commercial organization will primarily be within our core area, OUD and mental health issues.

A steady ground for our strategy to reach profitability and create value for our investors is our sustainability work. Since 2017, we have participated in the UN Global Compact and we support Agenda 2030 and the development goals for a sustainable world. The principles and ambitions of these vital initiatives are closely aligned with our company values. We are proud that our work has resulted in certification as a socially sustainable company, by Sustainalytics, in March 2024, and Orexo now also meets the criteria for a growing number of investors who are dedicated to responsible investments.

Finally, I would like to thank all employees for your commitment during the year and not least our shareholders for their continued support.

Uppsala, Sweden, March, 2024

Nikolaj Sørensen
President and CEO

**Financial outlook 2024**

- The buprenorphine/naloxone market will grow 2–5 percent, based on current growth trajectory.
- Zubsolv net sales in USD will be in line with 2023.
- Cost control is a priority and OPEX excluding depreciation and amortization will decline from SEK 582 m in 2023 to below SEK 530 m in 2024.
- Positive EBITDA for the FY 2024.

Based on an exchange rate, USD/SEK, of 10.28 provided by the Swedish Riksbank and refers to an average during December 2023.

OREXO OVERVIEW

- About Orexo
- Our heroes
- CEO perspectives
- Market**

BOARD OF DIRECTORS' REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

The opioid epidemic in the US is a major health crisis with high societal costs. Broader access to treatment is crucial for breaking the negative cycle and to drive market growth.

The US opioid epidemic is a public health crisis

Opioid misuse is a widespread problem in the US

Misuse of opioids is a global problem but is most prevalent in the US where about a fifth of people living with opioid use disorder (OUD) are based.¹ A sharp increase in prescriptions of opioid painkillers over the last two decades combined with greater prevalence of mental health disorders are the primary reasons there are an estimated 8.9 million among people aged 12 or older misusing opioids in the US.² Approximately 6.1 million people are dependent on opioids.³ Of these, around 2.4 million are undergoing Medication Assisted Treatment (MAT).⁴

Overdose deaths largely caused by synthetic opioids

The Covid-19 pandemic disrupted the US healthcare system and led to a rise in opioid misuse and substance addictions. Vulnerable people struggled to access specialist treatment as well as going through profound social and economic distress caused by the pandemic. Furthermore the prevalence of illicitly manufactured fentanyl across the US continues to fuel the ongoing epidemic.

Synthetic fentanyl is so potent that just two milligrams can be a fatal dose, an amount tiny enough to fit on the tip of a pencil.⁵ It is present in many forms on the streets and online, and is often found in tablets made to look like legitimate prescription pills. Recent data from the DEA⁶ has found that six in ten illicitly manufactured pills contain a potentially lethal dose of fentanyl, which is an increase from four in ten the previous year.⁷

According to the latest available data, the number of fatal overdoses annually exceeded 111,000.⁸ Of these more than 85,000, or 76 percent, involved synthetic opioids, such as fentanyl.⁹

Concerns about pervasive opioid epidemic

The misuse of opioids is causing complex and severe challenges for the US society. Untimely deaths and reduced quality of life are impacting the daily life. Economic problems are associated with lower productivity, healthcare costs, and rehabilitative treatment. According to the US Joint Economic Committee, the societal cost of the opioid crisis in 2020 amounted to USD 1.500 billion, an increase of 37 percent since 2017, when the corresponding calculation was made.



~6.1 m

People dependent on opioids in the US³

>111,000

The number of fatal overdoses annually in the US⁸

USD 1,500 bn

The societal cost of the US opioid crisis¹⁰

◀ BACK TO START

OREXO OVERVIEW

- About Orexo
- Our heroes
- CEO perspectives
- Market**

BOARD OF DIRECTORS' REPORT

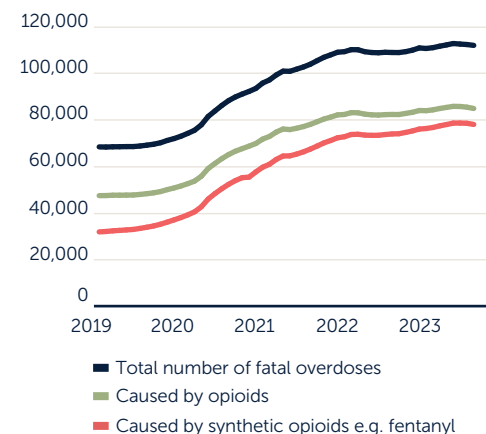
FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Underlying US markets for OUD treatment Medication Assisted Treatment (MAT) market

In the US, buprenorphine/naloxone products represent the majority of the total MAT market. This is Orexo's main market, where Zubsolv® is commercialized. Pre-covid market volume growth reached a bit more than 10 percent, while the market in recent years has slowed down and in 2023 reached 4 percent. The trajectory change shows how the treatment access challenges that peaked during the pandemic are persisting due to a combination of issues, including funding and healthcare practitioner availability. Another cause is the prevalence of illicit fentanyl across the US, which is making it more difficult than ever for physicians to treat patients. While healthcare professionals are learning and refining innovative treatment methods, a particular challenge is retaining patients in the induction phase, when they are at high risk of relapse.

The largest payer segment, the Public payer segment,¹¹ has over a long time represented the majority of market growth. In 2023, the development pace slowed down while the Commercial payer segment¹² displayed a rebound in growth, following some years of stable or negative growth rates. About 98 percent of the patients in the Commercial payer segment can get Zubsolv reimbursed. For the Public segment this number is 50 percent.



The generics¹³ part of the market is dominant and Zubsolv is the only branded player actively marketed among HCPs.

Naloxone market

Since 2015, when nasal rescue medications for overdoses entered the market, the low-dose products have dominated and shown high double-digit annual growth figures.¹⁴ Despite the increased access to rescue medications, the number of fatal overdoses has continued to climb. The surge in fatal overdoses in recent years shows how the opioid epidemic is evolving, with increasing amounts of illicitly manufactured fentanyl present in many drugs, even those marketed by dealers as legitimate products.

One of the biggest challenges facing prescribers is that the low-dose products on their formularies have limited efficacy when used to treat overdoses caused by synthetic fentanyl. The need for a more powerful rescue medication is immediate.

The market evolved in 2023 as the low-dose medications, including the leading product and some of its generics, became available over the counter. They are projected to fetch limited reimbursements, in contrast to the differentiated high-dose products, such as Orexo's OX124. It is expected that OX124 will be reimbursed by insurance companies, resulting in lower costs for users and lay-people.

Digital health market

A holistic approach to treating patients with opioid addiction, using a combination of MAT and psychosocial support, improves treatment outcomes. However, there are not enough psychologists or counsellors to provide everyone with an opportunity to uncover the root cause of their dependence and receive treatment that gives them the tools to overcome the disease. Digital therapies are a new treatment regime in the US and the market is still in an early phase. Access to viable reimbursement routes is essential for future market success, and Orexo is actively driving this forward as part of its overall strategy for its digital mental health programs.

Drivers for market growth

Legislative changes during 2023 have given further credence to Orexo's growth strategy, paving the way for better access to treatment. The Mainstreaming Addiction Treatment Act came into effect on January 1, 2023. It has removed the cap on how many patients a physician can treat at one time and reduced the MAT license requirements.

In 2023, damages paid from the manufacturers responsible for the opioid crisis were fully funded. These abatement funds provided all states in the US with a total of USD 54 billion to address the opioid crisis. The proceeds will foremost increase access to OUD treatments.

Over-the-counter sales of overdose rescue medications are expected to widen the naloxone market. The need for more potent overdose treatments, together with the mandatory co-prescription of rescue medication when managing patients with severe pain, are expected to accelerate the prescription market during 2024 and beyond.

The healthcare sector globally is under pressure, driven by an aging population and sky-rocketing costs. In parallel more patients want to be seen as consumers and require holistic and customized treatments with access 24/7. These are examples of overarching forces that has the potential to propel the market for digital health programs.

1. World Drug Report
2. Substance Abuse and Mental Health Services Administration
3. Ibid.
4. Ibid.
5. <https://www.dea.gov/press-releases/2022/12/20/drug-enforcement-administration-announces-seizure-over-379-million-deadly>
6. The Drug Enforcement Administration (DEA) is a federal police organization in the US for drug-related crime
7. <https://www.dea.gov/alert/dea-laboratory-testing-reveals-6-out-10-fentanyl-laced-fake-prescription-pills-now-contain>
8. Center of Disease Control and Prevention, predicted data ending July 2023
9. Center of Disease Control and Prevention, predicted data ending July 2023
10. US Joint Economic Committee, 2020
11. Healthcare financed by the public sector payers, such as Managed Medicaid, FFS Medicaid and Medicare Part D
12. Healthcare financed by private insurance companies
13. Generics of Suboxone® Film and tablets and also of Subutex® tablets
14. According to IQVIA which only includes retail sales, thus excluding direct sales, such as federal stockpiling and federal hospitals

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Board of Directors' report

[◀ BACK TO START](#)

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization**
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

◀ BACK TO START

The Board of Directors and the President of Orexo AB (publ), corporate registration number 556500-0600, hereby submit the Annual Report and consolidated financial statements for the fiscal year January 1–December 31, 2023. Orexo's registered office is in Uppsala, Sweden.

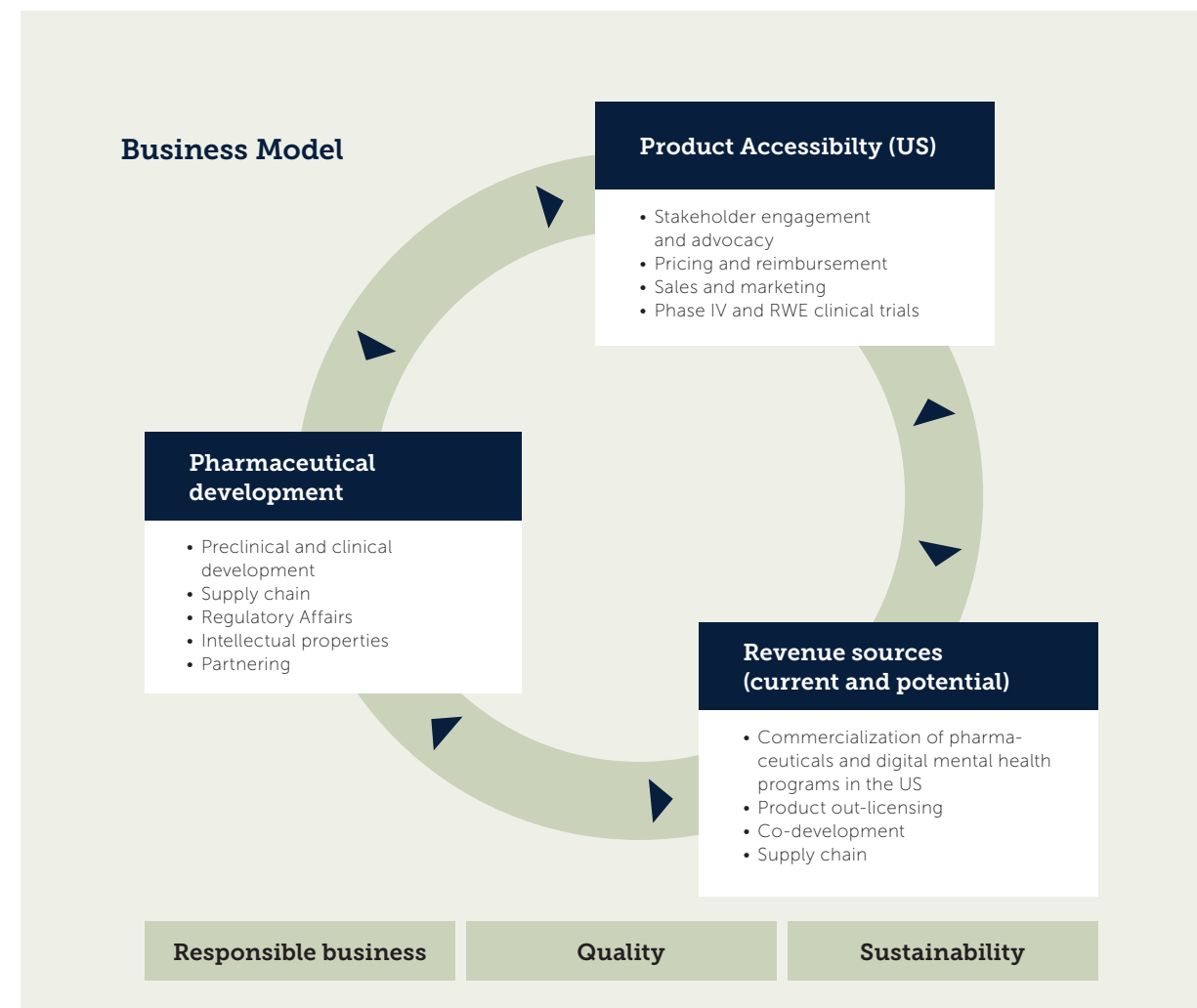
Organization

The company

Orexo is a Swedish pharmaceutical company with over 25 years of experience developing improved pharmaceuticals based on proprietary formulation technologies that meet large medical needs. On the US market, Orexo provides innovative treatment solutions for patients suffering from opioid use disorder and adjacent diseases. Products targeting other therapeutic areas are developed and commercialized worldwide with leading partners. Total net sales in 2023 amounted to SEK 639 million, and the number of employees to 116. Orexo is listed on Nasdaq Stockholm's main list and is available as an ADR on OTCQX (ORXOY) in the US.

Business model

Orexo's business model is integrated and includes the entire value chain, from the innovation phase to product access and commercialization. Cross-functional teams bring together specialist competencies to evaluate new development projects funded by revenues from the company's own sales or out-licensing of products and development projects.



OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

Organization

The year in brief

Operational development

Financial development

Litigations

Risks and risk management

Sustainability report

The share

Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Revenue sources

Sales are generated mainly from the lead product Zubsolv® for the treatment of OUD. Other revenues come from out-licensing of Zubsolv or other drugs commercialized by partners, such as Abstral® for breakthrough cancer pain and Edluar® for insomnia. Revenues from the lead product have enabled investments in research and development as well as in digital mental health programs. Investments in these assets are expected to generate future revenues from sales, including upfront and milestone payments, and royalty.

Pharmaceutical development

Orexo develops pharmaceuticals meeting large medical needs and that are based on proprietary drug delivery technologies. Cross-functional teams bring together competencies in research and development, medical affairs, and business development to evaluate potential future projects. Orexo's long experience in developing pharmaceuticals that have reached approval in markets globally has brought extensive knowledge throughout the entire development chain. Central to the development process is building a strong patent portfolio that covers all products and development projects.

Product accessibility

The presence on the American market provides the opportunity to have regular interactions with authorities, decisionmakers, healthcare systems, insurance companies and patient organizations. In addition to pushing for decisions to be made that increase access to treatment, these interactions provide unique knowledge that is used, among other things, in the evaluation of new development projects. The sales force meets daily with private practitioners, clinics and hospitals and is an important distribution channel for reaching out with treatments to those who need them most.

Sustainability

Orexo's Code of Conduct sets the basis for the sustainability work and underpins all business activities. The



sustainability plan focuses on access to healthcare, employees, environment, and climate change. With its outsourced production and supply, Orexo depends on responsible suppliers and expects them to be socially and environmentally accountable based on the Supplier Code of Conduct and well-developed sustainability assessment processes.

Operational and reporting structure

As the business area for Digital Mental Health Programs (previously Digital Therapeutics) became part of US Pharma in late 2022 the operation are presented in two business areas, US Commercial and Products under Development. However, from a financial reporting standpoint the segment reporting in 2023 was unchanged including three segments, US Pharma, Digital Mental Health Programs and HQ & Pipeline.

US Pharma contains commercialization of Zubsolv in the US. The Digital Mental Health Program segment com-

prises commercialization of digital mental health programs in the US, while the HQ & Pipeline segment consists of the Group head quarter functions including Business Development, R&D, Global Regulatory and Supply Chain. The HQ & Pipeline segment also includes royalty payments from partners who have acquired the rights to Orexo's products. These include:

- Accord Healthcare for Zubsolv in the EU.
- Kyowa Kirin for Abstral on all markets, excluding the EU and the US.
- Viatris, for Edluar worldwide.

As the business area for Digital Mental Health Programs became part of US Pharma in late 2022 a new segment reporting will be introduced starting 2024, based on the two following segments:

- US Commercial, which includes the previously segments US Pharma and Digital Mental Health Programs.
- HQ and Pipeline.

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief**
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

The year in brief

The Business

Commercial products

- Win in the patent litigation against Sun Pharmaceuticals for Zubsolv® in the US. The decision was later appealed by Sun.
- Patients access to Zubsolv in the public payer segment increased from 48 to 50 percent when Zubsolv was added to the Medicare formulary list in Indiana and New Hampshire. In the commercial payer segment patients access to Zubsolv was unchanged at 98 percent.
- The MODIA® study did not meet the primary endpoints but showed high rates of treatment response in both study arms, with no adverse events associated with the use of MODIA.
- Collaboration initiated with Lovell Government Services to accelerate the establishment of efficient distribution and reimbursement process within Veterans Affairs.
- Orexo's partner Accord Healthcare continued the launch of Zubsolv in the EU, which by year-end was available in eleven countries.

Products under development

- OX124, a high-dose rescue medication for opioid overdose, was successfully resubmitted with the FDA after some technical issues with the packaging process was solved at the contract manufacturer.
- FDA accepted the New Drug Application filing for review of OX124.
- A first patent protecting OX640, a nasal epinephrine rescue medication for allergic reactions, until May 2041 was granted in the US.
- The work to upscale the manufacturing process for OX640 continued based on the established supply chain for OX124.
- Multiple exploratory feasibility studies were conducted where the AmorphOX® technology was tested with new APIs, including both small and large molecules.

Sustainability and organization

- Robin Evers was elected as board member at the Extraordinary General Meeting on October 26. He replaced Henrik Kjaer Hansen who announced his resignation.
- Henrik Kjaer Hansen was appointed chairman of the Nomination Committee on October 26. He represents Novo Holdings A/S.
- The annual employee survey continues to show strong result. Eight of ten employees are satisfied with working at Orexo.
- All employees have signed and confirmed they understand and act in accordance with the Business Compliance and Ethics Code.
- 100 percent of the commercial suppliers have an approved sustainability assessment.
- In 2023, a complete mapping of scope 3 emissions, according to the Greenhouse Gas protocol, was completed, which resulted in confirmed long term carbon reduction targets.

Events after the end of the period

- MODIA and Vorvida® will be reimbursed within US Veterans Affairs Supply Schedule as of January 2024.
- Orexo and Sobi agree to advance feasibility study where AmorphOX is tested with one of their biomolecules.
- To refinance the existing bond, a senior secured social bond of SEK 500 million was issued.



Operational key figures 2023

50%

Share of patients with access to Zubsolv in the public segment

98%

Share of patients with access to Zubsolv in the commercial segment

1

Number of drugs filed with the FDA

1st

US patent granted for OX640 in the US

◀ BACK TO START

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development**
- Financial development
- Litigations
- Risks and risk management
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Operational development

Commercial products

US salesforce with increased access to physicians

For treatment with buprenorphine/naloxone, which is the most common medication assisted treatment (MAT) in the US, Orexo is the only player actively meeting with health-care providers. Each day, the sales force visits physicians, medical clinics and hospitals treating patients suffering from OUD. In 2023, more than 45,000 visits, digital meetings or calls were made to inform physicians and other healthcare professionals about the benefits of prescribing Zubsolv® and MODIA®, as well as educating them about the disease of addiction. A 24 percent increase compared to 2022. In addition, the work continued at both federal







and state levels collaborating with policy makers to increase access to pharmaceuticals and digital mental health programs, as well as reaching out to insurance companies for reimbursement of Orexo's products.

Access to Zubsolv improved within Medicaid

In 2023, the reimbursement for Zubsolv improved within the public payer segment from 48 to 50 percent. This increase is a result of Zubsolv being added to the Indiana state Medicaid formulary list in July, and the New Hampshire Medicaid effective January 2024. Zubsolv's best in class market access in the commercial payer segment was maintained at 98 percent.

MODIA and Vorvida® added to the VA's Federal Supply Schedule

Lack of efficient reimbursement and distribution channels has been a main issue for Orexo and competing digital therapies since launch. For Orexo the short term focus is on the Veterans Affairs (VA), where there is a high prevalence of mental health issues and access to established reimbursement and distribution pathways. During the year a collaboration was initiated with Lovell Government Services (Lovell), which has extensive experience from marketing and selling medical devices within the VA. In addition to accelerating the establishment of efficient processes for reimbursement and distribution of

Products, indication, technology/partner	Exploratory	Preclinical	Clinical Development Phases	Registration	Approved and /or launched		
					US	EU	RoW
Zubsolv® Opioid use disorder/Sublingual platform 	[Progress bar spanning Exploratory, Preclinical, Clinical Development Phases, and Registration]						
Abstral® Breakthrough cancer pain/Sublingual platform 	[Progress bar spanning Exploratory, Preclinical, Clinical Development Phases, and Registration]						
Edluar® Insomnia/Sublingual platform 	[Progress bar spanning Exploratory, Preclinical, Clinical Development Phases, and Registration]						
MODIA® Opioid use disorder/Broca technology platform 	[Progress bar spanning Exploratory, Preclinical, Clinical Development Phases, and Registration]						
Vorvida® Alcohol management/Broca technology platform 	[Progress bar spanning Exploratory, Preclinical, Clinical Development Phases, and Registration]						
Deprexis® Depression/Broca technology platform 	[Progress bar spanning Exploratory, Preclinical, Clinical Development Phases, and Registration]						

◀ BACK TO START

 Learn more about our products at orexo.com

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development**
- Financial development
- Litigations
- Risks and risk management
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

◀ **BACK TO START**

Deprexis®, Orexo and Lovell managed to get both MODIA® and Vorvida® added to the VA's Federal Supply Schedule as of January 2024. Through VA, in total, approximately 15 million veterans and their families will have access to psychosocial support.

Strong Zubsolv® development in Medicaid but total volume decreased

Zubsolv volume decreased with 5 percent mainly due to lower volume with United Health Group and Humana. The negative impact from these insurance companies where Zubsolv was exclusively reimbursed until 2019 con-

tinued to slow down considerably. Also, a lower overall market development had an impact on Zubsolv's volume development. However, the development was partly compensated by Zubsolv showed a stable development within the open commercial segment and grew 6 percent in Medicaid, outperforming total Medicaid growth of 3 percent. Zubsolv's strong performance in Medicaid is supported by the improved market access during the last years resulting in Kentucky growing 35 percent in 2023 and New York growing 53 percent. Indiana grew 110 percent after gaining broader access in July 2023.



Interesting learnings from the MODIA® study

The pivotal MODIA study enrolled 437 patients at 36 centers across the US. The study didn't meet the primary end-points but the results indicate that a combination of high frequency interactions with healthcare providers and completion of the MODIA program can improve patient outcomes. Orexo will continue to analyze the study data and conduct post-hoc analysis to show the value of MODIA in supporting the patients with OUD. As a result of not meeting the primary endpoints, Orexo's partner, GAIA, initiated an update of the MODIA program to comply with the new regulatory status as a mobile medical device under the FDA's enforcement discretion. This is due for completion in Q1 2024 and will enable a re-launch of MODIA.

Zubsolv available in eleven countries in the EU

Orexo's partner, Accord Healthcare, continued to launch Zubsolv in the EU, and it is now available among patients in eleven European countries. The commercialization of Zubsolv across the EU has the potential to span over 29 countries, and is fully managed by Accord Healthcare which has in-licensed the rights. Orexo remains responsible for product supply and will receive double-digit royalties on net sales.

In 2023, Orexo won the patent litigation for Zubsolv against Sun Pharmaceutical (Sun) in the District Court for New Jersey, US. The decision was appealed by Sun in the US Court of Appeals for the Federal Circuit. Read more about Orexo's overall strategy for intellectual property rights and the details in the ongoing patent litigation on pages 29 and 31.

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development**
- Financial development
- Litigations
- Risks and risk management
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Development projects
Innovation is at the heart in the development of new drugs

Orexo has a strong track record of developing multiple drugs. In total, the company has developed four drugs which have got approved on markets worldwide. In 2023, Orexo continued this path with the filing of OX124, a high-dose rescue medication for opioid overdose, with the FDA. In the development of innovative drugs, well-documented and known substances are combined with patented drug delivery technologies. The development process is based on the pioneering work of skilled researchers and experts with different scientific backgrounds. High transparency, talented employees, and collaborative ways of working make Orexo's pioneering culture flourish.

Collaboration with the academy

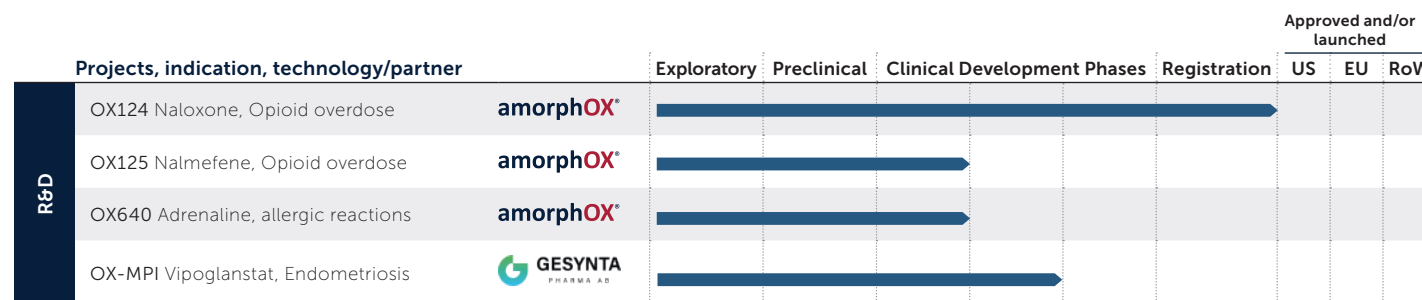
For many years, Orexo has benefited from the valuable insights the relations with the academy at Uppsala University bring into the company's research and development

work. Among other things, Orexo participates in Swe-Deliver, an interdisciplinary collaboration between academia and the pharmaceutical industry. The Faculty of Pharmacy at Uppsala University is the center's academic hub. The scientific focus is on research challenges in parenteral, oral, and pulmonary drug delivery. Orexo also provides financial support, scientific expertise, and mentorship to researchers. This work usually takes place as part of the company's development activities. In addition, Orexo frequently invites graduate students to write their master thesis in collaboration with the company. In 2023, within the SweDeliver collaboration, a student wrote a master thesis on: "In vitro set-up for powder deposition and dissolution studies of nasal powders". The work was conducted under the supervision of senior formulation scientists at Orexo. During the year, about 15 PhD students from the Faculty of Pharmacy, and 30 engineering/pharmacy students, were invited to visit the development site and a number of lectures were held for them. The aim of these activities is to maintain a fruitful scientific collaboration with academia and attract future talented employees.

The AmorphOX® platform is the backbone in the development work

During the year, the proprietary drug delivery platform, AmorphOX, continued to be at the centre of new drug developments. AmorphOX is a powder-based technology developed to meet the requirements for rapid absorption, high bioavailability, and stability. These are highly sought-after properties for many pharmaceuticals, particularly life-saving medications. AmorphOX is a scalable platform that can be used with a wide range of dosage forms, administration routes and substances, including both small and large molecules. Its broad applicability means that the technology can be used to develop pharmaceuticals to treat a wide range of diseases that go beyond Orexo's main therapeutic areas. Development of these drugs will take place in collaboration with other pharmaceutical companies.

Learn more about AmorphOX on page 12.



 [Learn more about the development projects on orexo.com](https://orexo.com)

 BACK TO START

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development**
- Financial development
- Litigations
- Risks and risk management
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

OX124 filed with the FDA

In September, OX124, a high-dose rescue medication for opioid overdose, was resubmitted to the FDA. OX124 is Orexo's first pharmaceutical based on the innovative AmorphOX® platform. The technical issues with the packaging process, which gave rise to the FDA's request for refiling, were solved in partnership with the contract manufacturer. In November, the FDA announced the filing was ready for review. The Prescription Drug User Fee Act (PDUFA) date is set to July 15, 2024. Due to some delay within similar approval processes the PDUFA date could be delayed due to the complexity that comes with a drug-device combination.

OX124 – a high-dose rescue medication for opioid overdose	
High-dose of naloxone	✓
Powder	✓
Unique device	✓
Does not freeze	✓
Long shelf-life	✓
Preservative free	✓

During the year, preparations were made for a potential acceleration of the OX125 project. This is Orexo's second rescue medication for opioid overdose, and the remaining time for this product is relatively short since the synergies between OX124 and OX125 are significant in terms of development and product supply.

Preparations for continued clinical development of OX640

With OX640, Orexo is developing an epinephrine product for allergic reactions. Built on our AmorphOX platform, OX640's dry-powder, single-use, intranasal delivery provides rapid and extensive absorption with the potential for doubling the stability and shelf life of current solutions. Moreover, OX640 is preservative-free with no sodium metabisulfite or other stability agents that are currently needed in today's devices. These preservatives can also cause allergic reactions in some patients.

In 2023, the process continued to prepare the next clinical development program. The importance of this has accentuated following the unexpected complete response letter (CRL/ rejection of approval) by the FDA to a competing liquid nasal epinephrine product, in September. Feedback and agreement with the FDA on the requirements for a pivotal clinical program is important in the partnership discussions around OX640. In parallel, stability studies continued to showcase great stability of OX640 and its ability to withstand large changes in temperature.

Growing patent portfolio

A strong patent portfolio that covers all existing products and pipeline projects is central to the business. The patent strategy involves having the proper protection in place for the relevant markets for any given product. Specific patents are important assets, whether the company chooses to sell a product via a commercial partner or Orexo's own team bring it to the market. As a pharmaceutical company present on the US market, having enforceable patents listed in the FDA's orange book for the company's drug products is an important part of the strategy. In 2023, the patent portfolio continued to strengthen with a new patent for OX640 that provides protection on the US market until May 2041 and follows a granted European patent issued in 2022. In addition, multiple applications have been filed that protect OX640 on a global basis until 2044.



AmorphOX presented at the Novel Nasal Formulation & Delivery Summit

Orexo's novel drug delivery platform, AmorphOX, has unique properties for the development of differentiated pharmaceuticals that need to be absorbed rapidly by the body and remain stable over time. In 2023, the technology was among others demonstrated at the Novel Nasal Formulation & Delivery Summit in San Diego, US, by Robert Rönn, SVP & Head of R&D, and Jonas Sävmarker, Senior Principle Scientist at Orexo.

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development**
- Financial development
- Litigations
- Risks and risk management
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

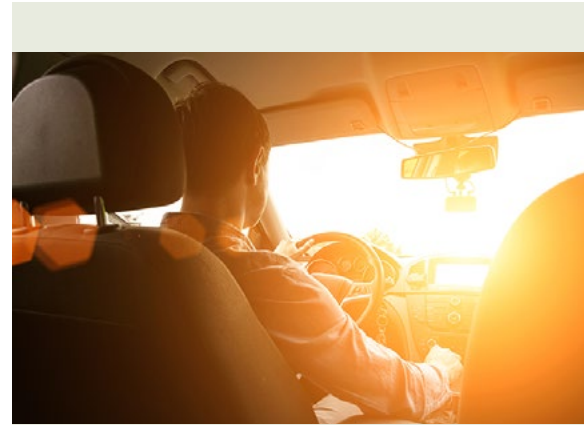
CORPORATE GOVERNANCE

AmorphOX® tested in multiple exploratory studies

The wide applications of the drug delivery platform AmorphOX entail Orexo to continuously conduct tests of the platform with new APIs, including both small and large molecules, and to perform stability studies. During 2023 three exploratory feasibility studies were on-going in collaboration with international pharmaceutical companies, of which two of these companies are working with biological drugs or vaccines. The first results of the exploratory feasibility studies are promising, and large biomolecules maintain activity after formulation with the AmorphOX platform. Orexo continues to work with the potential partner companies to explore the value of the AmorphOX platform to their proprietary technology.

Established supply chain for drugs with nasal delivery

During the development of OX124, a supply chain was established that ensures an efficient and reliable supply of nasal drugs based on the AmorphOX platform. A reliable supply chain shortens lead times, reduces costs and limits prospective risks around future nasal product developments based on AmorphOX, such as OX640. The work to upscale the manufacturing process for OX640 continued during 2023 in parallel with the establishment of a commercial supply chain. In addition, sustainability assessments of all suppliers linked to the AmorphOX delivery platform were finalized and approved in relation to Orexo's Code of Conduct requirements.



OX640 will work independent on temperature

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development**
- Litigations
- Risks and risk management
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Financial development

Revenues

Total revenues amounted to SEK 638.8 million (624.3), 2.3 percent higher than previous year due to favourable exchange rates and stabilization of Zubsolv revenues.

US Pharma revenues amounted to SEK 577.7 million (571.4) supported by stronger USD exchange rate.

Digital Mental Health Programs (DMHP) net revenues amounted to SEK 0.1 million (0.4).

HQ & Pipeline partner related revenues amounted to SEK 61.1 million (52.6). Abstral® royalties amounted to SEK 31.9 million (30.4), and Edluar® royalties amounted to SEK 10.8 million (10.4). Net revenue for Zubsolv ex-US amounted to SEK 18.4 million (11.8), the increase is mainly explained by sales of tablets to Orexo's partner Accord Healthcare.

Costs and net earnings

Cost of goods sold (COGS) amounted to SEK 88.9 million (102.6), of which US Pharma amounted to SEK 57.9 million (85.2), the decrease is mainly due to favorable production costs. Royalty and technical infrastructure costs for DMHP amounted to SEK 11.3 million (10.9). COGS regarding Zubsolv ex-US amounted to SEK 19.6 million (6.6).

Selling expenses amounted to SEK 181.5 million (199.0), the decrease compared to previous year is mainly explained by significantly lower selling expenses in DMHP.

Administrative expenses amounted to SEK 188.0 million (202.3), mainly due to lower legal expenses for IP litigation.

Research and development costs amounted to SEK 303.1 million (318.0), mainly explained by lower costs for MODIA® study and OX124.

Other operating income and expenses amounted to SEK 13.3 million (13.7), mainly due to insurance reimbursement of legal costs.

Depreciations and amortization amounted to SEK 77.0 million (68.7), the increase is mainly explained by investments in OX124 production equipment.

Net financial items amounted to SEK –30.8 million (13.5). The decrease is explained by higher costs for the corporate bond loan and lower positive unrealized exchange rate impact derived from the parent company's foreign currency bank accounts mainly in USD.

Total tax expenses amounted to SEK 12.0 million (–7.2), explained by positive adjustment to deferred tax assets related to temporary differences. Orexo performs regular assessments of its deferred tax asset and makes adjustments according to the recognition requirements of IAS 12.

Net earnings for the year amounted to SEK –109.5 million (–183.9).

Gross investments in tangible and intangible fixed assets amounted to SEK 19.2 million (23.9).

Financial position

As of December 31, 2023, cash and cash equivalents amounted to SEK 171.0 million (132.2) and short-term investments amounted to SEK 0.0 million (219.6). Cash and invested funds in total amounted to SEK 171.0 million (351.9) and interest-bearing liabilities to SEK 448.4 million (494.8), i.e. a negative net cash position including short-term investments of SEK –277.4 million (–142.9). The interest bearing liabilities are mainly associated with the corporate bond loan.

Shareholders' equity on December 31, 2023, was SEK 58.9 million (193.9) and the equity/asset ratio was 7.5 percent (17.5).

Financial Performance

Condensed consolidated statement of operations

SEK million	2023	2022
Net revenues	638.8	624.3
Cost of goods sold	–88.9	–102.6
Gross profit	550.0	521.7
Selling expenses	–181.5	–199.0
Administrative expenses	–188.0	–202.3
Research and development costs	–303.1	–318.0
Other operating income and expenses	13.3	13.7
Operating earnings	–109.5	–183.9
Net financial items	–30.8	13.5
Earnings after financial items	–140.3	–170.4
Income tax	12.0	–7.2
Net earnings for the year	–128.3	–177.6

Revenues

Net revenues

SEK million	2023	2022
Zubsolv® US product sales	577.7	571.4
Total US Pharma	577.7	571.4
Digital Mental Health Programs (DMHP) product sales	0.0	0.4
Total Digital Mental Health Programs (DMHP)	0.0	0.4
Abstral® royalty	31.9	30.4
Edluar® royalty	10.8	10.4
Zubsolv® ex US	18.4	11.8
Total HQ & Pipeline	61.1	52.6
Total	638.8	624.3

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development**
- Litigations
- Risks and risk management
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Parent company

Net revenues for the parent company amounted to SEK 494.0 million (348.2) of which SEK 432.9 million (295.6) was related to sales to Group companies. Earnings before tax amounted to SEK -70.4 million (-196.8). As of December 31, 2023, cash and cash equivalents in the parent company amounted to SEK 145.5 million (61.7) and short-term investments amounted to SEK 0.0 million (178.6) i.e. parent company's cash and invested funds amounted to SEK 145.5 million (240.3). Parent company shareholders' equity on December 31, 2023, was SEK 162.1 million (109.2). The increase over the previous year is mainly explained by a write-up of SEK 123.4 million (0.0) of the booked value of shares in the subsidiary Orexo US Inc. which corresponds to the subsidiary's current net asset value.

Financial outlook 2024

- The buprenorphine/naloxone market will grow 2–5 percent, based on current growth trajectory
- Zubsolv net sales in USD will be in line with 2023
- Cost control is a priority and OPEX excluding depreciation and amortization will decline from SEK 582 million in 2023 to below SEK 530 million in 2024
- Positive EBITDA for the FY 2024

The financial outlook 2024 is based on a forward looking assumption of a USD/SEK exchange rate of 10.28 calculated as an average of December 2023 by Riksbanken.

Financial information in brief**Statement of operations information**

SEK million	2023	2022	2021	2020	2019
Net revenues	638.8	624.3	565.0	663.6	844.8
Cost of goods sold	-88.9	-102.6	-78.9	-65.6	-105.6
Gross Profit	550.0	521.7	486.1	598.0	739.2
Selling expenses	-181.5	-199.0	-280.4	-286.6	-191.9
Administrative expenses	-188.0	-202.3	-151.5	-102.8	-139.6
Research and development costs	-303.1	-318.0	-272.3	-224.9	-181.3
Other operative income and expenses	13.3	13.7	4.0	-3.6	4.8
Operating earnings	-109.5	-183.9	-214.1	-19.9	231.2
Net financial items	-30.8	13.5	-8.4	-18.4	-3.3
Earning after financial items	-140.3	-170.4	-222.5	-38.3	227.9
Income tax	12.0	-7.2	-1.0	-46.1	-8.8
Net earning for the year	-128.3	-177.6	-223.5	-84.4	219.1

Balance sheet information

SEK million	2023	2022	2021	2020	2019
Intangible fixed assets	173.3	217.4	248.9	252.8	113.9
Tangible fixed assets	81.0	76.1	65.9	47.3	22.0
Right-of-use assets	24.5	46.0	59.2	67.8	57.0
Deferred tax	48.1	33.1	33.4	32.7	85.5
Other financial assets	0.8	0.9	0.8	0.7	1.4
Inventories	42.4	74.6	92.3	108.4	131.8
Accounts receivable	197.6	246.5	214.0	165.2	233.8
Other current assets	47.8	62.6	55.2	52.6	38.8
Short-term investments	0.0	219.6	—	—	—
Cash and bank balance	171.0	132.2	504.1	505.3	816.8
Total assets	786.6	1,109.0	1,273.7	1,232.9	1,501.1
Shareholders' equity	58.9	193.9	349.6	558.5	706.4
Interest-bearing liabilities	448.4	494.8	492.3	291.0	344.3
Non-interest bearing liabilities and provisions	279.2	420.3	431.7	383.4	450.3
Total shareholders' equity and liabilities	786.6	1,109.0	1,273.7	1,232.9	1,501.1

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Cash flow information

SEK million	2023	2022	2021	2020	2019
Cash flow from operating activities before changes in working capital	-41.2	-206.9	-245.5	-35.2	252.5
Cash flow changes in working capital	-53.8	50.3	16.5	52.0	34.5
Cash flow from operating activities	-95.0	-156.6	-229.0	16.8	287.0
Acquisition of tangible, intangible and financial assets	-19.2	-23.9	-52.9	-189.7	-32.0
Sale of tangible assets	—	0.8	—	—	—
Acquisition short-term investments	0.1	-295.6	—	—	—
Disposal of financial assets	219.9	84.0	—	0.6	9.5
Cash flow after investing activities	105.8	-391.3	-281.9	-172.3	264.6
Amortization of lease liability	-21.4	-21.4	-14.7	-17.4	-23.3
Repayment of loans	-48.7	—	-224.8	-66.6	-32.5
Borrowings	—	—	490.1	—	—
New share issues	—	—	—	—	2.0
Buyback of shares	—	—	—	-27.3	—
Cash flow for the year	35.7	-412.8	-31.2	-283.7	210.8
Cash and cash equivalents at year-end	171.0	132.2	504.1	505.3	816.8

Other key figures

	2023	2022	2021	2020	2019
EBIT margin, %	-17.1	-29.5	-37.9	-3.0	27.4
Return on shareholder equity, %	-101.5	-65.4	-49.2	-13.3	37.1
Net debt, SEK million ¹	277.4	143.1	-11.7	-280.8	-527.2
Debt/equity ratio, %	761.3	255.2	140.8	40.2	41.0
Equity/assets ratio, %	7.5	17.5	27.4	45.3	47.1
Number of shares, before dilution	34,413,408	34,351,732	34,319,649	34,398,815	34,621,646
Number of shares, after dilution	34,413,408	34,351,732	34,319,649	34,398,815	35,348,484
Earnings per share, before dilution, SEK	-3.73	-5.17	-6.51	-2.45	6.33
Earnings per share, after dilution, SEK	-3.73	-5.17	-6.51	-2.45	6.20
Number of employees at the end of the period	116	126	121	138	127
Shareholders' equity, SEK million	58.9	193.9	349.6	558.5	706.4
Capital employed, SEK million	507.3	688.7	841.9	783.0	996.0
Working capital, SEK million	24.7	217.2	-18.8	-50.5	-56.7

For alternative key figures see section Reconciliations and definitions of key figures.

¹ Net debt calculated exclusive of leases.

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations**
- Risks and risk management
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Litigations

US government agency investigation related to Zubsolv® sales

Pharmaceutical companies with their own commercial footprint have strong opportunities to contribute to better health and treatment options, but also face multiple risks related to ethic concerns. Orexo's Code of Conduct sets the basis for the sustainability work and underpins all business activities. Governmental enforcement, regulatory agencies and competition authorities routinely conduct interviews and request information during audits, inquiries and investigations. Foremost in companies handling controlled substances. Orexo shall, always, deal honestly with these officials and remaining professional is critical.

On July 14, 2020, Orexo's US subsidiary received subpoenas for the purpose of enabling US authorities to obtain certain information in relation to sales and marketing of Zubsolv and other buprenorphine products. All information requested by the authorities have been delivered. Orexo will continue to cooperate with the US authorities to ensure they receive the necessary information and to understand the scope of the investigations.

Paragraph IV litigations against Sun Pharmaceutical Industries Ltd

Orexo has in total ten patents listed in the Orange Book (US Patent Nos. 8,470,361; 8,658,198; 8,940,330; 9,259,421; 9,439,900; 10,874,661;10,946,010; 11,020,387; 11,020,388 and 11,433,066) with expiration dates ranging from December 2027 to September 2032.

On August 10, 2020, the company announced it has received a "Paragraph IV" patent certification notice from Sun Pharmaceutical Industries Limited ("Sun"). The Notice Letter advises Orexo of Sun's filing of an Abbreviated New Drug Application with the US Food and Drug Administration seeking approval of generic versions of Zubsolv before the expiration of Orexo's patents. As a response to above notice Orexo on September 13, 2020, filed a patent infringement action in the US District Court for the District of New Jersey, against Sun.

The trial was conducted in January 2023 and was followed by closing arguments at the end of the same quarter. On June 30 (US Time Zone) the District Court for the District of New Jersey ruled in favor of Orexo against Sun. The district court found that Orexo's patents are valid and infringed by Sun.

In July 2023, Sun appealed the District Court decision to the US Court of Appeals for the Federal Circuit. A briefing schedule has been set by the Federal Circuit and an oral hearing is expected to take place in 2024.

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management**
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Risks and risk management

Orexo's operations are exposed to several risks. The objective of Orexo's risk management is to support the operations and create profitable business opportunities combined with adequate risk control. Through the annual corporate risk management cycle process risks are identified and evaluated by analyzing the probability of a risk

occurring and the consequences of such a risk materializing into an event. Mitigation measures are proposed and documented for evaluated risks. Feedback is provided to the Board of Directors on a continuous basis. Tax and financial risks are subject to regular review and any tax,

legal or financial risk deemed substantial is reported in the consolidated financial statements. The following is a description of Orexo's risk categories, to them related risks and mitigation of such risks. Most substantial categories are external, operational, sustainability and financial risks.

Risk category	Risks related to various areas	Mitigation of risks
A. External risks		
Geopolitical conflicts	Risks associated with wars, terrorist acts, and tensions between states affecting the normal and peaceful course of international relations. Geopolitical conflicts can disrupt trades and supply chains across countries and regions and ultimately the global economy.	Monitoring geopolitical developments, to assess potential risks in the supply chain and implement contingency plans to minimize disruptions. Strive to reduce dependence on certain regions and individual suppliers. Ensure that suppliers are audited according to the company's code of conduct for Suppliers, for more information view Supply chain risks below. Changes in the global economy may have an impact on e.g. inflation, interest rates and exchange rates. To view how Orexo mitigate these risks view financial risks below.
Political and regulatory changes	The pharmaceutical market is significantly affected by political decisions that may affect, for example, reimbursement levels for pharmaceutical expenses and limits for the prescription of products. Especially the market for controlled substances is under severe surveillance and controlled by authorities who can change the market conditions with new policies and legislation.	Continuously working to proactively analyse risks related to market dynamics, and develop action plans for various scenarios. Through the presence on the American market Orexo regularly interact with authorities, decisionmakers, integrated health networks, insurance companies and patient organizations with the ultimate goal to increase access to treatment.
B. Operational risks		
Commercialization	Risks related to commercialization are price pressure, reimbursement restrictions by payers (insurance companies) and the launch of competing products or generics.	Continuously working to proactively analyse risks related to market dynamics, including price competition, and develop action plans for various scenarios. Own market access team with strong relations with insurance companies, fully focused on improving market and reimbursement access. US sales force daily visits physicians and other healthcare providers, advocating Orexo's products and educating about the disease area. Policies and standards governing commercial activities. Broaden the portfolio with revenue generating products, through business development activities and R&D. Approaching geographies outside the US by out-licensing of products.

◀ BACK TO START

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management**
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Risk category	Risks related to various areas	Mitigation of risks
B. Operational risks cont.		
Product development	<p>Development of new products is a complicated and capital-intensive process taking place over a long time, and which is related to multiple uncertainty factors such as:</p> <ul style="list-style-type: none"> • unfavourable results in clinical trials • changes in the requirements of the regulatory authorities • failure to gain the authority approval. <p>Above can cause either delays or give rise to shutdown of development projects.</p>	<p>All development projects must address large medical needs and should take advantage of the synergies in Orexo's next generation drug delivery platform AmorphOX[®], which has displayed successful data in multiple clinical studies.</p> <p>In the development process of new drugs Orexo combines known substances with proprietary drug delivery technologies, contributing to lower costs, shorter development time and overall lower risk.</p> <p>The development process is monitored by a cross-functional organization that handles all critical issues during the full development process on the way to agency approval.</p>
Intellectual properties	<p>To obtain and upheld patents and other intellectual property rights protecting technologies and products is an instrumental part being able to grow and maintain revenue streams and create long-term value for shareholders.</p>	<p>Orexo has an in-house IP department that works in close collaboration with innovators and the development team, as well as with external counsel, to ascertain that all aspects of the innovative development process are covered, laying the foundation for the patent portfolio.</p> <p>The patent strategy involves having the proper protection in place on the relevant markets for any given product. Product specific patents are important assets, whether the company chooses to sell a product via a commercial partner, or bring it to the market by the own commercial team. In the US market, all patents are listed in FDA's Orange Book.</p>
Litigation and other claims	<p>Involvement in litigations, foremost related to commercialization of products such as marketing and sales, but also quality and safety having a direct impact on patients. Such events can lead to considerable costs for damages or legal fees.</p>	<p>Monitoring and compliance regarding information about products, interactions with health-care providers, quality and patient safety are embedded in Orexo's processes and culture.</p> <p>Governmental enforcement, regulatory agencies and competition authorities routinely conduct interviews and request information during audits, inquiries and investigations. Orexo shall, always, deal honestly with these officials and remaining courteous and professional is critical.</p> <p>Applicable insurance coverage.</p>
Supply chain	<p>For the manufacturing, packaging, and distribution of pharmaceuticals, Orexo relies on external partners, whose work has a significant impact on product quality and delivery reliability.</p>	<p>Orexo always strive not to be dependent on a single supplier.</p> <p>Before entering a third-party collaboration, processes and facilities are carefully assessed according to the Supplier Code of Conduct and standards for Good Manufacturing Practice (GMP). Orexo evaluates the fulfilment of these recommendations and requirements continuously.</p> <p>For the handling of highly potent controlled substances there are strict rules and laws regarding manufacturing, storage, handling, freight, import and export. As access to these substances are related to uncertainty and entail long delivery times Orexo always strive to have a large inventory of controlled substances.</p> <p>Continuously monitoring inventory levels.</p>
IT and Cyber security	<p>Risks related to IT and Cyber security are for example data breaches, malware attacks, phishing, insider threats, and hardware failures.</p>	<p>Orexo works with high-end security products. Data traffic and patterns are monitored and analysed with subsequent actions. Regular security audits are in place.</p> <p>Internal user security awareness is an ongoing task to highlight potential threats.</p> <p>Among the above and a lot of other routines and procedures, Orexo reduces its exposure to potential IT and Cyber risks.</p>

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management**
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

◀ BACK TO START

Risk category	Risks related to various areas	Mitigation of risks
C. Sustainability risks		
A summary of Orexo's sustainability risks and how these are mitigated is presented below. For further information regarding sustainability risk-mitigation, see Sustainability report.		
Responsible manufacturing	Risks associated with suppliers not being fully aware of potential ethical issues related to the manufacturing process.	Orexo has clarified expectations and minimum requirements in the Supplier Code of Conduct. The code sets expectations and minimum requirements, around legal compliance, human rights, business ethics, safety, health, and environmental impact. Orexo has a process in place for monitoring suppliers and expects all suppliers to comply with Orexo's supplier code of conduct and to have the required sustainability management processes in place. A constantly improved contact with suppliers is required to continue driving this work forward.
Access to products	For Orexo these are risks foremost related to navigating the US health-care system that impact the ability to reach all target patient groups, including financially vulnerable individuals.	Through the presence on the American market Orexo regularly interact with authorities, decisionmakers, integrated health networks, insurance companies and patient organizations with the ultimate goal to increase access to treatment. Own market access team with strong relations with insurance companies, fully focused on improving market and reimbursement access. US sales force daily contact physicians and other healthcare providers, advocating Orexo's products and educating about the disease area. Offering various product programs to financially vulnerable patients, including them meeting the US poverty level requirements.
Responsible business	Operating in the pharmaceutical industry and marketing a controlled substance carry great responsibilities. Unethical business behaviors can result in drugs being over-prescribed, diversion and misuse of products, and unethical marketing.	All employees are trained in the Group's Code of Conduct, which among others ensure high ethical standard throughout the product's life cycle. Training a new sales manager is comprehensive to ensure fulfilment of standards and legislative requirements. Continuously arrange training sessions for medical staff within the treatment area of drug misuse. To enable reporting of unethical behavior Orexo has Whistleblowing systems in place.
Environment & Climate change	For Orexo these are risks related to material and energy consumption in the supply chain and climate impact from the own business in terms of travel, transport and energy usage.	Orexo have a travel policy in place to reduce businesstravel and strives to use fleet with low emission. To have an impact on energy usage Orexo are in dialogue with the landlords. In order to have control of the environmental impact from outsourced production Orexo have processes with requirements and control in place (<i>view risk area Responsible manufacturing</i>). Monitor greenhouse gase emissions supported by the Green House Gas Protocol, scope 1,2 and 3, for more information see Sustainability report, page 47.
Employee well-being	Orexo relies heavily on recruiting and retaining talented employees with a diverse range of skills and capabilities to meet the strategic objectives. If Orexo fails to engage and retain a capable workforce, this poses a risk to the business. Additional operational risks requiring careful management, includes health and safety issues around chemical handling, driving and stress.	At Orexo, employees are given a great deal of responsibility and each person's contribution is important. Attracting and retaining the best people means offering them mutually respectful workplaces where they are valued for their individuality as well as their professional abilities and market conditions of employment. The importance of well-being and health is guided by the Groups Code of Conduct and there are processes in place to reduce operational risks, both organizational measures such as standards and policies and technical risk reduction such as cars with extra safety features and safety in the lab.

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management**
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Risk category	Risks related to various areas	Mitigation of risks
D. Financial risks		
A summary of Orexo's financial risks and how these are mitigated is presented below. For further information regarding financial risks, see Note 3.		
Currency risk	Orexo's international business lead to currency risks such as transaction exposure and translation exposure. A substantial share of Orexo's currency exposure is attributable to transactions in foreign currency, mainly USD and EUR.	Orexo continuously monitors the currency situation on the world market. The Group strives to match flows in the same currency as far as possible. The Group has the option of hedging transaction exposure according to the financial policy.
Interest rate and inflation risks	Fluctuations in interest rates and inflation on the world market can lead to increased costs.	Orexo strives to use financial instruments with short maturity dates, high liquidity and low credit risk.
Credit risk	Credit risk arise when a counterparty cannot fulfill its payment obligations. For Orexo, this mainly refers to sales to distributors and license agreements.	The distributors' credit risk is assessed on an ongoing basis based on financial position. An extensive evaluation of the counterparty is always undertaken prior to the signing of a license agreement. Follow-up of accounts receivable with regard to overdue customer invoices is performed on an ongoing basis.
Liquidity risk	Liquidity risk is defined as the risk that Orexo will be unable to fulfill its undertakings to repay or refinance its debts on time or at a reasonable cost.	Cash flow and budget outcome are reviewed monthly. Executive Management continuously monitors forecasts to ensure that the Group has sufficient cash funds to meet the requirements of continuing business operations.

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

◀ BACK TO START

At the core of a sustainable society are health and well-being, the areas in which Orexo make its biggest impact. This report details Orexo’s strategy, the activities undertaken to address social, environmental and governance areas, and the company’s progress towards its sustainability ambitions. Orexo is determined to contribute to a sustainable society by setting a clear sustainability agenda which permeates everything we do.

Sustainability report

Orexo’s business strategy and its day-to-day operationalization are shaped by the company’s Ethical Code. The strategy supports Agenda 2030 and the Sustainable Development Goals (SDGs). It is also aligned with global standards and initiatives, including the International Labor Organization Conventions, and the UN Guiding Principles on Business and Human Rights. Orexo has been a participant in the UN Global Compact since 2017, and the strategy aligns with the principles of Global Compact and the SDGs. At the core of Orexo’s business is SDG 3: “Good health and well-being”, and in particular target 3.5: “Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol”. Further details are shared in the Responsible Business section and in each of the focus areas.

The management team and board take overall responsibility for Orexo’s sustainability strategy and its implementation. Cecilia Coupland, Senior Vice President and Head of operations, oversees sustainability matters together with the sustainability committee, which has representation from relevant functions across the entire business. The sustainability committee shapes the company’s strategies and policies as well as how these are delivered in practice.

Orexo’s sustainability risks, impacts and opportunities are reviewed as part of the company’s overall governance processes. The findings of the recent risk review are summarized on page 32. The review highlighted an ongoing need to focus on the climate, supply chain risks and retaining talented employees as well as the importance of Orexo’s role in improving global health connected to the core business.

Expectations and regulatory requirements have increased rapidly over the last few years. Orexo welcomes the increased focus on sustainability from investors and society as these questions are important, and the company is committed to furthering its sustainability work. By performing an analysis of the present situation internally and externally, Orexo concluded that the company’s policies and sustainability focus areas are in line with current global expectations.

The interests of Orexo’s stakeholders are fundamental to the company’s sustainability strategy. Important stakeholder groups encompass patients, healthcare professionals, payers, including authorities and insurance companies (especially in terms of access to healthcare), investors (ESG questions) but also Orexo’s employees, key suppliers and



Sustainability achievements

100%

Completion of Code of Conduct training

100%

Supplier for commercial supply have sustainability processes in place

8 of 10

Are satisfied working at Orexo

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

contract manufacturers. In the stakeholder analysis Orexo gathered data through interviews, web information searches and report reviews. Orexo value the diverse perspectives that internal and external stakeholders provide, which help to shape the sustainability strategy and guide its implementation.

The sustainability strategy is based on the materiality assessment that was conducted in 2022. By identifying and prioritizing key sustainability matters, Orexo can align with stakeholder expectations and prioritize activities that

deliver value and good business outcomes. The most important topics were identified as:

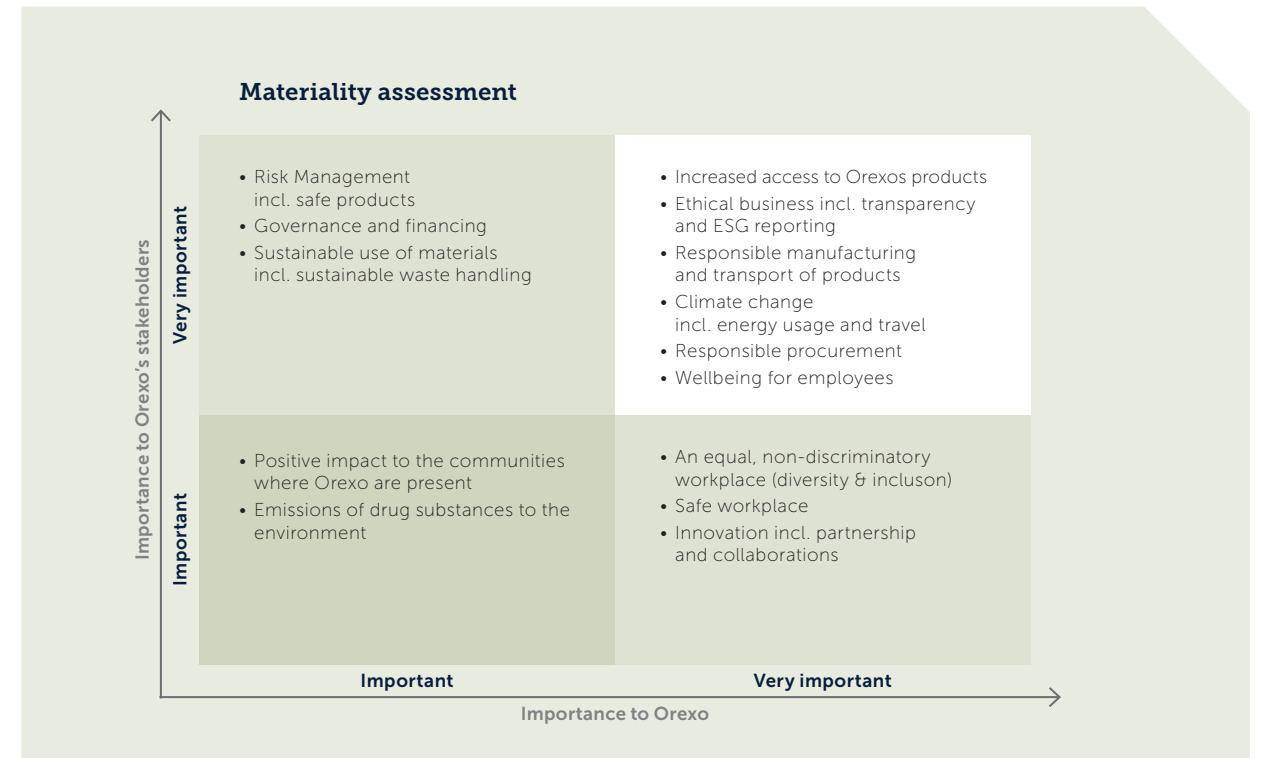
- Increased access to our products
- Ethical business
- Responsible manufacturing
- Climate change
- Responsible procurement
- Wellbeing for employees.

The company assesses the relevance of its strategy and material focus areas continuously through stakeholder dialog and by following developments in current sustainability issues.

During 2024, work will continue towards fully implementing the Corporate Sustainability Reporting Directive (CSRD) by supplementing the existing materiality analysis (impact materiality) with an analysis of financial materiality as well as by carrying out a gap analysis against CSRD. This approach will provide a more comprehensive way of surfacing risks and opportunities.



◀ **BACK TO START**



OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

◀ BACK TO START

Responsible business

Responsible business based on trust, transparency, integrity and no tolerance for corruption is central to all our activities and a foundation for our sustainability work.



Access to healthcare

Increase access to healthcare among patients with OUD and mental illness and develop new innovative medications meeting large unmet needs.



Orexo has four interconnected strategic priority areas, each of which is detailed in this report, along with relevant targets, goals, and examples of sustainability in action.



Sustainable employees

To create a healthy working climate, an inclusive and diverse culture in all teams.



Environment and Climate change

Reduce impact on environment and climate change across all our activities and our products.



OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Responsible business

Operating in the pharmaceutical industry and marketing a controlled substance carry great responsibilities and Orexo has no tolerance for non-compliance. Unethical business behaviors can result in drugs being over-prescribed, misuse of products, and unscrupulous marketing. Orexo strives to do the right thing and to be transparent at every level of the value chain. Performance is not only about results, but also how they're achieved.

A large part of Orexo's business is conducted in markets that offer good opportunities, but operations can also take place in high-risk markets with exposure to serious issues such as bribery and corruption. To have a responsible business based on trust, transparency, integrity, and with no tolerance for corruption is central to Orexo and a foundation for all sustainability work. Orexo outsources production and is highly dependent on the supply chain. It is vital to ensure suppliers and partners follow the same ethical standards as Orexo. Responsible business practices are at the heart of Orexo's sustainability plan and include how the company works with others as well as internal operations.

Responsible employees

Orexo's Code of Conduct, also known as the Business Compliance and Ethics Code, serves as an umbrella for all the company's policies and guidelines. It is based on corporate values, legislation, and internationally recognized standards, such as the Universal Declaration of Human Rights, the Helsinki Declaration and the Ten Principles of



Vision: Responsible business based on trust, transparency, integrity and no tolerance for corruption is central to all our activities and a foundation for our sustainability work

Sustainability topic	Responsible employees	Responsible supply chain and procurement/sourcing		Transparency and reporting
		Material suppliers ¹ have ethical standards consistent with Orexo's	Material suppliers ¹ have sustainability processes in place	
Long-term ambition	Ensure ethical behavior among all employees and board	Material suppliers ¹ have ethical standards consistent with Orexo's	Material suppliers ¹ have sustainability processes in place	Orexo is known as a transparent company
Target 2025	100% completion of Code of Conduct training 100% completion of sustainability program training	100% of material suppliers ¹ have a Code of Conduct or embrace Orexo's Supplier Code of Conduct	100% of material suppliers ¹ have an approved sustainability assessment	Completion of annual sustainability report and UN Global Compact report
Result 2023	100% completion of Code of Conduct training Ongoing development of Sustainability training	84% material suppliers ¹ and 100% of commercial suppliers ² have a Code of Conduct or embrace Orexo's Supplier Code of Conduct	91% of all material suppliers ¹ and 100% of commercial suppliers ² have an approved sustainability assessment	Annual sustainability report and UN Global Compact COP report are completed

¹ Supplier for commercial supply and other strategic deliveries

² Supplier in commercial supply or approved for commercial supply

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

UN Global Compact. Orexo's Code of Conduct underpins the business and describes expectations and requirements in the areas of human rights, personnel and labor law, environment, and anti-corruption. It also describes ethical research and development expectations, as well as patient safety requirements.

Compliance with Orexo's Code of Conduct is mandatory for everyone. The directors, managers, employees, consultants, and temporary employees of Orexo group must all sign and confirm that they understand and act in accordance with the Business Compliance and Ethics Code. In Sweden, this is done biannually. In the US, the US Code of Business Conduct and Ethics implements the company's Code of Conduct (with the addition of specific requirements to ensure compliance with US law). It is signed and confirmed annually.

Support for Orexo's Code of Conduct is a comprehensive management system, aligned with international standards, consisting of policies and procedures that guide managers and employees to comply with the requirements of their daily work. It is structured to mitigate legal and regulatory risks associated with research and development, quality control and commercial pharmaceutical operations in the US. Policies and procedures are reviewed continuously as the business develops.

All new employees receive introductory training that includes the Code of Conduct, role-specific compliance requirements, and the Safety, Health and Environment framework. Orexo plans to develop even more comprehensive sustainability training as part of its long-term plan.

The Code of Conduct urges all individuals to spot and report suspected business ethics violations or unethical conduct at Orexo without fear or threat of retaliation. This is done via Orexo's whistleblower systems. In Sweden, it is

by the tool WhistleB and in US, via Ethics Point. If someone suspects that a serious violation has occurred, it must be reported. Orexo has processes for investigations and tools for anonymous reporting in place. During 2023 no cases were reported to the whistleblower systems.

Marketing and sales

Sales and marketing employees have a specifically important role to act ethical. Orexo's main market is in the US, where the subsidiary Orexo US, Inc. is responsible for product commercialization. All employees in the US are trained in US Comprehensive Compliance Policies, both through teacher-led training and virtual training. New sales representatives receive specific training covering promotional policies, federal laws and regulations related to pharmaceutical sales and ethics. After this, there are periodic reminders and refreshers, with opportunities to discuss examples.

On July 14, 2020, Orexo's US subsidiary received subpoenas for the purpose of enabling US authorities to obtain certain information in relation to sales and marketing of Zubsolv® and other buprenorphine products. All information requested by the authorities has been delivered. Orexo will continue to cooperate with the US authorities to ensure they receive the necessary information and to understand the scope of the investigations.

Responsible supply chain and purchasing

A sustainable supply chain means that purchasing decisions and relationships must align with the company's principles and values for business ethics, the work environment, human rights, and environmental questions. Orexo's minimum requirements for suppliers are explained in the Supplier Code of Conduct, which is signed alternatively the supplier's own code of conduct is deemed equivalent Orexos.



OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

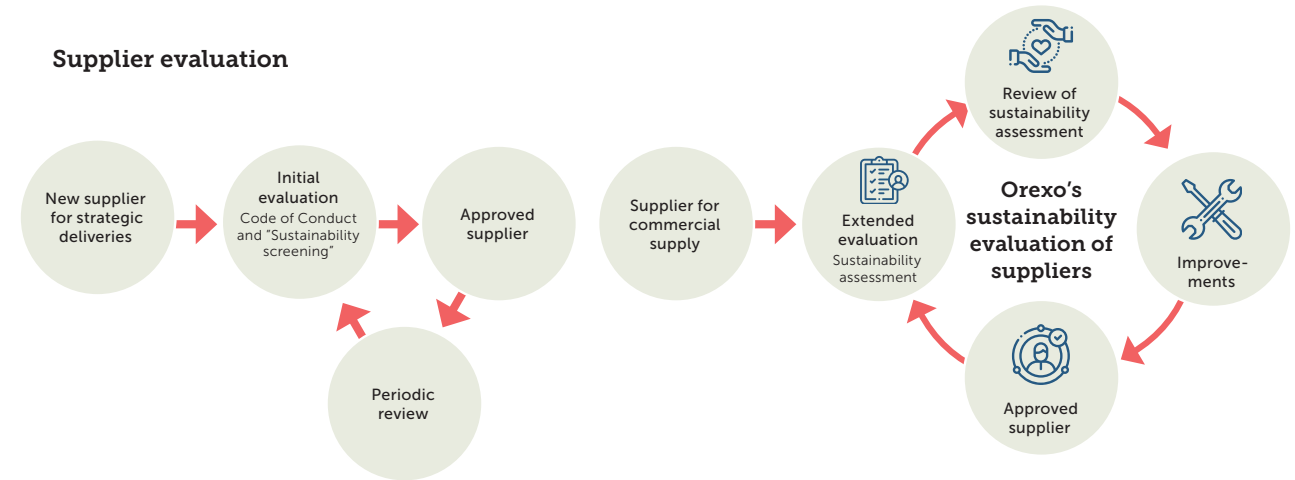
CORPORATE GOVERNANCE

Although Orexo's direct suppliers are located in countries with strong legislation, sub-suppliers can be located in many different parts of the world. In all parts of the supply chain there are a number of risks across environmental, health, safety and working conditions. Orexo is working to prevent, remedy and improve sustainability practices throughout the supply chain. Orexo expects all direct suppliers to have good governance in place, which includes the way they work with their own suppliers. By setting requirements on direct suppliers and building awareness of their responsibilities, Orexo is aligning with them to drive best practices.

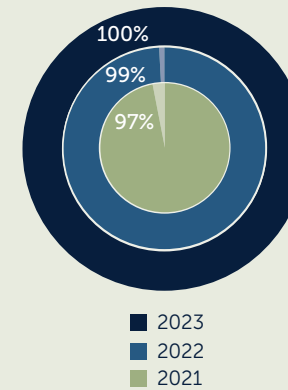
Orexo's Responsible Sourcing Program expects that strategically important suppliers, including those providing materials for commercial use, have implemented Orexo's supplier Code of Conduct and have sustainability processes in place.

The evaluation covers risk and legal requirements, as well as compliance with human rights, business ethics, safety, health, and environmental impacts. The evaluation also covers the suppliers' handling of waste products, including wastewater, which aims to mitigate the risk of pharmaceuticals being released into the environment. It is carried out through evaluation questionnaires, supplier interviews and, if necessary, site visits. The evaluation is carried out regularly. During 2023 several initial evaluations of non-strategic suppliers and seven extended sustainability evaluation of suppliers for commercial delivery was carried out, including suppliers for OX124. In 2023, the process for sustainability evaluation was further enhanced and embedded into the processes for purchasing decisions.

Supplier evaluation



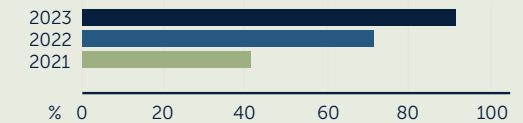
Implementation Orexo's Code of Conduct (staff)



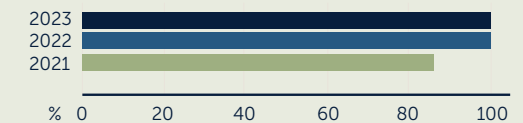
Suppliers

Evaluation of Code of Conduct and sustainability

Completion of initial supplier sustainability evaluation (Supplier for commercial supply and other strategic deliveries)



Completion of extended supplier sustainability evaluation (Supplier for commercial supply)



Extended data can be found in the Sustainability data summary.

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Access to healthcare

The opioid epidemic in the US is one of the country's largest health crises. Covid, along with stigma and treatment boundaries, have escalated the situation to where it is today. Orexo is committed to making a difference for all these people and during the year major steps were taken, paving the way for more patients receiving care and lifesaving medication.

Opioid use disorder is an underserved treatment area

The global pharmaceutical industry has a major impact on human health and well-being, both of which are crucial for a functioning and equitable society. The fundamental human right for all people to have a healthy life and access to high quality healthcare is indisputable, but it remains a challenge that the industry faces. No one should be discriminated or left out, but for a long time, this specialist area of substance use disorder and mental illness has faced neglect. It hasn't attracted pharmaceutical companies in the same way as, for example, treatment of cancer, cardiovascular diseases, and diabetes. For over a decade, treatment of opioid use disorder (OUD) has been Orexo's main therapeutic area, which in recent years has broadened to also help patients suffering from mental illness, such as depression and alcohol misuse.

To make Orexo's products available to patients, the company relies on two mechanisms, the first relates to accessibility to treatment solutions meeting large needs. In addition to developing products, work need to be conducted to ensure individuals want undergo treatments and healthcare providers to prescribe, but also to work to



Vision: Increase access to healthcare among patients with OUD and mental illness and develop new innovative medications meeting large unmet needs

Sustainability topic	Accessibility	Affordability
Long-term ambition	Contributing to improve quality of life for OUD patients and reduce overdose morbidity through improved access to treatment and treatment support Based on the AmorphOX platform develop new medications reducing the need for cold storage and thereby improve access to medication in areas where controlled storage facilities are sparse	More financial vulnerable individuals have access to Orexo's products
Target 2030	At least one drug based on the AmorphOX platform that meets the need for improved shelf life and does not require cold storage has reached global markets through partnerships	100% of Orexo's pharmaceutical products are reimbursed and show a growing share in the Medicaid segment ¹ 100% of Orexo's products have patient assistant programs in place.
Result 2023	Continuous work during the year	100% of Orexo's products have patient assistant programs in place.

¹ Annual average increase from base year 2023

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

remove other barriers that may limit access to treatment. The second mechanism refers to affordability or pricing, ensuring also financially vulnerably people have access to the products.

Addressing barriers to accessibility of care

In the US, more than 6.1 million people are dependent on opioids, a condition that is often chronic but treatable with good results.¹ Access to medication assisted treatment (MAT) has long been limited as physicians have had to undergo extensive training to be licensed to treat patients and there have been restrictions on how many people can be treated. An accelerating opioid crisis in the US, combined with successful advocacy efforts, has recently opened up for greater access to care.

Stigma is closely associated with OUD. Many patients are reluctant to seek help as they feel guilty and are often discredited by society. To overcome the stigma of opioid dependence, extensive education efforts are needed, especially among patients but also healthcare providers.

Orexo has been established in the US since 2013, with its own sales force of approximately 40 representatives specializing in the treatment of OUD. They cover states with a high prevalence of opioid dependence, and in 2023 more than 45 000 visits, calls or digital meetings were made to inform physicians and other healthcare professionals about the benefits of prescribing Zubsolv®, as well as educating them about the disease of addiction. For treatment with buprenorphine/naloxone, which is the most common MAT treatment, Orexo is the only player actively meeting with healthcare providers.

Orexo also works along with policy makers, advocates, and other stakeholders at federal and state levels, including local community groups. This work benefits patients by helping to improve access to medications, regardless of who is making them

Multiple initiatives to increase access to treatment and reach vulnerable patients

Orexo continues to support removal of financial barriers to treatment by offering programs to vulnerable patients. One of the programs provides free products to individuals that meet the US poverty level requirements. The graphs on page 42 contain more details.

To improve treatment results for patients with OUD, MAT should be provided in combination with psychosocial support. However, there are not enough psychologists or counsellors to provide everyone with an opportunity to uncover the root cause of their dependence and receive treatment that gives them the tools to overcome their disease. To meet this treatment need, Orexo has developed a digital mental health program, MODIA, based on cognitive behavioural therapy techniques. MODIA has the potential to provide psychosocial support to a much broader group of patients, including those living in rural areas. For prescribers to start offering MODIA to patients, reimbursement routes are key. In 2023, advocacy work continued among insurance companies and policymakers to establish viable reimbursement routes for digital mental health programs.

Orexo continues to work intensively on behalf of patients suffering from depression within Veterans Affairs (VA) network, to have access to Deprexis, a digital mental health program. During 2023, Orexo began collaborating with a partner to establish efficient order and distribution processes. This partnership should enable millions of veterans and their family members to gain access to a digital mental health program that will support them in overcoming their depression.

During 2023, damages paid from manufacturers responsible for the opioid crisis were fully funded. These abatement funds provided all states in the US with a total of USD 54 billion to address the opioid crisis, foremost by increasing access to treatment. Across the year, Orexo has engaged with state representatives, showcasing the company's OUD offering collected in MATCore. This innovative concept brings together all the elements of Orexo's OUD portfolio, including education and support, to ensure that all patients, even those who are most marginalised, receive the care they need.

Patient needs key in the development of new innovative drugs

The close collaboration between Orexo's commercial and development teams is integral to how company shape and execute its strategic priorities. The commercial team are based in the US and have a wealth of experience dealing with healthcare professionals and patient organizations. This knowledge informs our approach to meeting significant medical needs through the research and development activities in Sweden. OX124 is one example. OX124 is Orexo's high-dose rescue medication designed to revive people overdosing on the most powerful synthetic opioids, such as illicit fentanyl. Potent synthetic opioids are widely available throughout the US and are often disguised in what look genuine prescription pills. Orexo filed OX124 with the FDA in 2023, if approved along expected timelines, the launch will be initiated late in 2024.

OX124 is the first pharmaceutical based on Orexo's next generation drug delivery platform, AmorphOX®, which is an innovative powder-based technology enabling rapid absorption and high bioavailability of the active substance. In addition, AmorphOX improves the drug's stability and reduces sensitivity related to temperature changes. These are all crucial properties for life-saving medications.

The technology is scalable and serves as the backbone of other development projects, such as OX640, which is an adrenaline product. OX640 uses nasal delivery for the treatment of allergic reactions, offering patients a revolutionary alternative to today's standard autoinjector that pushes adrenaline into a patient's thigh. In 2023, major steps were taken to upscale the manufacturing process together with the establishment of a commercial supply chain. As a needle-free, fast-acting and stable product with a long shelf life, OX640 has the potential to revolutionise the treatment of allergic reactions. By leveraging partnerships, Orexo intends to reach patients worldwide, including in less developed countries where certain storage requirements have previously presented limitations that OX640 overcomes.

¹ Substance Abuse and Mental Health Services Administration

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

GERI LYNN'S STORY

A place like no other "Ground Zero" in Kensington, Philadelphia

"People are suffering. They inject illicit substances in one of America's largest open-air drug markets, in close proximity to the police, who sit parked on the corner. We have to intervene. Many people are at risk of overdose, sepsis and other chronic illnesses. Harm Reduction Organizations give people who use drugs dignity by treating them like human-beings.

Raised in Kensington, Philadelphia working alongside medical providers and harm reductionists is as much a personal mission as it is a professional one. Orexo colleagues Dave Capano and Mikaela Odlander volunteered with me, making kits consisting of clean syringes, alcohol pads and antibiotic ointment.

Illicitly manufactured fentanyl has spread across the US. Fentanyl is cheaper to produce than heroin which speaks to its economic value on the illicit drug market. Xylazine, an animal sedative, has adulterated the fentanyl supply in certain areas of the US which has resulted in serious medical conditions like necrotizing fasciitis wounds creating even more barriers to access inpatient detox and rehabilitation treatment.

We assisted harm reductionists in providing street side wound care. Among the many, we met Jessica. She was a college student until she fell pregnant, married an abusive man and dropped out. Now, she is dependent on opioids and xylazine and is at risk for overdose every time she uses."

Shared by Geri-Lynn Utter, PsyD. Senior Medical Science Liaison, Orexo.

91%

of the Groups total net revenues refers to SDG target 3.5. Prevent and treat substance abuse

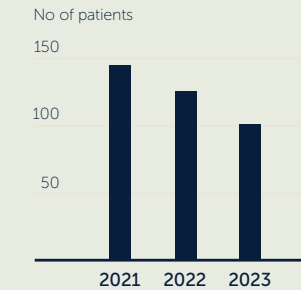
MODIA®

A digital support program for patients with OUD with the potential to democratize access to psychosocial counseling.

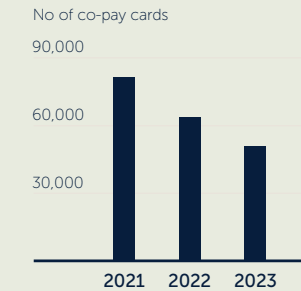


Zubsolv® patient programs

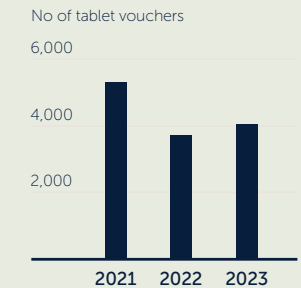
Patient assistant program



Co-pay assistance program



Tablet voucher program



Note: The reduction between 2020–2023 is due to, firstly lower volume demand following Zubsolv's exclusive position ceased and generics were added to the formulary list at the insurance companies Humana and United Health Group in 2019. Secondly, as the coverage on state Medicaid plans, where patient support programs are not permitted, has increased since 2021. Extended data can be found in the Sustainability data summary.

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Sustainable Employees

Orexo's people are the company's strength. At Orexo one another's contributions are highly valued as it is understood that joint efforts are the key to the company's success. Orexo's workplaces must be safe and healthy environments, where every employee feels respected and has the same opportunities. The company believes in an open-minded culture that sparks creativity and new ideas.

Orexo's success is based on a commitment to the well-being of every employee. Attracting and keeping the best people means offering them mutually respectful workplaces where they are valued for their individuality as well as their professional capabilities.

The importance of wellness and health is governed by the company's overall Code of Conduct. There are connected policies and procedures in place that are structured to mitigate the risks associated with the work environment. These include governance of safety, health, recruitment, equal treatment, gender equality, discrimination, and conflicts of interest as well as health insurance and other employment benefits.

Safety and health of employees

Annual health and safety targets, and the workplace activities they encompass, are based on risk assessments and specific issues raised in the organization, such as through employee surveys. The greatest risks identified are linked to mental health, due to a high workload, but there are also risks linked to the handling of active pharmaceutical



Vision: To create a healthy working climate, an inclusive and diverse culture in all teams

Sustainability topic	Employer of choice			Inclusion and diversity	
	Long-term ambition	A safe and healthy environment with no workplace accidents or work-related illnesses	Orexo's employees experience a good work-life balance	Orexo's employees are satisfied and proud of working for Orexo	Gender equality in management positions
Target 2030	No serious accidents No work-related illnesses	Index \geq 75% for experience a positive work-life balance (employee survey)	Index \geq 75% for satisfied working at Orexo (employee survey)	50% women in management positions	Index \geq 75% for experience Orexo as multicultural and inclusive (employee survey)
Result 2023	No serious accidents No work-related illnesses	Index >90% (both US and Sweden) experience a positive work-life balance	Index >80% (both US and Sweden) for satisfied working at Orexo	42% women in management positions	Work has been done in the area but no data is available

◀ BACK TO START

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

ingredients and other hazardous substances. The handling of hazardous substances is well mitigated through policies and routines. For the field-based salesforce in the US, driving is considered a significant risk, and is addressed in a number of ways. Technical risk reduction is achieved by only choosing vehicles for the fleet that include multiple safety features, for example 5-star crash ratings and All Wheel Drive. Organizational approaches include policies that require extra vigilance in operating a vehicle, for example only "hands free" cellphone use and no other distractions while driving.

In addition to general risk assessments the overall work situation is monitored through annual employee surveys and, in Sweden, additional monthly measurements. The results are followed up and evaluated by the management team and used as a tool at group and departmental levels to take concrete actions to improve the work environment. The monthly measurements are also followed by a dialog between the manager and the employee in order to be able to capture eventual risks quickly. In 2023, the high results of previous years maintained both in Sweden and the US, revealing that more than 8 out of 10 employees are satisfied with working at Orexo. The company continues to use a hybrid working model with the possibility of working two days a week from home. This flexibility is appreciated by the employees.

In 2023 the Swedish organization changed the supplier for the employee survey to Agerus, a leading provider of methods and platform to support the development of a sustainable working environment. For the office in Sweden, the employee survey shows acceptable workloads and a good work-life balance. Employees are proud of working for Orexo and would highly recommend others to work at Orexo. In Sweden, the the Employee Net Promoter Score, eNPS scored 68. The 2023 employee survey in Sweden showed a great improvement in a number of areas, for example the index for employees that are satisfied of working for Orexo.

In US employee survey in 2023 showed equally high results as in previous years with a significant improved result for employees balance between work and leisure.

Overall, the surveys show great results and that the company listens to employees and is not afraid to take bold steps to make improvements to the work environment.

An important way of achieving physical and mental well-being is daily physical exercise. To encourage this, wellness benefits, gym facilities and fitness classes are offered in the office in Sweden. Similarly in the US, employees are offered wellness benefits, one of which is a paid subscription to a program that offers virtual fitness classes in addition to mental health and other employee support resources. Orexo also offers an Employee Assis-

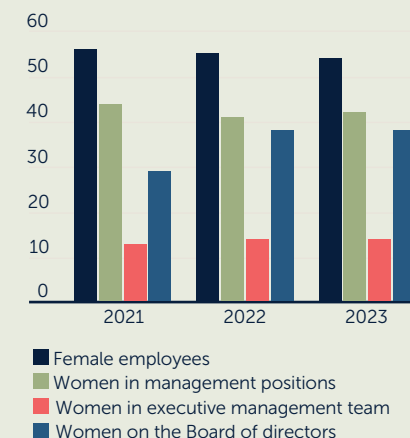
tance Program (EAP) to support individuals with issues impacting mental and emotional well-being. To further encourage well-being, Orexo introduced the option of a benefit bicycle for all employees in Sweden in 2023 to encourage all employees to get to work in an environmentally friendly and healthy way.

Major incidents or accidents are followed up and investigated in all Orexo operations and none happened during 2023. Orexo is pleased to see that the company's preventative measures have resulted in 6 years without any major incidents or accidents.

Employee satisfaction & Work life balance (%)



Gender equality (%)



Extended data can be found in the Sustainability data summary.

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Diversity and gender equality

Employees of different ages, genders, backgrounds, and experiences contribute to new thinking and innovative solutions. Diversity and gender equality are important for Orexo to achieve the company's goals and ambitions, and there are a non-discrimination policy in place. Activities in the long-term sustainability plan include developing the hiring processes to better promote diversity and inclusion. In the US, every new hire completes training on implicit bias and equal employment opportunity laws, and this is also given as refresher training annually to all employees.

In Sweden the people survey ensure that the employees perceive Orexo as a workplace with equal conditions and opportunities for everyone. In 2024, the plan is to proceed with education and information to proactively maintain this outcome.

Further, equal pay survey is conducted every year in Sweden. The 2023 survey discovered no unreasonable salary differences. In the US salaries are evaluated regularly and they are equitable.



OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Environment and climate change

Climate change represents one of the biggest challenges to natural ecosystems and human societies, making sustainability an immediate and collective responsibility. Human well-being is linked to the health of our ecosystems, which provide essential requirements for life such as clean air, water, and a wealth of natural resources. Orexo is dedicated to reducing its environmental impact by curbing resource consumption and striving to minimize the carbon footprint that comes from the company's operations and products.

The environmental work at Orexo is governed by the company's environmental policy, guidelines and the targets. Orexo is committed to reducing its environmental- and climate- impact and resource use. The main environmental impact from Orexo's business pertain to material and energy consumption in supply chain. A key area is carbon emissions from the company's vehicles, business trips and purchased goods. As a pharmaceutical company, Orexo also has an important role in protecting the environment by playing our part in creating and following responsible business practices. The supply chain Orexo uses is outsourced and the company has strict requirements at every stage.

During 2023, there were three environmental focus areas. Firstly, Orexo's greenhouse gas emissions were mapped according to the Greenhouse Gas protocol (GHG), which resulted in defined reduction targets for



Vision: Reduce impact on environment and climate change across all our activities and our products

Sustainability topic	Reduce climate impact and resource use	Reduce our product environmental footprint
Long-term ambition	Reduce greenhouse gas emissions throughout the supply chain	Reduce our "product environmental footprint" (greenhouse gas emissions and material usage)
Target 2030	Reduce greenhouse gas emissions 50% reduction scope 1 and 2 20% reduction scope 1-3	Reduce greenhouse gas emissions and material usage (target pending)
Result 2023	Reduced greenhouse gas emissions by 3,2% reduction scope 1 and 2 10% reduction scope 1-3 (base year 2022)	To be prioritized 2024

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

greenhouse gas emissions. The result from the mapping are discussed in the next section. Secondly, the company worked with the property owners to explore energy sources and how these could be reduced further. Thirdly, waste was reviewed; opportunities for recycling were identified and carried forward into 2024.

Greenhouse gas protocol mapping

In 2022, Orexo began implementing the Greenhouse Gas Protocol. Scope 1 (direct emissions) and scope 2 (indirect emissions from purchased electricity and heat) were calculated and reported. During 2023 the company continued evaluating data for scope 1–2 and completed calculations of scope 3 (indirect emissions from the value chain). During the process, more accurate data was identified for scope 1 and 2 for 2022 and 2023.

Scope 1 emissions: The primary source was from vehicles used by the sales team for essential face-to-face meetings. The majority of meetings held by employees were digital and there were no Scope 1 emissions from the offices or lab operations.

Scope 2 emissions: Carbon emissions in scope 2 come from energy use in the leased premises that Orexo uses in US, in particular electricity for heating and cooling. Orexo shares premises with other companies, and it is the property owners that are responsible for managing energy contracts. Orexo AB has zero scope 2 emissions as all energy has been created through renewable sources. In the US office, 90 percent of energy is provided through natural gas and the energy consumption has been calculated as a percentage of the shared office space.

Scope 3 emissions: Orexo started the process by establish the relevant categories using the GHG protocol. This important first step enabled better understanding of the right approach to manage Orexo’s carbon footprint. The identified categories included in the scope 3 mapping

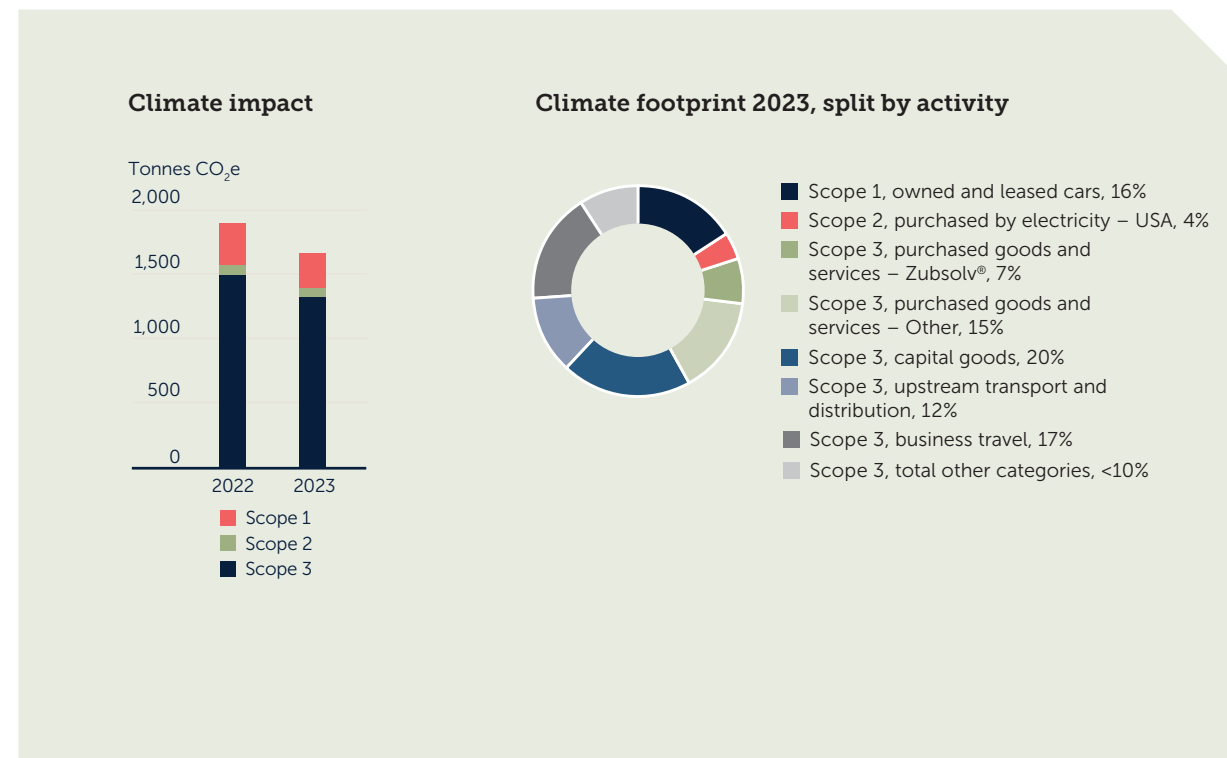
were: Purchased goods and services, capital goods, fuel and energy related activities, business travel, employee commuting, waste generated in operations, transport/distribution upstream and the end-of-life treatment of sold products.

To map scope 3 emissions, Orexo used a combination of spend-based and actual data. The use of spend-based data results in an uncertainty of the result but it provides valuable insights to where to prioritize actions for reducing climate impact. Orexo will continue to validate data

sources during 2024. The results for scope 3 indicate that the largest emissions came from capital goods, business travel and purchased goods and services. Investment in the product OX124 led to a peak in carbon emissions from capital goods in 2022.

By evaluating the data from greenhouse gas mapping Orexo, during 2023, defined greenhouse gas reduction targets that will lead the company’s future activities. With 2022 as a base year scope 1 and 2 emissions has reduced with 3,2 percent during 2023, due to reduced emission

◀ **BACK TO START**



OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report**
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

from vehicles used by the sales team. The reduction of total greenhousegas emission was 10 percent, of which the capital goods give the most significant reduction but reduced travel and transport also add important value. In the diagram Orexo's carbon dioxide emissions for scope 1, scope 2 and scope 3 are reported for the base year 2022 and for 2023 and the split between activities in 2023.

Resources use

Energy use at the facilities leased by Orexo in Sweden is tracked and actioned in collaboration with the property owner. A "green agreement" mandates the use of climate-compensated heating and cooling systems and encourages a joined-up approach to mitigating environmental concerns. In 2023, Orexo continued discussions with the property owner on how to decrease the energy consumption, but no specific project was started. Energy use has been successfully reduced since Orexo started measuring the data in 2018, with an overall decrease of 14 percent usage for heating. Compared to 2020 when the heating consumption was the highest, the reduction is 22 percent.

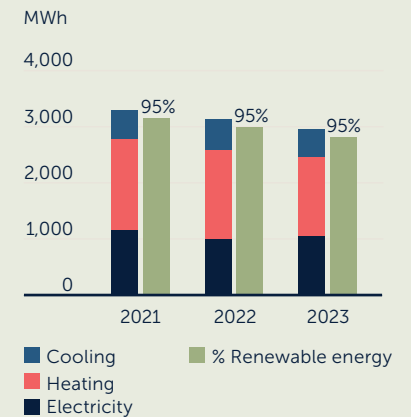
In the US, Orexo's offices are a small segment of a larger complex. The energy usage for the US offices is calculated based on their size and the total energy consumption in the building. As both heating and cooling rely exclusively on electricity, the total energy use is calculated in terms of electricity consumption. The complex holds an ENERGY STAR certification, confirming its energy efficiency through third-party evaluation. In 2023, Orexo continued to approach the property owner for more information, however, details are pending.

Orexo has a waste management governance in place, with a focus on an overall volume reduction and recycling where possible. A basic waste analysis for the offices and R&D facilities in Sweden was carried out during the year and this indicated that waste sorting practices were adequate, although a decrease in the sorted material in 2023 shows there is still work to do in this area. Orexo has proactively reduced the number of waste bins in the office with the aim of encouraging employees to produce less waste and to think more carefully about sorting. Orexo US has been implementing paperless marketing strategies to cut down on paper usage, resulting in a 40 percent reduction from 2020 to 2023.

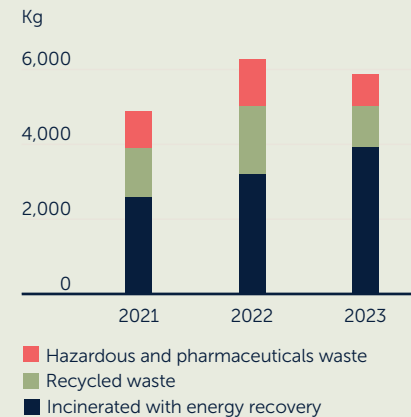
Product environmental footprint reduction

The environmental footprint of a product is, to a large extent, decided in the design phase. Orexo's sustainability plan includes an initiative to minimize the environmental footprint of its products by embedding sustainability considerations within the product development process. This approach will incorporate environmental considerations into the decision-making process, weighing the quantification of environmental impacts and improvement opportunities against product safety, health, and environmental concerns throughout development projects. While discussions on implementation have begun, it was decided not to make this a priority in 2023. The initiative is set to advance in 2024.

Energy



Waste



OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

Organization
The year in brief
Operational development
Financial development
Litigations
Risks and risk management
Sustainability report
The share
Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Access to healthcare

	2019	2020	2021	2022	2023
	Orexo group	Orexo group	Orexo group	Orexo group	Orexo group
Zubsolv® Patient Programs					
Patient Assistant Program (number of patients)	451	243	145	125	99
Co-pay assistance program (number of co-pay cards)	150,452	108,826	81,225	63,392	50,933
Tablet voucher program (number of tablet vouchers)	23,420	8,957	5,325	3,727	4,034

Environment and climate change

	2019			2020			2021			2022			2023		
	Orexo AB	Orexo US, Inc.	Orexo group	Orexo AB	Orexo US, Inc.	Orexo group	Orexo AB	Orexo US, Inc.	Orexo group	Orexo AB	Orexo US, Inc.	Orexo group	Orexo AB	Orexo US, Inc.	Orexo group
Energy															
Electricity (MWh)	989.1	—	—	855.5	173.8	1,029.3	938.4	166.1	1,104.4	863.8	159.4	1,023.2	845.0	159.0	1,004.0
Heat (MWh)	1,627.7	—	—	1,433.5	0.0	1,433.5	1,672.7	0.0	1,672.7	1,535.7	0.0	1,535.7	1,453.8	0.0	1,453.8
Cooling (MWh)	464.3	—	—	506.3	0.0	506.3	493.1	0.0	493.1	567.5	0.0	567.5	468.6	0.0	468.6
Total energy usage (MWh)	3,081.0	—	—	2,795.4	173.8	2,969.2	3,104.2	166.1	3,270.3	2,967.0	159.4	3,126.4	2,767.4	159.0	2,926.4
Share renewable energy (%)	100.0	—	—	100.0	0.0	94.1	100.0	0.0	94.9	100.0	0.0	94.9	100.0	0.0	94.6
Waste															
Incinerated with energy recovery (kg)	2,650	—	2,650	2,400	—	2,400	2,550	—	2,550	3,150	—	3,150	3,900	—	3,900
Recycled waste (kg)	615	—	615	1,259	—	1,259	1,333	—	1,333	1,886	—	1,886	1,094	—	1,094
Hazardous and pharma waste (kg)	1,641	—	1,641	2,424	—	2,424	976	—	976	1,217	—	1,217	826	—	826
Total (kg)	4,906	—	4,906	6,083	—	6,083	4,859	—	4,859	6,253	—	6,253	5,820	—	5,820
Recycled materials vs energy recovery (%)	18.8	—	18.8	34.4	—	34.4	34.3	—	34.3	37.5	—	37.5	21.9	—	21.9

Carbon emission

	2022	2023
	Orexo group	Orexo group
Scope 1 CO ₂ emissions (tonnes CO ₂ e)	284	273
Scope 2 CO ₂ emissions (tonnes CO ₂ e)	73	73
Scope 3 CO ₂ emissions (tonnes CO ₂ e)	1,488	1,314
Total CO ₂ emissions (tonnes CO ₂ e)	1,845	1,660

Allocation %

	2022	2023
	Orexo group	Orexo group
1.1 Owned and leased cars	15	16
2.4 Purchased by electricity – USA	4	4
3.1.1 Purchased goods and services – Zubsolv	4	7
3.1.3 Purchased goods and services – Other	12	15
3.2 Capital goods	29	20
3.3 Fuel and energy-related activities	3	4
3.4 Upstream transport and distribution	11	12
3.6 Business travel	16	17
3.7 Commuting journeys	4	5
Total other categories (<1%)	1	1

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report
- The share**
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Orexo's share is listed on Nasdaq Stockholm and available as American Depositary Receipts (ADR) on OTCQX Market in the US. At year-end, Orexo had a total of 6,623 (7,158) shareholders and the non-Swedish shareholding increased to 45 percent (43).

The share

The Orexo share is listed on Nasdaq Stockholm under the ticker code ORX and can be traded on the US market, via an ADR available on OTCQX Market under the ticker code ORXOY. During the year the share price decreased by 20 percent (45 percent) and the last price paid in 2023 amounted to SEK 15.46 (18.86). This corresponds to a market capitalization of SEK 537 million (655). The highest closing price of the year was SEK 20.4 quoted on January 24. The lowest quotation was SEK 8.99 on June 12.

Liquidity

In total, 12.7 million (24) shares were traded in 2023, which is equivalent to a value of approximately SEK 196 million (543). The daily average trading volume amounted to 50,582 shares (95,118), with a corresponding value of SEK 0.8 million (2.2). In July, the number of shares traded was significantly higher than in other months. The discrepancy can be attributed to the win in the US District Court in the patent litigation against Sun Pharmaceuticals, which was announced at the beginning of the month.

Ownership

At year-end, Orexo had 6,623 shareholders (7,158), of which 493 were registered as legal entities and 6130 as private individuals. Of the share capital, 55 percent (57) is held by Swedish shareholders and 45 percent (43) by non-Swedish shareholders. The largest proportion of shareholders registered outside of Sweden can be found in Denmark, whose holding remains at 34 percent (34).

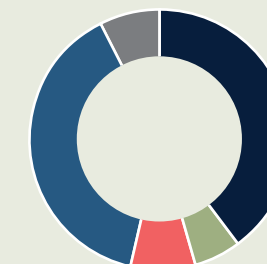
Orexo Share

Listing	Nasdaq Stockholm, Sweden
Number of Shares	34,710,639
Market Capitalization, December 31 2023	SEK 537 million
ISIN Code	SE0000736415
Ticker Code	ORX

Orexo ADR

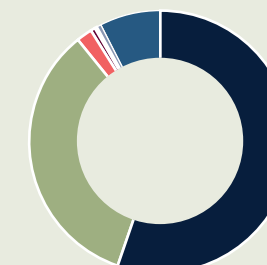
Trading Platform	OTC, US
Deposit Bank	Citibank N.A.
ISIN Code	US68616W1027
Ticker Code	ORXOY
Ratio	1:1

Ownership categories, as of December 31, 2023



Swedish private individuals	39.97%
Swedish institutions	5.78%
Non-Swedish institutions	7.90%
Other	39.05%
Anonymous ownership	7.29%

Ownership distribution per country, as of December 31, 2023



Sweden	55.34%	Finland	0.27%
Denmark	33.83%	Other	0.72%
Poland	2.03%	Anonymous ownership	7.29%
Italy	0.51%		

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report
- The share
- Shareholder information

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Shareholders, December 31 2023

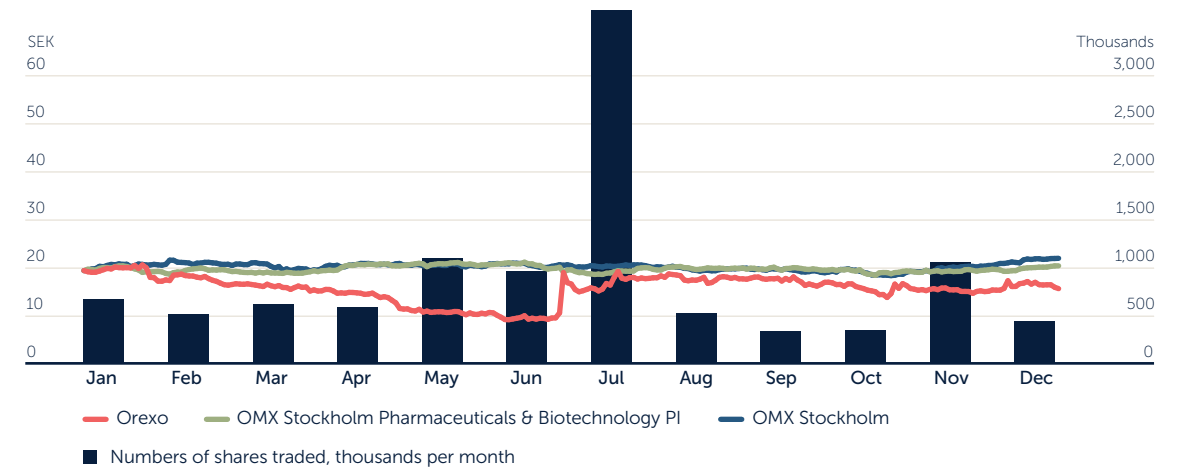
Owners	No. of Common Shares	Share of Capital (%)
Novo Holdings A/S	9,643,184	27.78%
Avanza Pension	2,523,497	7.27%
Arbejdsmarkedets Tillægspension (ATP)	1,780,633	5.13%
Anders Walldov, direct and indirect	1,600,000	4.61%
Swedbank Insurance	971,758	2.80%
Nordnet Pension Insurance	483,251	1.39%
Stefan Hansson	442,791	1.28%
Håkan Lejonkula	317,000	0.91%
Orexo AB	261,044	0.75%
Eccenovo AB	255,132	0.74%
Christer Nyström	221,746	0.64%
Thomas Lundqvist	204,567	0.59%
Handelsbanken Funds	196,459	0.57%
Jonas Rantanen	177,500	0.51%
Consultinvest	176,445	0.51%
Total top 15	19,255,007	55.47%
Others	15,466,102	44.53%
Total	34,710,639	100.00%

Owner Structure, December 31 2023

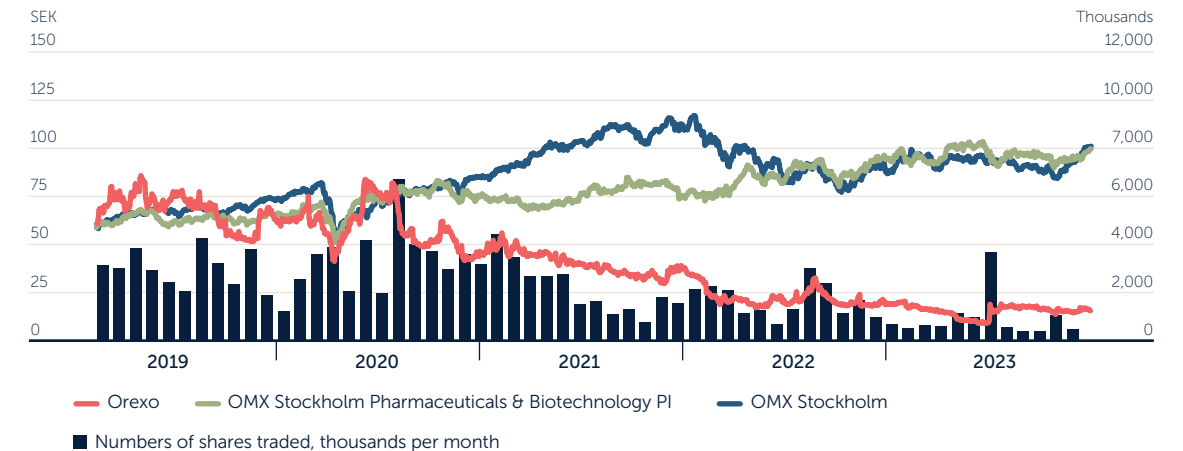
	No. of Shareholders	No. of Common Shares	Share of Capital %
1-100	2,631	101,467	0.29%
101-500	1,815	506,185	1.46%
501-1,000	748	608,494	1.75%
1,001-5,000	952	2,290,753	6.60%
5,001-10,000	211	1,558,371	4.49%
10,001-20,000	142	2,094,307	6.03%
20,001-	124	25,021,732	72.09%
Anonymous holdings	(-)	2,529,330	7.29%
Total	6,623	34,710,639	100.00%

Source page 51-52: Monitor by Modular Finance AB, Euroclear Sweden AB and Nasdaq Stockholm. Totals may deviate due to rounding.

Performance in 2023



Five-year performance



◀ BACK TO START

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report
- The share
- Shareholder information**

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Shareholder information

Communication and reporting

Website

Orexo's website, www.orexo.com, is the company's primary communication channel. It contains information on, among other things, Orexo's history, operations, governance, and financial development as well as equity data. The website is also the company's information hub, including news, press releases and storytelling. Shareholders and other stakeholders are welcome to subscribe to information that the company publishes, which is easily done via this link: <https://orexo.se/investerare/prenumeration/>

Financial information

All Orexo's public financial information is available on the website, such as quarterly reports, year-end reports, and annual reports. In connection with the publication of quarterly reports and fiscal year reports, investors, analysts, and the media are invited to participate in a presentation facilitated by Orexo's management team. The presentation can also be viewed afterwards via the website.

Sustainability work

Orexo's sustainability work is documented in the company's annual report with regular updates in the interim reports. The sustainability report, and an overall presentation of Orexo's commitments in this area, can be read on the website.

The blog portal and social media presence

On Orexo's blog, stories are shared from people affected by mental illness and opioid use disorder to shed light on lives affected by addiction and the road to recovery. Moreover, interviews with experts contribute to increased knowledge of the therapeutic areas and aim to highlight good examples related to recovery. Shareholders and other stakeholders can also follow the company on X, LinkedIn and Youtube.

Investor Relations

IR activities

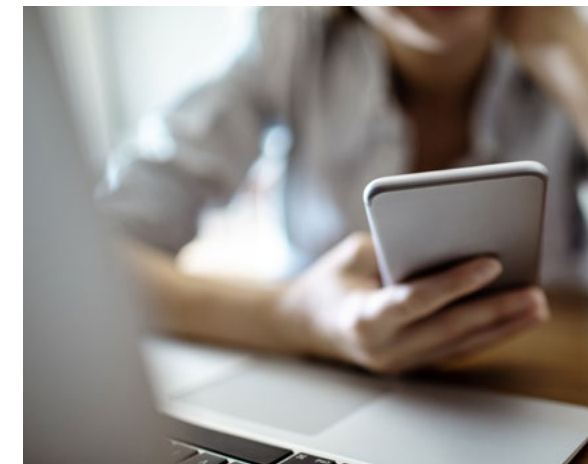
During the year, regular investor relations activities were performed to keep the financial market updated about the company's operations, market, and financial developments. The activities have taken place individually with investors and analysts based in the Nordics and outside the region. To reach current and potential investors, Orexo has also participated in multiple conferences, seminars, and events using a hybrid approach of physical and virtual meetings/presentations.

Analysts who monitor Orexo

- Carnegie, Klas Palin
- RX Securities, Dr Samir Devani

Contact Investor Relations

Lena Wange +46 (0)18 780 88 00
ir@orexo.com or lena.wange@orexo.com



Financial Calendar 2024

Annual General Meeting
 April 26, 2024

Interim Report Q1
 May 8, 2024

Interim Report Q2
 July 17, 2024

Interim Report Q3
 November 14, 2024

**Interim Report Q4
 incl. Full Year Report**
 February 6, 2025

◀ BACK TO START



blog.orexo.com

OREXO OVERVIEW

BOARD OF DIRECTORS' REPORT

- Organization
- The year in brief
- Operational development
- Financial development
- Litigations
- Risks and risk management
- Sustainability report
- The share
- Shareholder information**

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

2024 Annual General Meeting**Invitation**

The shareholders in Orexo AB are summoned to the Annual General Meeting (AGM), to be held on Friday April 26, 2024, at 4 pm in Orexo's facilities at Rapskatan 7E in Uppsala, Sweden.

Nomination Committee

Prior to the 2024 AGM, Orexo has appointed a Nomination Committee which represents approximately 35 percent of the number of votes in the company as of August 31, 2023.

The Nomination Committee comprises:

- Henrik Kjaer Hansen, Chairman of the Nomination Committee, Novo Holdings A/S
- Claus Berner Møller, ATP
- Robert Florczykowski, Third Dot
- James Noble, Chairman of the board of Orexo.

The Nomination Committee will prepare proposals to the AGM regarding Chairman of the Meeting, Chairman of the Board, Board members, Board member fees, any remuneration for committee work, and fees to the auditor, as well as principles for the composition of the Nomination Committee.

The Nomination Committee's proposals are presented in the Notice of the AGM and on Orexo's website, <https://orexo.com/about-us/corporate-governance/>

Registration, advance voting etc.

Shareholders who wish to participate in the meeting must be recorded in the share register maintained by Euroclear Sweden AB on Thursday April 18, 2024, and notify Orexo

of their intention to attend the meeting not later than Monday April 22, 2024, by post to Orexo AB, P.O. Box 303, SE 751 05 Uppsala, Sweden, by telephone +46 (0) 18 780 88 00, or by e-mail to lena.wange@orexo.com.

The notification shall set forth the name, personal/corporate identity number, the number of shares held, telephone number (daytime) and, where applicable, number of assistants (not more than two) that the shareholder intends to bring to the meeting. Shareholders to be represented by proxy should submit a power of attorney (original document) and a certificate of registration or equivalent together with the notification of attendance. A proxy form is available at orexo.com.

Shareholders whose shares are registered in the name of a nominee through a bank or a securities institution must temporarily re-register their shares in their own names to be entitled to participate in the meeting. Such registration, which may be temporary, must be duly effected in the share register maintained by Euroclear Sweden AB on Monday April 22, 2024, and the shareholders must therefore advise their nominees well in advance of this date.

Detailed information about the AGM on <https://orexo.com/about-us/corporate-governance/>



OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of
Directors and President

Auditor's report

Reconciliations and definitions
of key figures

CORPORATE GOVERNANCE

Financial reports and notes



◀ BACK TO START

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of
Directors and President

Auditor's report

Reconciliations and definitions
of key figures

CORPORATE GOVERNANCE

 BACK TO START

Consolidated statement of operations

SEK million	Notes	2023	2022
Net revenues	5	638.8	624.3
Cost of goods sold	7	-88.9	-102.6
Gross profit		550.0	521.7
Selling expenses	7, 9, 10, 31	-181.5	-199.0
Administrative expenses	7, 9, 10, 29, 31	-188.0	-202.3
Research and development costs	7, 9, 10, 31	-303.1	-318.0
Other operating income	8, 11	36.0	37.8
Other operating expenses	7, 11	-22.7	-24.0
Operating earnings		-109.5	-183.9
Financial income	12	20.2	74.8
Financial expense	12	-51.0	-61.4
Earnings after financial items		-140.3	-170.4
Income tax	13	12.0	-7.2
Net earnings for the year		-128.3	-177.6
Earnings for the year attributable to:			
Parent company shareholders		-128.3	-177.6
Earnings per share during the year attributable to parent company shareholders (expressed in SEK)			
– before dilution	14	-3.73	-5.17
– after dilution	14	-3.73	-5.17

Consolidated statement of comprehensive income

SEK million	Notes	2023	2022
Net earnings for the year		-128.3	-177.6
Other comprehensive income			
Items that may subsequently be reversed to the statement of operations:			
Translation differences	17	-6.8	22.1
Other comprehensive earnings for the year, net after tax		-6.8	22.1
Comprehensive earnings for the year		-135.1	-155.5
Comprehensive earnings attributable to:			
Parent company shareholders		-135.1	-155.5
Non-controlling interests		–	–

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

 BACK TO START

Consolidated balance sheet

SEK million	Notes	2023 Dec 31	2022 Dec 31	SEK million	Notes	2023 Dec 31	2022 Dec 31
ASSETS				SHAREHOLDERS' EQUITY AND LIABILITIES			
Fixed assets				Shareholders' equity			
Tangible fixed assets	9, 15	81.0	76.1	Share capital		14.2	14.2
Intangible assets	9, 16	173.3	217.4	Other contributed capital	24	1 815.9	1,815.9
Right-of-use assets	31	24.5	46.0	Reserves	17	14.9	21.7
Deferred tax assets	30	48.1	33.1	Profit carried forward including net earnings for the year		-1 786.1	-1,657.9
Other financial assets	18	0.8	0.9	Total shareholder's equity		58.9	193.9
Total fixed assets		327.7	373.5	<i>Long-term liabilities and provisions</i>			
Current assets				Provisions	24, 25	11.5	10.2
Inventories	19	42.4	74.6	Interest bearing liabilities	18, 26	448.4	494.8
Accounts receivable	20	197.6	246.5	Lease liabilities, long-term	31	4.5	24.2
Other receivables	21	15.1	25.9	Total long-term liabilities		464.5	529.2
Prepayment and accrued income	22	32.7	36.6	<i>Current liabilities</i>			
Short-term investments	18, 23	–	219.6	Accounts payable	18	36.5	86.6
Cash and cash equivalents	18, 23	171.0	132.2	Provisions	25	133.1	121.5
Total current assets		458.9	735.5	Other liabilities	27	10.5	21.5
TOTAL ASSETS		786.6	1,109.0	Accrued expenses	27	62.2	135.6
				Lease liabilities, current	31	20.9	20.6
				Total current liabilities		263.2	385.9
				Total liabilities		727.7	915.1
				TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		786.6	1,109.0

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

Changes in consolidated shareholders' equity

Attributable to parent company shareholders ¹ SEK million	Notes	Share capital	Other contributed capital ²	Reserves ³	Profit carried forward including Net earnings for the year	Total shareholders' equity
Opening balance at January 1, 2022		14.2	1,816.0	-0.4	-1,480.2	349.6
Comprehensive income						
Net earnings for the year					-177.6	-177.6
Other comprehensive income						
Translation differences				22.1		22.1
Total comprehensive income		0.0	0.0	22.1	-177.6	-155.5
Transactions with shareholders						
Share-based payments	24		-0.1			-0.1
Total transactions with shareholders		0.0	-0.1	0.0	0.0	-0.1
Closing balance at December 31, 2022		14.2	1,815.9	21.7	-1,657.9	193.9
Opening balance at January 1, 2023		14.2	1 815.9	21.7	-1 657.9	193.9
Comprehensive income						
Net earnings for the year					-128.3	-128.3
Other comprehensive income						
Translation differences				-6.8		-6.8
Total comprehensive income		0.0	0.0	-6.8	-128.3	-135.1
Transactions with shareholders						
Share-based payments	24		-			0.0
Total transactions with shareholders		0.0	0.0	0.0	0.0	0.0
Closing balance at December 31, 2023		14.2	1 815.9	14.9	-1 786.1	58.9

¹ There are no non-controlling interests

² The following are recognized as "Other contributed capital":

- The difference between the share's quotient value and the redemption price of exercised warrants
- The difference between the share's quotient value and the calculated value of newly issued shares and warrants (option premium)
- Employee stock options, value of employees' services

³ See note 17

The total number of shares as of December 31, 2023, was 34,710,639, of which 261,044 were owned by the company. The number of outstanding shares thus amounts to 34,449,595 as of December 31, 2023.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

 BACK TO START

Consolidated cash flow statement

SEK million	Notes	2023	2022
Operating earnings		-109.5	-183.9
Adjustment for non-cash items	32	99.8	-3.5
Interest received		7.7	1.4
Interest paid		-37.6	-22.4
Tax paid		-1.6	1.5
Cash flow from operating activities before changes in working capital		-41.2	-206.9
<i>Changes in working capital</i>			
Change in inventories		21.7	36.4
Change in receivables		45.9	10.1
Change in current liabilities		-121.5	3.8
Cash flow from operating activities		-95.0	-156.6
Investing activities			
Acquisition of tangible fixed assets	15	-18.5	-18.8
Acquisition of intangible assets	16	-0.7	-5.1
Acquisition of short-term investments		0.1	-295.6
Disposal of short-term investments		219.9	84.0
Sales of tangible fixed assets		-	0.8
Cash flow from investing activities		200.8	-234.7
Financing activities			
Amortization of Lease liability	31	-21.4	-21.4
Repayment of loans	26	-48.7	-
Cash flow from financing activities		-70.1	-21.4
Cash flow for the year		35.7	-412.8
Cash and cash equivalents at the beginning of the period		132.2	504.1
Exchange-rate differences in cash and cash equivalents		3.1	40.9
Change in liquidity		38.8	-371.8
Cash and cash equivalents at the end of the period	23	171.0	132.2

Parent company statement of operations

SEK million	Notes	2023	2022
Net revenues	5	494.0	348.2
Cost of goods sold	7	-93.7	-72.4
Gross profit		400.3	275.8
Selling expenses	7, 9, 10, 31	-119.4	-165.1
Administrative expenses	7, 9, 10, 29, 31	-94.9	-123.1
Research and development costs	7, 9, 10, 31	-243.7	-266.9
Other operating income	8, 11	37.8	88.8
Other operating expenses	7, 11	-20.7	-23.4
Operating earnings		-40.6	-213.9
Other interest income and similar income	12	19.5	76.2
Other interest expenses and similar expenses	12	-49.3	-59.1
Net financial items		-29.8	17.1
Earnings before tax		-70.4	-196.8
Tax on earnings for the year	13	-	-
Net earnings for the year		-70.4	-196.8

Parent company statement of comprehensive income

SEK million	Notes	2023	2022
Net earnings for the year		-70.4	-196.8
Other comprehensive income for the period, net after tax		-	-
Total comprehensive income for the period		-70.4	-196.8

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

Parent company balance sheet

SEK million	Notes	2023 Dec 31	2022 Dec 31	SEK million	Notes	2023 Dec 31	2022 Dec 31
ASSETS				SHAREHOLDERS' EQUITY AND LIABILITIES			
Fixed assets				Shareholders' equity			
<i>Patents, intellectual property rights, proprietary intangible assets and software</i>				<i>Restricted shareholders' equity</i>			
	9, 16	147.7	181.4	Share capital		14.2	14.2
<i>Equipment, machinery, renovation of the property of others</i>				Statutory reserve		290.8	290.8
	9, 15	81.0	76.1	Revaluation fund		123.4	–
<i>Shares and participations in group companies</i>				Total restricted shareholders' equity		428.4	305.0
	28	286.2	161.2	<i>Non-restricted shareholders' equity</i>			
Total fixed assets		515.0	418.7	Share premium reserve		1,187.6	1,187.6
Current assets				Accumulated deficit		–1,383.4	–1,186.6
Inventories	19	25.6	60.2	Net earnings for the year		–70.4	–196.8
Accounts receivable	20	23.8	18.0	Total non-restricted shareholders' equity		–266.2	–195.8
Other receivables	21	10.6	9.4	Total shareholders' equity		162.1	109.2
Receivables from group companies		71.0	69.2	<i>Long-term liabilities</i>			
Prepaid expenses and accrued income	22	18.4	22.8	Other provisions	24, 25	10.8	9.8
Short-term investments	23	–	178.6	Interest bearing liabilities	26	448.4	494.8
Cash and bank	23	145.5	61.7	Total long-term liabilities		459.3	504.5
Total current assets		294.9	419.8	<i>Current liabilities</i>			
TOTAL ASSETS		809.8	838.6	Accounts payable		10.3	32.0
				Other liabilities	27	8.6	8.8
				Liabilities to group companies		144.7	144.7
				Accrued expenses and deferred income	27	24.9	39.3
				Total current liabilities		188.4	224.8
				TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		809.8	838.6

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

Changes in parent company shareholders' equity

SEK million	Notes	Share capital	Statutory reserve	Revaluation reserve	Share premium reserve	Accumulated deficit including Net earnings for the year	Total shareholders' equity
Opening shareholders' equity at January 1, 2022		14.2	290.8	0.0	1,187.6	-1,186.6	306.0
Net earnings for the year						-196.8	-196.8
Other comprehensive income							
Total comprehensive income		0.0	0.0	0.0	0.0	-196.8	-196.8
Share based payments	24						
New share issues							
Closing shareholders' equity at December 31, 2022		14.2	290.8	0.0	1,187.6	-1,383.4	109.2
Opening shareholders' equity at January 1, 2023		14.2	290.8	0.0	1,187.6	-1 383.4	109.2
Net earnings for the year						-70.4	-70.4
Other comprehensive income							
Total comprehensive income						-70.4	-70.4
Write-up of holdings in Group companies				123.4			123.4
Closing shareholders' equity at December 31, 2023		14.2	290.8	123.4	1,187.6	-1 453.8	162.1

The total number of shares as of December 31, 2023, was 34,710,639, of which 261,044 were owned by the company. The number of outstanding shares thus amounts to 34,449,595 as of December 31, 2023.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

Parent company cash flow statement

SEK million	Notes	2023	2022
Operating activities			
Operating earnings		-40.6	-213.9
Adjustment for non-cash items	32	49.1	30.6
Interest received		7.1	3.1
Interest paid		-35.9	-23.1
Tax paid		—	—
Cash flow from operating activities before change in working capital		-20.4	-203.3
<i>Change in working capital</i>			
Change in inventories		33.0	7.6
Change in accounts receivable and other current receivables		13.7	-35.3
Change in current liabilities		-55.1	5.4
Cash flow from operating activities		-28.7	-225.7
Investing activities			
Acquisition of tangible fixed assets	15	-18.5	-18.8
Acquisition of short-term investments		—	-234.4
Disposal of short-term investments		178.1	63.2
Sales of tangible fixed assets		—	0.8
Acquisition value subsidiary		-1.5	—
Cash flow from investing activities		158.1	-189.2
Financing activities			
Repayment of loans	26	-48.7	—
Group contribution		-0.1	—
Cash flow from financing activities		-48.9	0.0
Cash flow for the year		80.6	-414.9
Cash and cash equivalents at beginning of period		61.7	444.5
Exchange-rate differences in cash and cash equivalents		3.2	32.1
Change in liquidity		83.8	-382.8
Cash and cash equivalents at end of period		145.5	61.7

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

◀ BACK TO START

Notes

NOTE 1 GENERAL INFORMATION

Orexo AB (publ) 556500-0600, the parent company, and its subsidiaries (together the Group) are together an integrated pharma company with commercial operations in the United States and R&D in Sweden. The company develops improved drugs and digital mental health programs that meet an important need in the growing field of mental illness and addictive disorders. The products are commercialized by Orexo in the United States or through partners worldwide. The main market today is the US market for buprenorphine/naloxone products where Orexo sells its leading product Zubsolv® for the treatment of opioid dependence.

The parent company is the limited liability company Orexo AB (publ), with its registered office in Uppsala, Sweden. The address of the company's head office is Virdings allé 32 A, Uppsala, Sweden.

The parent company's share is listed on Nasdaq Stockholm.

The Board of Directors approved these consolidated financial statements for publication on March 25, 2024.

The statement of operations and balance sheet will be presented to the Annual General Meeting on April 26, 2024, for adoption.

NOTE 2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The most significant accounting policies applied during the preparation of these consolidated financial statements are specified below and in the notes. Unless otherwise stated, these policies have been applied consistently for all years presented. Amounts in SEK million where not otherwise stated. Amounts in brackets refer to the previous year.

2.1 Basis for preparation of the financial statements

The consolidated financial statements for Orexo AB (publ) and its subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, RFR 1 Supplementary Accounting Rules for Groups, as well as the Swedish Annual Accounts Act.

2.1.1 Amendments to accounting policies and disclosures

(a) New and amended standards applied by the Group

The new or amended standards and interpretations effective from January 1, 2023 have had the following effect on the consolidated financial statements for 2023:

The amendments to IAS 1 Presentation of Financial Statements (Disclosure of Accounting Policies) means that the requirement in IAS 1 for disclosure of significant accounting policies has been replaced by a requirement for significant accounting policies. The amendments have reduced the amount of text relating to standardized and non-significant accounting policy disclosures and added additional entity-specific information.

The amendments to IAS 12 Income Taxes clarify that the exemption, which means that deferred tax is not recognized on temporary differences arising on initial recognition of an asset or liability, does not

NOTE 2 CONT. SUMMARY OF IMPORTANT ACCOUNTING POLICIES

apply to transactions that simultaneously give rise to both an asset and a liability, such as right-of-use assets and lease liabilities. The amendments have meant that deferred tax attributable to right-of-use assets and lease liabilities has been recognized gross in Note 30 Deferred tax.

(b) New standards and interpretations of existing standards that have not yet been applied by the Group

No standards, amendments and interpretations that came into effect for the financial year beginning after January 1, 2024 are expected to have any material impact on the group's financial statements and have not been applied in the preparation of this financial statement.

2.2 Translation of foreign currency

The consolidated accounts are prepared in SEK, which is the parent company's functional currency and the Group's reporting currency.

Exchange-rate gains and losses arising when reporting income and expenses, financial position, translation of net investment in foreign operations and borrowing for group companies are reported in other comprehensive income. When recalculating assets and liabilities in subsidiaries, the balance sheet exchange rate is applied. When reporting income and expenses in subsidiaries, the average exchange rate is applied. Applied exchange rates are retrieved via Floatrates.

See further notes 11 and 12.

2.3 Basis for preparation of the financial statements for the parent company

Orexo AB, the parent company, has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendations RFR 2. The parent company applies the policies presented in the consolidated financial statements, with the exceptions outlined below.

(a) Shares and participations in subsidiaries

Shares and participations in subsidiaries are recognized at cost after adjustments for any write-up and impairment.

When there are indications that shares and participations in subsidiaries have declined in value, an estimate is made of the recoverable amount. If this is lower than the carrying amount, impairment is applied.

(b) Group and shareholders' contributions

Shareholders' contributions granted are recognized as an increase in the value of shares and participations. An assessment is then made as to whether there is a need for impairment of the value of the shares and participations in question.

The Group did not have any Group contributions during the period.

(c) Leasing

All leasing agreements are recognized as operating expenses on a straight-line basis over the lease period.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

◀ BACK TO START

NOTE 3 FINANCIAL RISK MANAGEMENT

The Group's operations are exposed to a number of financial risks. To efficiently manage and mitigate these risks, Orexo has drawn up a series of guidelines and a detailed financial policy. The financial policy is evaluated and determined annually by the Board's Audit Committee. Risk management is handled centrally by the Group's Finance department. The financial risks deemed to have the greatest significance for Orexo, and how they are managed, are described below.

3.1. Currency risks

Currency risk involves the risk of changes in value due to changes in exchange rates. Orexo's international operations lead to currency risks in the form of transaction exposure and translation exposure. The group strives to match flows in the same currency as far as possible. In addition, it is possible to hedge transaction exposure in accordance with the financial policy. However, no hedging instruments have been used by the group during the year or the previous year.

The group's currency risk is mainly attributable to USD and EUR, as a substantial part of revenues and costs are in these currencies.

Income and expenses in foreign currency give rise to transaction exposures. Fiscal year 2023 sales in USD amounted for 95 (96) percent of net sales. The corresponding figure for EUR is 5 (4) percent. Total operating expenses in 2023 amounted to 64 (43) percent in USD.

Assets and liabilities in foreign currency give rise to translation exposure. A increase in USD by 1 percentage point results in an inegative impact on equity of SEK 1.3 million. The same currency change against the Swedish krona of 1 percentage point and balance sheet exposure at the balance sheet date for USD means a positive change in other income and expenses of approximately SEK 1.5 million.

3.2 Interest rate and inflation risk

Interest rate and inflation risk means that changes in the interest rate and inflation level have a negative effect on the result. In order to reduce the impact of interest rate and inflation movements on the result, Orexo mainly uses instruments with short maturities and strives for the maturities of financial liabilities to match the maturities of financial assets as far as possible. According to the financial policy, financial investments must be made in addition to bank balances in financial instruments with high liquidity and low credit risk.

The Group's interest-bearing liabilities amounted to SEK 448.4 million on December 31, 2023 and these are attributable to a corporate bond loan. This loan has a variable interest rate, STIBOR +3.75 percent (STIBOR is calculated as zero at the lowest).

The impact on earnings of a change in interest rates of 0.5 percent would entail an increase/decrease of SEK 2.5 million.

3.3 Credit risk

Credit risk partly refers to the risk that the counterparty will not fulfill its undertakings to repay a liability or pay interest on such a liability, as well as the risk associated with balances with credit institutions.

For the Group, there are mainly two categories of payment flows in which credit risks could arise: in the subsidiary Orexo US Inc's sales to distributors and in the payment flows from Orexo's license agreements with other parties.

With regard to Orexo US Inc's distributors, credit risks are reviewed on an ongoing basis based on the customer's financial position and other factors.

An extensive evaluation of the counterparty is always undertaken prior to the signing of a license agreement.

Accounts receivable are continuously monitored, with checks performed on due customer invoices. Of total accounts receivable at December 31, 2023, the four largest customers accounted for 93 percent. No other single customer accounted for more than 3 percent of total accounts receivable. Note 20 presents the amounts due.

According to the Group's finance policy, the Group's financial transactions must only be carried out with banks or financial instruments with an official rating not below A1/P1 according to credit rating from Moody's.

3.4 Liquidity risk

Liquidity risk is defined as the risk that Orexo will be unable to fulfill its undertakings to repay or refinance its debts on time or at a reasonable cost. Liquidity risk is managed by means of sufficient cash and cash equivalents to ensure continuing operations.

Cash flow forecasts are prepared each month. Executive Management continuously monitors forecasts to ensure that the Group has sufficient cash funds to meet the requirements of continuing business operations.

The table below shows the Group's contractual non-discounted cash flows from financial liabilities, distributed on the basis of the period remaining to maturity on the closing date.

At December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Accounts payable	36.5	—	—
Accrued costs	62.2	—	—
Interest bearing liabilities	18.8	502.2	—
Leasing	21.8	5.1	—

At December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Accounts payable	86.6	—	—
Accrued costs	135.6	—	—
Interest bearing liabilities	18.8	37.5	502.2
Leasing	22.9	36.3	—

3.5 Capital structure

The Group's objective for its capital structure is to safeguard the Group's ability to continue its operations so it can generate a return for the shareholders and benefits for other stakeholders, as well as maintain an optimum capital structure to keep capital costs down.

The Group's capital is assessed on the basis of its equity/assets ratio. The equity/assets ratio at December 31, 2023 and 2022 is presented in the table below:

	2023	2022
Shareholders' equity	58.9	193.9
Total assets	786.6	1,109.0
Equity/assets ratio	7%	17%

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

◀ BACK TO START

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events deemed reasonable under prevailing circumstances.

4.1 Critical estimates and assessments for accounting purposes

The Group makes assessments and assumptions about the future. The resulting accounting estimates will, by definition, seldom correspond to the actual results. Estimates and assumptions that entail a significant risk of material adjustment to the recognized amounts of assets and liabilities during the next fiscal year are outlined below.

(a) Impairment testing of intangible assets

Amortization of intangible assets related to Digital Mental Health Programs (DMHP), earlier Digital Therapeutics (DTx), was begun in October 2020 for vorvida®, in November 2020 for deprexis® and in April 2022 for MODIA® after the products first sales or commercial availability in the US. Assets consist of milestone payments for licenses and similar rights as well as intangible assets related to enterprise platform. Amortization will be carried out over a period of 10 years. The most significant assumption utilized was projected future revenue growth, as the value of the assets is dependent on the company successfully commercializing the products. The period for which cash flows are projected is longer than five years, due to the early phase of commercialization the Digital Mental Health Programs are currently in. No indication of impairment need has been identified during the year.

Amortization of proprietary intangible assets was begun in August 2015 after the FDA approved Zubsolv® for initiation of buprenorphine for maintenance treatment of patients with opioid dependence. Amortization will be carried out over a period of 10 years. Testing to ensure that the carrying amount does not exceed the recoverable amount is thereby only carried out in the event of a negative event that can create an urgent need for impairment. This impairment testing comprises a risk analysis that includes experience-based estimates of the amount of future incoming and outgoing payments. The probability of the occurrence of income-generating events and the probability that the projects will result in products that reach the market are estimated based on available industry statistics. These probabilities vary depending on the phase of development that the R&D projects are in. Future incoming and outgoing payments are adjusted to the level of probability and subsequently discounted by applying an interest rate that reflects the cost of capital and risk. No indication of impairment need has been identified during the year.

(b) Royalty revenues

Royalties may be impacted by external factors, such as sales limitations or price regulations initiated by authorities in the countries in which sales are conducted. This is out of the control of the company and information of this nature does not normally reach the company until it has occurred. When reporting the royalty income, an estimate of the sale of the period is required.

(c) Revenues from sale of goods

Revenues from Zubsolv® are recognized when they are delivered to wholesalers. Revenues for Zubsolv® are calculated as gross income invoiced to wholesalers, with a deduction for actual and estimated discounts to public and private insurance providers ("the payers"), provisions for potential returns, costs for patient support programs and fees to wholesalers and distributors. Since not all of the volume invoiced to wholesalers has reached patients at the closing date, several of the deductions from gross income are partly based on estimates.

(d) Inventory valuation

In order to ensure safe supply of Zubsolv® in the American market, Orexo has established inventory level of raw materials, semi-finished products and finished products. The valuation of the inventory and the assessment of the risk of potential write-down is based on continually updated market forecasts and assumptions regarding the shelf-life of various chemical compounds. The shelf-life of semi-finished products and finished products is based on documented stability studies.

(e) Deferred tax assets

Orexo has significant loss carry-forwards as historically the company has made losses. Carry-forwards losses are activated only to the extent that it is probable that the deductions can be offset against surplus on future taxation. The loss carry-forwards for tax purposes in the Group amounted to SEK 1,576 million (1,540) at December 31, 2023. No deferred tax assets for tax-loss carry-forwards have been capitalized.

4.2 Critical judgments in the application of the company's accounting policies**(a) Assessment as to whether a license agreement entails the divestment or a transfer of rights**

Certain license agreements entail that global rights are transferred to a business partner. Since Orexo retains the intellectual property rights, which may also be retrieved under certain circumstances, these agreements are not recognized as though the licensing agreement implies a divestment. For Orexo, this means that these assets remain in the balance sheet item "Acquired research and development"

(b) Revenue recognition

Executive Management assesses the probability of whether future financial value will accrue to the Group on the basis of a number of factors, such as the customer's payment history and credit worthiness. If the Group deems a receivable to be doubtful, a provision is made until it is possible to determine whether or not the Group will receive payment.

A milestone payment is an item of revenue related to achieved goals specified in the agreement with the partner in question. Such goals may include the start of clinical trials or the granting of product registration approval by an authority. Revenues from intermediate milestone payments are recognized once the goal has been achieved and the Group has fulfilled its undertakings.

(c) Research and development

Costs attributable to research are expensed as they arise. Assessments of which costs can be capitalized or not are done continuously. Costs attributable to development projects are recognized as intangible assets in the balance sheet when these costs are expected to generate financial benefits in the future. Other development costs are expensed as they arise. Development costs that are expensed are not recognized as an asset in subsequent periods.

(d) Going concern

Taking into account the shareholders equity in the parent company as per year end and the expected earnings in 2024, the board's assessment is that there is no longer any material uncertainty factor that could cast doubt regarding the entity's ability to continue as going concern.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

NOTE 5 REVENUE FROM CONTRACTS WITH CUSTOMERS

The group's revenue consists of the fair value of goods and services sold excluding value added tax, discounts, returns and after elimination of intra-group sales. When calculating revenue that includes estimates of variable compensation, such as price deductions, royalties and licenses, revenue is recognized only to the extent that it is highly probable that a material reversal of accumulated revenue recognized will not occur when the uncertainty associated with the variable compensation ceases.

The Group's sales are mainly based on payment terms on 0–45 days, and no elements of significant financing components exist. The Group reports receivables against counterparties at the time of sale, and at the balance sheet date there were no contractual assets or contractual liabilities. No significant unfulfilled or partially fulfilling performance commitments existed on the balance sheet date.

Group	2023					Total
	Zubsolv®	Abstral®	Edluar®	vorvida®	deprexis®	
Segment						
US Pharma	577.7	—	—	—	—	577.7
Digital Therapeutics	—	—	—	0.0	0.0	0.1
HQ & Pipeline	18.4	31.9	10.8	—	—	61.1
Total revenue from contracts with customers	596.1	31.9	10.8	0.0	0.0	638.8
Geographical markets						
US	577.7	—	2.2	0.0	0.0	579.9
EU	18.4	31.1	5.4	—	—	55.0
Rest of the world	—	0.8	3.1	—	—	4.0
Total revenue from contracts with customers	596.1	31.9	10.8	0.0	0.0	638.8
Group	2022					Total
	Zubsolv®	Abstral®	Edluar®	vorvida®	deprexis®	
Segment						
US Pharma	571.4	—	—	—	—	571.4
Digital Therapeutics	—	—	—	0.3	0.1	0.4
HQ & Pipeline	11.8	30.4	10.4	—	—	52.6
Total revenue from contracts with customers	583.2	30.4	10.4	0.3	0.1	624.3
Geographical markets						
US	571.4	—	2.5	0.3	0.1	574.2
EU	11.8	29.3	4.5	—	—	45.6
Rest of the world	—	1.2	3.4	—	—	4.5
Total revenue from contracts with customers	583.2	30.4	10.4	0.3	0.1	624.3

Of the group's total revenue, over 97% (88%) consists of sales to three customers.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

NOTE 5 CONT. REVENUE FROM CONTRACTS WITH CUSTOMERS

Parent company	2023						Total
	Zubsolv®	Abstral®	Edluar®	vorvida®	deprexis®	MODIA®	
Segment							
US Pharma (intragroup)	432.2	—	—	—	—	—	432.2
Digital Therapeutics (intragroup)	—	—	—	0.0	0.0	0.6	0.6
HQ & Pipeline	18.4	31.9	10.8	—	—	—	61.1
Total revenue from contracts with customers	450.6	31.9	10.8	0.0	0.0	0.6	494.0
Geographical markets							
US	432.2	—	2.2	0.0	0.0	0.6	435.1
EU	18.4	31.1	5.4	—	—	—	55.0
Rest of the world	—	0.8	3.1	—	—	—	4.0
Total revenue from contracts with customers	450.6	31.9	10.8	0.0	0.0	0.6	494.0
Parent company	2022						Total
	Zubsolv®	Abstral®	Edluar®	vorvida®	deprexis®	MODIA®	
Segment							
US Pharma (intragroup)	294.0	—	—	—	—	—	294.0
Digital Therapeutics (intragroup)	—	—	—	0.2	0.1	1.4	1.6
HQ & Pipeline	11.8	30.4	10.4	—	—	—	52.6
Total revenue from contracts with customers	305.7	30.4	10.4	0.2	0.1	1.4	348.2
Geographical markets							
US	294.0	—	2.5	0.2	0.1	1.4	298.1
EU	11.8	29.3	4.5	—	—	—	45.6
Rest of the world	—	1.2	3.4	—	—	—	4.5
Total revenue from contracts with customers	305.7	30.4	10.4	0.2	0.1	1.4	348.2

The Group's revenues consists of and is reported as follows:

Sales, products

Revenues for the sale of goods are reported in its entirety at the time when the control of the goods is transferred to the counterparty, which is usually when the goods are delivered to the wholesalers who are the Group's customers. The transaction price is usually not known at the time of delivery, as the final price is dependent on the discount that will be paid to the public or private insurers who pay patients' drug costs. Since the final transaction price is not known, the Group estimates a discount deduction based on a statistical model that is based, among other things, on prescription data. The cumulative discount deduction is reported in the item provisions, and amounted to SEK 126.3 million (113.4) at the balance sheet date. Retailers have the right to return unsold goods, and the Group therefore estimates a deduction for expected future returns. The accumulated return deduction is reported under the item provisions, and amounted to SEK 6.7 million (8.1) at the balance sheet date. During the period, the Group reversed provisions for discounts and returns from previous periods to an amount of SEK 13.8 million (10.2). Estimates of discounts and returns are associated with significant uncertainty, see Note 4.

Royalties

Revenues from royalties are recognized at the time when the commitment to transfer intellectual property rights to the counterparty has been fulfilled, and the sales that form the basis of royalties have occurred. In practice, this means that revenues from royalties for such products where the transfer of the intellectual property rights has already taken place are reported when the sale of the goods that form the basis of royalties takes place. The Group usually does not receive information on actual sales in connection with the financial statements, and therefore estimates earned royalties during the end of the period. The estimate of earned royalties is associated with significant uncertainty, see Note 4.

Milestones

Revenue from milestone payments is reported at that time when the commitment to transfer intellectual property rights to the counterparty has been fulfilled, and the uncertainty about it that the milestone will be achieved has ceased. No milestone payments have been made during 2023. Orexo's license agreement usually includes one or more of the following types milestone payments:

- One-time compensation when entering into an agreement. Usually refers to the right to register, market and sell Orexo's patent protected products within a specified geographical area but can also constitute compensation for technology or knowledge transfer that must take place to the partner.
- Compensation for research collaboration. These are obtained continuously and is reported over the time it relates and the work is performed. Milestones fall out when research goals or sales targets have reached according to definitions in each agreement, for example when granting of patent, termination of clinical trial or approval of registrations. Such remuneration is reported when all the conditions for remuneration according to the agreement is met, and the uncertainty thus has ceased.
- License revenues for Digital mental health programs (DMHP) are recognized over the time during which the license is granted, as the license grant has been determined to be a "right to access" performance obligation. In cases where there is a right to return products, an estimated returns rate is applied which reduces the net revenues.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

 BACK TO START
NOTE 6 DISTRIBUTION OF REVENUE AND EBIT PER SEGMENT

US Pharma segment comprises the distribution and sale of Zubsolv® for treatment of opioid use disorder in the US. Digital Mental Health Programs segment comprise the distribution and sale of digital mental health programs in the US. HQ & Pipeline consists of the Group head quarter functions. R&D, Business Development, Global Regulatory and Supply Chain.

	2023	2022
US Pharma		
Net revenues	577.7	571.4
Operating earnings (EBIT)	283.1	308.4
Depreciation and amortization	-15.6	-15.4
Digital Mental Health Programs		
Net revenues	0.1	0.4
Operating earnings (EBIT)	-130.9	-189.1
Depreciation and amortization	-28.1	-25.7
HQ & Pipeline		
Net revenues	61.1	52.6
Operating earnings (EBIT)	-261.8	-303.2
Depreciation and amortization	-33.3	-27.7
Group		
Net revenues	638.8	624.3
Operating earnings (EBIT)	-109.5	-183.9
Depreciation and amortization	-77.0	-68.7
Net financial items	-30.8	13.5
Earnings before tax	-140.3	-170.4

Revenues from customer in Sweden amounted to SEK 11.0 million during 2023
 Fixed assets in Sweden amounted to SEK 13.3 million at December 31, 2023
 Intangible assets in Sweden amounted to SEK 147.7 million at December 31, 2023

NOTE 7 COSTS BY TYPE OF COST

Cost of goods sold consists of the cost of goods for the products that the Group sells. This includes costs for raw materials, direct and indirect cost of goods.

	Group		Parent company	
	2023	2022	2023	2022
Raw materials and consumables	88.9	102.6	93.7	72.4
Other external expense	372.4	405.7	328.1	433.2
Personnel costs	223.3	244.9	82.7	81.1
Depreciation/amortization and impairment	77.0	68.7	47.2	40.8
Total	761.6	822.0	551.7	627.5

NOTE 8 OTHER OPERATING INCOME

	Group		Parent company	
	2023	2022	2023	2022
Exchange gains	19.8	30.2	19.8	30.2
Other income	16.2	7.4	18.0	58.4
Gains on disposal of assets	-	0.2	-	0.2
Total	36.0	37.8	37.8	88.8

Other income in the parent company mainly refers to a transfer pricing related regulation, i.e. the profit of the US subsidiary is regulated to a percentage of sales. Excess profit goes to the parent company. Other income in the group consists of an insurance reimbursement.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

NOTE 9 DEPRECIATION/AMORTIZATION AND IMPAIRMENT

Depreciation, amortization and impairment are divided up by function as follows:

	Group		Parent company	
	2023	2022	2023	2022
Tangible fixed assets				
Sales	—	—	—	—
Administration	2.2	1.9	2.2	1.9
Research and development	11.3	6.2	11.3	6.2
Total tangible fixed assets	13.5	8.1	13.5	8.1
Intangible assets				
Selling	—	—	—	—
Administration	0.3	0.3	0.3	0.3
Research and development	43.8	41.4	33.4	32.4
Total intangible assets	44.1	41.7	33.7	32.7
Right-of use assets				
Selling	2.8	3.1	—	—
Administration	5.4	5.2	—	—
Research and development	11.3	10.7	—	—
Total right-of use assets	19.5	18.9	0.0	0.0
Total depreciation/amortization and impairment	77.0	68.7	47.2	40.8

NOTE 10 REMUNERATION TO EMPLOYEES

Average number of employees

Group	2023		2022	
	Average number of employees	Of whom women	Average number of employees	Of whom women
Sweden	57	28	58	30
USA	61	35	78	44
Total for Group	118	63	144	73

Parent company	2023		2022	
	Average number of employees	Of whom women	Average number of employees	Of whom women
Sweden	57	28	58	30
Total for parent company	57	28	58	30

	Group		Parent company	
	2023	2022	2023	2022
Costs and remuneration to all employees and Board, SEK thousands				
Salaries, remuneration and social security fees				
Salaries and other remuneration to the Board, President and Executive Management	32,264	36,156	16,557	19,159
Salaries and other remuneration to other employees	169,847	137,461	38,049	34,480
Pension cost for the Board, President and Executive Management ¹	2,405	2,346	1,985	1,834
Pension cost for other employees ¹	11,994	12,437	7,341	7,532
Social security fees for the Board, President and Executive Management ²	6,245	5,408	5,813	5,222
Social security fees for other employees ²	17,978	17,771	10,568	10,886
Other personnel costs	21,841	19,549	4,095	1,959
Total	262,574	231,128	84,407	81,072

¹ Pertains in its entirety to defined-contribution pension plan.

² Pertains to estimated costs for social security fees for employee stock option program.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

NOTE 10 CONT. REMUNERATION TO EMPLOYEES

Costs and remuneration to the Board, President and senior executives 2023, SEK thousands

SEK thousands	Basic salary/Board fees	Variable remuneration ¹	Other benefits ²	Pension costs	Share-based payment	Total remuneration
Board of Directors						
James Noble, Chairman	1,500	—	—	—	—	1,500
Henrik Kjaer Hansen, Board member ⁴	0	—	—	—	—	0
Fred Wilkinson, Board member	400	—	—	—	—	400
Staffan Lindstrand, Board member	450	—	—	—	—	450
Mary Pat Christie, Board member	400	—	—	—	—	400
Charlotte Hansson, Board member	600	—	—	—	—	600
Christine Rankin, Board member	550	—	—	—	—	550
Michael J Matly, Board member	400	—	—	—	—	400
Robin Evers, Board member ⁶	50	—	—	—	—	50
Subtotal	4,350	0	0	0	0	4,350
President and senior executives						
Nikolaj Sørensen, President and CEO	3,642	1,326	119	749	282	6,117
Other senior executives (5) ³	16,019	5,245	1,266	1,656	794	24,981
Total	24,011	6,570	1,385	2,405	1,076	35,448

Costs and remuneration to the Board, President and senior executives 2022, SEK thousands

SEK thousands	Basic salary/Board fees	Variable remuneration ¹	Other benefits ²	Pension costs	Share-based payment	Total remuneration
Board of Directors						
James Noble, Chairman	1,500	—	—	—	—	1,500
Henrik Kjaer Hansen, Board member ⁴	0	—	—	—	—	0
Fred Wilkinson, Board member	400	—	—	—	—	400
Staffan Lindstrand, Board member	450	—	—	—	—	450
Mary Pat Christie, Board member	400	—	—	—	—	400
Charlotte Hansson, Board member	600	—	—	—	—	600
Christine Rankin, Board member	367	—	—	—	—	367
Michael J Matly, Board member	267	—	—	—	—	267
David Colpman, Board member	150	—	—	—	—	150
Kirsten Detrick, Board member	133	—	—	—	—	133
Subtotal	4,267	0	0	0	0	4,267
President and senior executives						
Nikolaj Sørensen, President and CEO	3,681	1,209	114	771	316	6,092
Other senior executives (8) ³	19,572	4,675	1,610	1,575	283	27,715
Total	27,520	5,884	1,724	2,346	600	38,074

¹ Consists of variable bonuses based on the achievement of the company's goals and is related to a fixed percentage of basic salary

² Consists of company car benefit and health insurance

³ Refers to Robert A. DeLuca, Edward Kim, Fredrik Järsten, Robert Rönn and Cecilia Coupland

⁴ Refrained from board fee

⁵ Refers to Robert A. DeLuca, Michael Sumner (until June 2022), Edward Kim (from October 2022) Joseph DeFeo (until September 2022), Fredrik Järsten (from June 2022), Dennis Urbaniak (until December 2022), Robert Rönn and Cecilia Coupland

⁶ Elected at the Extraordinary General Meeting in October 2023

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

NOTE 10 CONT. REMUNERATION TO EMPLOYEES

Board members and senior executives

	2023		2022	
	Number on the closing date	Of whom men	Number on the closing date	Of whom men
Group (incl. subsidiaries)				
Board members	8	63%	8	63%
President and other senior executives	6	83%	6	83%
Parent company				
Board members	8	63%	8	63%
President and other senior executives	4	75%	4	75%

For a further description of share-based remuneration and holdings of shares and stock options, refer to Note 24 and the Corporate Governance report.

Pension obligations

The Group only has defined contribution pension plans. These are reported as sales administration or R&D costs, depending on which department the employee belongs to.

Accounting principles for bonus plans

The Group has a bonus system that includes management and key personnel. The bonus system is based on the fulfillment of the company's goals and is paid out in relation to the annual salary. During the financial year, the estimated earned bonus for the year is calculated and expensed. This is reported as sales, administration or R&D costs, depending on which department the employee belongs to.

Guidelines for executive remuneration¹

The executive management of Orexo AB (publ) ("Orexo" or the "company") falls within the provisions of these guidelines. Executive management refers to board members, the CEO and other members of the executive management. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting. These guidelines do not apply to any remuneration decided or approved by the general meeting.

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

The company's business strategy is the following.

Orexo has developed from being an R&D stage company to becoming a profitable fully integrated specialty pharmaceutical company with its own commercial business in the US. From a strong operational and financial platform, Orexo is aiming to become a leader in the field of substance use disorder. To achieve this, the commercial business will be broadened through business development, M&A and launch of proprietary pharmaceuticals and digital therapies.

Orexo's objectives and strategies onwards is to broaden the US commercial platform to leverage scale and expand sales, further accelerate Orexo US performance and EBIT construction as well as to launch at least one new product from the pipeline within three years.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

Long-term share-related incentive plans have been implemented in the company. Such plans have been resolved by the general meeting and are therefore excluded from these guidelines. The long-term share-related incentive plans for certain senior executives and key employees within the Orexo group and for Group Management Team and US Leadership Team employees, respectively, proposed by the Board of Directors and submitted to the Annual General Meeting for approval are excluded for the same reason. The current plans include certain executives and key employees within the Orexo group. The performance criteria used to assess the outcome of the plans are distinctly linked to the business strategy and thereby to the company's long-term value creation, including its sustainability. These performance criteria currently comprise the share price development, the surpassing of a certain index or the meeting of certain financing and operating objectives, and thereby organic growth and product development. Further, the plans are conditional upon certain holding periods.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

Orexo shall offer terms of employment that are in line with market rates so that the company can recruit and retain skilled personnel. Remuneration to the executive management shall comprise a fixed salary, variable remuneration, long-term incentive programs, pensions and other customary benefits. Remuneration is based on the individual's commitment and performance in relation to previously established goals, both individual goals and goals for the entire company. Individual performance is continuously evaluated.

Fixed salary is generally reviewed on an annual basis and shall be based on the qualitative performance of the individual. The fixed salary of the executive management shall be in line with market conditions.

¹ The guidelines were adopted by the Annual General Meeting on April 21, 2022 and are forward-looking.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

NOTE 10 CONT. REMUNERATION TO EMPLOYEES

The executive management may be offered cash bonuses. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. Variable remuneration shall take into account the individual's level of responsibility and degree of influence. The size of variable remuneration is based on the percentage of predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promoting the executive's long-term development. To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation of the variable cash remuneration to the CEO and the other executives. For financial objectives, the evaluation shall be based on the latest financial information made public by the company. The variable remuneration shall amount to a maximum of 40 percent of the annual fixed cash salary for the CEO, up to 30 percent of the annual fixed cash salary for other members of the executive management in Sweden and up to 60 percent of the annual fixed cash salary for members of the executive management employed in the US subsidiary. The majority of the variable remuneration shall be based on the sales development and the financial results at group and subsidiary level. The percentage rate in relation to US employees reflects the subsidiary's significance for the group's earnings as well as an American labor market that is requiring an increased share of variable remuneration in order to attract and retain key employees. Furthermore, the Board of Directors shall have the option of allocating further variable non-recurring remuneration to the management when the board deems it to be appropriate. Such allocation of non-recurring remuneration may, after consolidation with other variable remuneration, amount to a maximum of 70 percent of the annual fixed cash salary.

The CEO and the other members of the executive management are covered by defined contribution pension plans, including health insurance (Sw. sjukförsäkring). Variable cash remuneration shall not qualify for pension benefits except to the extent required by mandatory collective agreement provisions applicable to the executive. The pension premiums paid by the company to the CEO may amount up to 20 percent of the annual fixed cash salary and amount to not more than 25 percent of the annual fixed cash salary for other members of the executive management team.

The employment agreement with the CEO may be terminated with six months' notice. Employment agreements with the other members of the executive management may be terminated with a notice of between zero and six months. The CEO is entitled to severance pay equivalent to six months' salary if employment is terminated by the company. The other members of the executive management are entitled to severance pay equivalent to between 3 and 12 months' salary if employment is terminated by the company. Upon notice from the executive, there is no right to severance pay.

In addition, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than 12 months following termination of employment.

Executives may be awarded customary other benefits, such as company car and travel between the place of residence and the workplace. Such other benefits may amount to not more than 20 percent of the fixed annual cash salary.

The board is entitled, if it assesses that this is warranted in an individual case, to assign company work to a board member over and above the board assignment, in which case the board member may be granted reasonable remuneration.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines. Executives who are expatriates to or from Sweden may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the expat arrangement, taking into account, to the extent possible, the overall purpose of these guidelines. Such benefits may not in total exceed 30 percent of the fixed annual cash salary.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting.

The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Annual General Meeting 2024

The same guidelines for remuneration will be proposed for the Annual General Meeting 2024.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

 BACK TO START
NOTE 11 EXCHANGE-RATE DIFFERENCES

Exchange-rate gains and losses arising from the payment of transactions and in the translation of monetary assets and liabilities in foreign currency at the closing date are recognized in the statement of operations among Other operating income and Other operating expenses.

The statement of operations includes exchange-rate differences on operating receivables and operating liabilities as follows:

	Group		Parent company	
	2023	2022	2023	2022
Other operating income	19.8	30.2	19.8	30.2
Other operating expenses	-20.7	-23.4	-20.7	-23.4
Total	-0.9	6.8	-0.9	6.8

For exchange rate effect in net financial items see Note 12.

NOTE 12 FINANCIAL INCOME AND EXPENSES

Exchange-rate gains and losses arising from the translation are recognized in the statement of operations financial income and expenses. Interest income is recognized over the time to maturity using the effective interest method.

	Group		Parent company	
	2023	2022	2023	2022
Financial income				
Interest from Group	6.4	—	5.7	2.0
Other interest income	1.4	4.0	1.4	3.4
Exchange rate effect	12.4	70.8	12.4	70.8
Total financial income	20.2	74.8	19.5	76.2
Financial expenses				
Interest expense from corporate bonds	-37.0	-23.0	-37.0	-23.0
Interest expense leasing	-1.7	-2.3	0.0	—
Borrowing costs, corporate bonds	-2.5	-2.5	-2.5	-2.5
Exchange rate effect	-9.8	-33.6	-9.8	-33.6
Total financial expenses	-51.0	-61.4	-49.3	-59.1
Net financial items	-30.8	13.5	-29.8	17.1

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

 BACK TO START

NOTE 13 TAX

	Group		Parent company	
	2023	2022	2023	2022
Current tax	-4.2	-3.9	—	—
Deferred tax	16.3	-3.3	—	—
Total	12.0	-7.2	0.0	0.0
Difference between the Group's tax expense and tax expense based on current tax rate				
Recognized pre-tax earnings	-140.3	-170.4	-70.4	-196.8
Tax under current tax rate (20.6%)	28.9	35.1	14.5	40.5
Tax effect of foreign tax rates	-2.4	-1.8	—	—
Tax effect of non-deductible costs	0.1	-0.1	0.1	-0.1
Unrecognized carry-forward losses	-14.6	-40.4	-14.6	-40.4
Tax on earnings for the year according to the statement of operations	12.0	-7.2	0.0	0.0

NOTE 14 EARNINGS PER SHARE

Earnings per share before dilution are calculated by dividing the earnings attributable to the parent company by a weighted average number of common shares outstanding during the period, as shown in the presentation below.

Group	2023	2022
Earnings used for the calculation of earnings per share before dilution, SEK million	-128.3	-177.6
Average number of shares before dilution	34,413,408	34,351,732
Earnings per share before dilution (SEK per share)	-3.73	-5.17
Average number of shares after dilution	34,413,408	34,351,732
Earnings per share after dilution (SEK per share)	-3.73	-5.17
Options/share rights outstanding (amount)	3,874,619	2,797,675

For calculating the earnings per share after dilution, the weighted average number of common shares outstanding is adjusted for the dilution effects of all potential common shares. The potential common shares in the parent company are represented by employee stock options and share rights.

Group	2023	2022
Average number of shares before dilution	34,413,408	34,351,732
Potential shares from options and share rights	0	0
Average number of shares after dilution	34,413,408	34,351,732

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

 BACK TO START
NOTE 15 TANGIBLE FIXED ASSETS

Tangible fixed assets are recognized as cost, less depreciation and impairment, if any. Straight-line depreciation methods are used for all types of tangible fixed assets. The following depreciation periods are applied:

- Improvements leasehold 20 years
- Machinery and equipment 5 years
- Computers 5 years

The residual value and useful life of assets are tested on every closing date and adjusted where necessary. Any write-downs are recognized in the income statement as other expenses.

Group	Equipment and machinery	Computers	Improvement expenses other's property	Total
Fiscal year 2022				
Opening balance	89.9	1.1	36.0	127.0
Additions	18.8	0.0	0.0	18.8
Disposals	-0.9	0.0	0.0	-0.9
Outgoing accumulated acquisitions	107.8	1.1	36.0	144.9
Ingoing depreciation	-34.3	-1.1	-25.7	-61.1
Depreciation	-6.2	0.0	-1.8	-8.1
Depreciation disposals	0.3	0.0	0.0	0.3
Accumulated depreciation	-40.1	-1.1	-27.6	-68.8
At December 31, 2022				
Cost	107.8	1.1	36.0	144.9
Accumulated depreciation and impairment	-40.1	-1.1	-27.6	-68.8
Carrying amount	67.6	0.0	8.4	76.1
Fiscal year 2023				
Opening balance	107.8	1.1	36.0	144.9
Additions	18.5	0.0	0.0	18.5
Disposals	-0.3	-0.9	-1.4	-2.6
Outgoing accumulated acquisitions	126.0	0.2	34.6	160.7
Ingoing depreciation	-40.1	-1.1	-27.6	-68.8
Depreciation	-11.4	0.0	-2.1	-13.5
Depreciation disposals	0.3	0.9	1.4	2.6
Accumulated depreciation	-51.2	-0.2	-28.3	-79.7
At December 31, 2023				
Cost	126.0	0.2	34.6	160.7
Accumulated depreciation and impairment	-51.2	-0.2	-28.3	-79.7
Carrying amount	74.7	0.0	6.3	81.0

Parent company	Equipment and machinery	Computers	Improvement expenses other's property	Total
Fiscal year 2022				
Opening balance	89.9	1.1	36.0	127.0
Additions	18.8	0.0	0.0	18.8
Disposals	-0.9	0.0	0.0	-0.9
Outgoing accumulated acquisitions	107.8	1.1	36.0	144.9
Ingoing depreciation	-34.3	-1.1	-25.7	-61.1
Depreciation	-6.2	0.0	-1.8	-8.1
Depreciation disposals	0.3	0.0	0.0	0.3
Accumulated depreciation	-40.1	-1.1	-27.6	-68.8
At December 31, 2022				
Cost	107.8	1.1	36.0	144.9
Accumulated depreciation and impairment	-40.1	-1.1	-27.6	-68.8
Carrying amount	67.6	0.0	8.4	76.1
Fiscal year 2023				
Opening balance	107.8	1.1	36.0	144.9
Additions	18.5	0.0	0.0	18.5
Disposals	-0.3	-0.9	-1.4	-2.6
Outgoing accumulated acquisitions	126.0	0.2	34.6	160.7
Ingoing depreciation	-40.1	-1.1	-27.6	-68.8
Depreciation	-11.4	0.0	-2.1	-13.5
Depreciation disposals	0.3	0.9	1.4	2.6
Accumulated depreciation	-51.2	-0.2	-28.3	-79.7
At December 31, 2023				
Cost	126.0	0.2	34.6	160.7
Accumulated depreciation and impairment	-51.2	-0.2	-28.3	-79.7
Carrying amount	74.7	0.0	6.3	81.0

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of
Directors and President

Auditor's report

Reconciliations and definitions
of key figures

CORPORATE GOVERNANCE

 BACK TO START
NOTE 16 INTANGIBLE FIXED ASSETS

Intangible fixed assets are recognized as cost, less depreciation and impairment, if any. Straight-line depreciation methods are used for all types of intangible fixed assets. The following depreciation periods are applied:

- Acquired R&D 10 years
- Patents and rights 5–10 years
- Proprietary intellectual property rights 10 years
- Software (IT-system) 5 years

The residual value and useful life of assets are tested on every closing date and adjusted where necessary. Any write-downs are recognized in the income statement as other expenses.

Group	Acquired R&D	Patents and rights	Proprietary intellectual property right ¹	Software	Total
Fiscal year 2022					
Opening balance	435.1	202.3	153.6	54.4	845.4
Additions	–	0.0	–	5.1	5.1
Disposals					
Exchange rate differences	–	–	–	5.2	5.2
Outgoing accumulated acquisitions	435.1	202.3	153.6	64.7	855.7
Accumulated amortization and impairment	–435.1	–45.0	–98.5	–18.0	–596.6
Amortization	–	–16.7	–15.4	–9.7	–41.7
Amortization disposals					
Accumulated amortization and impairment	–435.1	–61.7	–113.9	–27.6	–638.3
At December 31, 2022					
Cost	435.1	202.3	153.6	64.7	855.7
Accumulated amortization and impairment	–435.1	–61.7	–113.9	–27.6	–638.3
Carrying amount	0.0	140.6	39.7	37.1	217.5
Fiscal year 2023					
Opening balance	435.1	202.3	153.6	64.7	855.6
Additions	0.0	0.0	0.0	0.7	0.7
Disposals	0.0	–0.2	0.0	–1.6	–1.8
Exchange rate differences	0.0	0.0	0.0	–1.9	–1.9
Outgoing accumulated acquisitions	435.1	202.0	153.6	61.9	852.6
Accumulated amortization and impairment	–435.1	–61.7	–113.9	–27.6	–638.3
Amortization	0.0	–17.8	–15.6	–10.1	–43.5
Amortization disposals	0.0	0.9	0.0	1.6	2.4
Accumulated amortization and impairment	–435.1	–78.6	–129.5	–36.2	–679.3
At December 31, 2023					
Cost	435.1	202.0	153.6	61.9	852.6
Accumulated amortization and impairment	–435.1	–78.6	–129.5	–36.2	–679.3
Carrying amount	0.0	123.4	24.1	25.7	173.3

¹ The proprietary intangible asset consists of clinical studies and registration expenses for these that are considered to contribute to future economic advantages for the Group. These studies are linked to products that have already been approved and commercialized. Other clinical studies are carried as an expense.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

NOTE 16 CONT. INTANGIBLE FIXED ASSETS

Parent company	Acquired R&D	Patents and rights	Proprietary intellectual property right	Software	Total
Fiscal year 2022					
Opening balance	435.1	202.3	153.6	15.0	805.9
Additions	–	–	–	–	–
Disposals					
Outgoing accumulated acquisitions	435.1	202.3	153.6	15.0	805.9
Accumulated amortization and impairment	–435.1	–44.5	–98.5	–13.8	–591.9
Amortization	–	–16.7	–15.4	–0.7	–32.7
Amortization disposals					
Accumulated amortization and impairment	–435.1	–61.2	–113.9	–14.4	–624.6
At December 31, 2022					
Cost	435.1	202.3	153.6	15.0	805.9
Accumulated amortization and impairment	–435.1	–61.2	–113.9	–14.4	–624.6
Carrying amount	0.0	141.1	39.7	0.6	181.4
Fiscal year 2023					
Opening balance	435.1	202.3	153.6	15.0	805.9
Additions	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	–0.2	0.0	–1.6	–1.8
Outgoing accumulated acquisitions	435.1	202.0	153.6	13.4	804.1
Accumulated amortization and impairment	–435.1	–61.2	–113.9	–14.4	–624.6
Amortization	0.0	–17.8	–15.6	–0.4	–33.7
Amortization disposals	0.0	0.4	0.0	1.6	1.9
Accumulated amortization and impairment	–435.1	–78.6	–129.5	–13.2	–656.3
At December 31, 2023					
Cost	435.1	202.0	153.6	13.4	804.1
Accumulated amortization and impairment	–435.1	–78.6	–129.5	–13.2	–656.3
Carrying amount	0.0	123.4	24.1	0.2	147.7

Proprietary intangible asset at December 31, 2023

A proprietary intangible asset amounting to SEK 24.1 million (39.7) is attributable to expenses for clinical studies and a registration expense for these studies. Management assesses that these will give the Group future economic benefits in the form of expanded use of Zubsoolv®. The expanded label (initiation of treatment of opioid dependence) was approved by the FDA, the US Food and Drug Administration, in August 2015 and in conjunction with this amortization was begun and will occur over a time

period of 10 years. During the year there was no impairment of proprietary intangible assets. Intangible assets for Digital Mental Health Programs amounting to SEK 149.1 million (177.2) are included in Patents and rights and Software above and consist of milestone payments for licenses and similar rights as well as intangible assets related to enterprise platform. Amortization was begun when products became available commercially in 2020 and 2022 and will occur over a time period of 10 years.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of
Directors and President

Auditor's report

Reconciliations and definitions
of key figures

CORPORATE GOVERNANCE

 BACK TO START

NOTE 16 CONT. INTANGIBLE FIXED ASSETS

Research and development costs

Research and development costs during the period amounted to SEK 303.1 million (318.0).

Impairment testing

During the year the group has performed quarterly impairment tests of its intangible assets related to Digital Mental Health Programs. As of December 31, 2023 the group has intangible assets for Digital Mental Health Programs of SEK 149.1 million, consisting of milestone payments for licenses and similar rights as well as intangible assets related to enterprise platform. The impairment tests were performed based on discounted cash flows for the years 2024 to 2032 for vorvida®, deprexis® and MODIA®. The most significant assumption utilized was projected future revenue growth, as the value of the assets is dependent on the company successfully commercializing the products and earning positive cash flows. The period for which cash flows were projected was longer than five years, due to the early phase of commercialization the Digital Mental Health Programs are currently in. A risk-adjusted discount rate (WACC) of 14.0% was applied to the tests. The tests performed did not indicate any impairment.

The products are currently earning limited revenue, and the recoverable value is entirely dependent on substantial future sales growth to earn positive cash flows. A reasonably possible change in key assumptions would hence cause the carrying amount to exceed the recoverable amount, as such growth may not materialize or be lower than anticipated. The recoverable amount of assets related to vorvida® exceeds the carrying amount by SEK 60 million, and an increase in WACC, everything else held equal, to 25.7%, would result in the assets having a recoverable amount equal to their carrying amount. The recoverable amount of assets related to deprexis® exceeds the carrying amount by SEK 111 million, and an increase in WACC, everything else held equal, to 17.3%, would result in the assets having a recoverable amount equal to their carrying amount. The recoverable amount of assets related to MODIA® exceeds the carrying amount by SEK 180 million, and an increase in WACC, everything else held equal, to 55.2%, would result in the assets having a recoverable amount equal to their carrying amount.

NOTE 17 RESERVES

Group	Omräkningsreserv
Opening balance at January 1, 2022	-0.4
Translation differences	22.1
Closing balance at December 31, 2022	21.7
Opening balance at January 1, 2023	21.7
Translation differences	-6.8
Closing balance at December 31, 2023	14.9

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of
Directors and President

Auditor's report

Reconciliations and definitions
of key figures

CORPORATE GOVERNANCE

NOTE 18 INFORMATION ON FINANCIAL INSTRUMENTS IN THE GROUP

Classification and categorization of assets and liabilities in the group 2023

December 31, 2023	Financial assets measured at amortized cost	Total financial assets	Non-financial assets	Total
Assets				
Tangible fixed assets	—	0.0	81.0	81.0
Intangible fixed assets	—	0.0	173.3	173.3
Right-of-use asset	—	0.0	24.5	24.5
Deferred tax asset	—	0.0	48.1	48.1
Inventories	—	0.0	42.4	42.4
Financial assets	0.8	0.8	—	0.8
Accounts receivable	197.6	197.6	—	197.6
Other current receivables	—	0.0	15.1	15.1
Prepaid expenses and accrued income	—	0.0	32.7	32.7
Short-term investment	—	0.0	—	0.0
Cash and cash equivalents	171.0	171.0	—	171.0
Total assets	369.4	369.4	417.1	786.6

December 31, 2023	Financial liabilities measured at amortized cost	Total financial liabilities	Non-financial liabilities	Total
Shareholders' equity and liabilities				
Shareholders' equity	—	0.0	58.9	58.9
Long-term liabilities, provision	—	0.0	11.5	11.5
Leasing, long-term	4.5	4.5	—	4.5
Borrowings	448.4	448.4	—	448.4
Accounts payable	36.5	36.5	—	36.5
Provisions	—	0.0	133.1	133.1
Other current liabilities	2.8	2.8	7.7	10.5
Leasing, short-term	20.9	20.9	—	20.9
Prepaid expenses	27.9	27.9	34.3	62.2
Total shareholders' equity and liabilities	541.0	541.0	245.5	786.6

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of
Directors and President

Auditor's report

Reconciliations and definitions
of key figures

CORPORATE GOVERNANCE

NOTE 18 CONT. INFORMATION ON FINANCIAL INSTRUMENTS IN THE GROUP

Classification and categorization of assets and liabilities in the group 2022

December 31, 2022	Financial assets measured at amortized cost	Total financial assets	Non-financial assets	Total
Assets				
Tangible fixed assets	—	0.0	76.1	76.1
Intangible fixed assets	—	0.0	217.4	217.4
Right-of-use asset	—	0.0	46.0	46.0
Deferred tax asset	—	0.0	33.1	33.1
Inventories	—	0.0	74.6	74.6
Financial assets	0.9	0.9	—	0.9
Accounts receivable	246.5	246.5	—	246.5
Other current receivables	—	0.0	25.9	25.9
Prepaid expenses and accrued income	—	0.0	36.6	36.6
Short-term investment	219.6	219.6	—	219.6
Cash and cash equivalents	132.2	132.2	—	132.2
Total assets	599.2	599.2	509.8	1,109.0

December 31, 2022	Financial liabilities measured at amortized cost	Total financial liabilities	Non-financial liabilities	Total
Shareholders' equity and liabilities				
Shareholders' equity	—	0.0	193.9	193.9
Long-term liabilities, provision	—	0.0	10.2	10.2
Leasing, long-term	24.2	24.2	—	24.2
Borrowings	494.8	494.8	—	494.8
Accounts payable	86.6	86.6	—	86.6
Provisions	—	0.0	121.5	121.5
Other current liabilities	99.3	99.3	18.5	117.8
Leasing, short-term	20.6	20.6	—	20.6
Prepaid expenses	27.4	27.4	12.0	39.3
Total shareholders' equity and liabilities	752.8	752.8	356.2	1,109.0

For all items above the carrying amount is an approximation of the fair value, and therefore these items are not divided up into levels in the measurement hierarchy. The reported value of the bond loan amounted to SEK 448.4 million, no active trading has taken place and thus the fair value according to level 2 (discounting of future cash flows) amounted to a substantially equal amount.

Other borrowings have variable interest rates so book values in all material deemed to approximate fair values. Description of Company's borrowings can be found in Note 26.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

 BACK TO START

NOTE 19 INVENTORIES

Orexo applies the first in, first out (FIFO) principle. The cost for finished products and work in progress consists of raw materials, direct salaries, other direct costs and attributable indirect manufacturing costs (based on normal manufacturing capacity). Tests for obsolete stock is performed on quarterly basis based on sales forecast and shelf life of material in inventory.

	Group		Parent company	
	2023	2022	2023	2022
Raw materials	12.5	27.9	12.5	27.9
Work in progress	13.0	26.9	13.0	26.9
Finished products	16.9	19.7	0.0	5.4
Total	42.4	74.6	25.6	60.2

The cost of goods from inventory expensed in the Group amounted to SEK 88.9 million (98.4) and in the parent company to SEK 93.7 million (50.3). Write-downs amounted to SEK –0.1 million (4.3).

NOTE 20 ACCOUNTS RECEIVABLE

Accounts receivable are reported at amortized cost. A provision for expected credit losses is recorded based on the Group's forward-looking expected credit losses.

A/R, SEK m per currency	Group		Parent company	
	2023	2022	2023	2022
SEK	0.0	0.0	0.0	0.0
USD	189.5	235.4	15.7	7.0
EUR	8.1	11.0	8.1	11.0
Total	197.6	246.5	23.8	18.0

The total of the Group's accounts receivables includes provisions for liabilities to customers, which are netted out under the accounts receivables item.

Impairment losses on accounts receivable amounted to SEK 0.0 million (0.2) in the Group. In the Parent company impairment losses amounted to SEK 0.0 million (0.0). The carrying amount corresponds to fair value since all receivables are current and are due within one year. Historically, the Group has had no significant losses, and expected future losses do not amount to significant amounts.

Credit concentration, A/R distributed among the Group's largest customers	Group	
	2023	2022
Customer 1	102.0	109.8
Customer 2	56.9	59.0
Customer 3	32.6	48.4
Customer 4	15.4	7.2
Total	207.0	224.5

Overdue A/R	Group		Parent company	
	2023	2022	2023	2022
Less than 30 days	2.8	3.4	2.8	3.4
31 days and older	6.9	1.1	6.5	0.7
Total	9.7	4.5	9.3	4.1

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

NOTE 21 OTHER RECEIVABLES

	Group		Parent company	
	2023	2022	2023	2022
VAT receivable	3.1	3.4	3.1	3.4
Tax receivable	7.1	19.2	2.7	2.7
Other	4.8	3.3	4.8	3.3
Total	15.1	25.9	10.6	9.4

NOTE 22 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent company	
	2023	2022	2023	2022
Prepaid rents	–	–	5.0	4.7
FDA annual fee	15.7	15.4	–	–
Other prepayments	17.0	21.2	13.4	18.1
Total	32.7	36.6	18.4	22.8

NOTE 23 CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	Group		Parent company	
	2023	2022	2023	2022
Cash and bank balances	171.0	132.2	145.5	61.7
Short-term investments	–	219.6	–	178.6
Total	171.0	351.9	145.5	240.3

The Group has no unused credit facilities at December 31, 2023.

Cash and cash equivalents in SEK million distributed per currency	Group		Parent company	
	2023	2022	2023	2022
SEK	110.2	29.5	108.6	28.0
USD	57.0	99.3	33.0	30.3
EUR	3.8	3.4	3.8	3.4
GBP	0.0	0.0	0.0	0.0
Total	171.0	132.2	145.5	61.7

Orexo has made the assessment there is no need for a reserve for expected credit losses as the group is not exposed to significant credit risk for cash and cash equivalents. This is driven by the fact that cash and cash equivalents are held entirely in bank accounts whom have minimal credit risk.

NOTE 24 SHARE-BASED PAYMENTS

Orexo has introduced share-based payments in the form of share awards and employee stock options designed to motivate and reward through ownership, thereby promoting the company's long-term interests. Share awards and employee stock options are vested provided that the holder remains employed or is a Board member in Orexo on this date, see below for detailed descriptions of the performance criterias for the specific programs.

Options and share options whose earnings are dependent on non-market conditions of performance are valued with the Black & Scholes model, alternatively fair value equal to share price.

The share price and the risk-free rate used are the valid ones at the valuation date. The volatility taken into account in the valuation is based on the historical volatility of the stock over a period of 0.5–3 years.

Cost per fiscal year	Total cost	
2023		4.2
2022		1.2
Employee stock options/share awards allotted	Antal	Lösenkurs, vägt snitt
At December 31, 2021	1,629,022	57
Allotted during the period	1,817,278	20
Redeemed during the period	–104,580	–
Forfeited during the period	–544,045	41
At December 31, 2022	2,797,675	36
Allotted during the period	1,930,100	15
Redeemed during the period	–157,317	15
Forfeited during the period	–695,839	56
At December 31, 2023	3,874,619	22

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

NOTE 24 CONT. SHARE-BASED PAYMENTS

Employee stock options/share awards per year	Number outstanding at December 31, 2023	Number vested at December 31, 2023	Exercise price	Volatility, option, weighted average	Value per share	Value per option weighted average	Maturity date
LTIP 2021 Options	449,230	0	45.3	56%	39.9	2.3	2024-06-15
LTIP 2021 PSU	146,909	0	0.0	56%	39.9	20.9	2024-06-15
LTIP 2021 Stay on Opt in 1 Options	1,308	0	37.2	55%	38.6	0.5	2024-08-02
LTIP 2021 Stay on Opt in 1 PSU	1,072	0	0.0	54%	38.6	16.4	2024-08-02
LTIP 2021 Stay on Opt in 2 Options	4,260	0	37.2	50%	21.8	1.8	2025-03-29
LTIP 2021 Stay on Opt in 2 PSU	3,834	0	0.0	53%	21.8	16.6	2025-03-29
LTIP 2022 Options	1,019,895	0	20.2	50%	18.0	3.0	2025-05-12
LTIP 2022 PSU	379,108	0	0.0	50%	18.0	15.7	2025-05-12
LTIP 2022 Stay on Opt in 1 Options	5,187	0	20.2	52%	19.4	3.2	2025-07-01
LTIP 2022 Stay on Opt in 1 PSU	4,666	0	0.0	52%	19.4	15.6	2025-07-01
LTIP 2022 Stay on Opt in 2 Options	3,150	0	20.2	54%	10.8	4.2	2026-05-05
LTIP 2022 Stay on Opt in 2 PSU	3,150	0	0.0	54%	10.8	15.5	2026-05-05
LTIP 2023 Options	1,280,612	0	14.7	54%	10.4	5.7	2026-06-30
LTIP 2023 PSU	549,630	0	0.0	54%	10.4	15.3	2026-06-30
LTIP 2023 Stay on Opt in 1 Options	11,304	0	14.7	54%	13.6	6.0	2026-10-26
LTIP 2023 Stay on Opt in 1 PSU	11,304	0	0.0	54%	13.6	15.5	2026-10-26
Total employee stock options/share awards	3,874,619	0					

Employee stock options/share awards per year	Number outstanding at December 31, 2022	Number vested at December 31, 2022	Exercise price	Volatility, option, weighted average	Value per share	Value per option weighted average	Maturity date
LTIP 2020 Options	316,671	0	78.6	56%	76.2	3.0	2023-06-08
LTIP 2020 PSU	135,735	0	0.0	56%	76.2	28.6	2023-06-08
LTIP 2020 Stay on Options	7,393	0	55.9	57%	57.0	0.2	2023-08-03
LTIP 2020 Stay on PSU	7,393	0	0.0	57%	57.0	18.9	2023-08-03
LTIP 2021 Options	535,730	0	45.3	56%	39.9	3.1	2024-06-15
LTIP 2021 PSU	139,968	0	0.0	56%	39.9	23.1	2024-06-15
LTIP 2021 Stay on Opt in 1 Options	1,574	0	37.2	55%	38.6	2.1	2024-08-02
LTIP 2021 Stay on Opt in 1 PSU	1,290	0	0.0	54%	38.6	18.9	2024-08-02
LTIP 2021 Stay on Opt in 2 Options	4,260	0	37.2	50%	21.8	3.2	2025-03-29
LTIP 2021 Stay on Opt in 2 PSU	4,260	0	0.0	53%	21.8	18.9	2025-03-29
LTIP 2022 Options	1,142,665	0	20.2	50%	18.0	6.2	2025-05-12
LTIP 2022 PSU	490,030	0	0.0	50%	18.0	18.9	2025-05-12
LTIP 2022 Stay on Opt in 1 Options	5,353	0	20.2	52%	19.4	6.5	2025-07-01
LTIP 2022 Stay on Opt in 1 PSU	5,353	0	0.0	52%	19.4	18.9	2025-07-01
Total employee stock options/share awards	2,797,675	0					

 BACK TO START

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

◀ BACK TO START

NOTE 24 CONT. SHARE-BASED PAYMENTS

As of December 31, 2023, there were a total of 3,874,619 employee stock options and share rights outstanding, of which 2,774,946 were employee stock options and 784,029 share rights. Each employee stock option or share right entitles to exchange for one share in Orexo.

During 2023 the company allotted 1,930,100 employee stock options and share rights, of which the CEO and other senior executives were allotted 722,786, corresponding to 37 percent.

The financial and operational targets set by the Board for 2023 reached a score of 90 percent and hence 10 percent of the allocated share awards pertaining to performance target 2 will forfeit. In total 695,839 employee stock options and share rights were forfeited during 2023.

As of December 31, 2023, the liability for LTIP amounted to SEK 11.5 million, see note 25. The CEO's changes and holdings of employee stock options and share rights as of the balance sheet date appear below. None of the Board members hold any employee stock options or share rights.

Owned by	Number outstanding at January 1, 2023	Change	Number outstanding at December 31, 2023
President and CEO Nikolaj Sørensen	358,120	159,309	517,429

Performance criteria LTIP Stay-on 2020

LTIP Stay-on 2020 is a program intended for certain GMT and USLT employees within the Orexo group. The program is based on Share Awards and Employee Stock Options and qualification for participation is conditional upon the participant either keeping shares from allocations in Orexo's other on-going long-term incentive programs (Opt-in 1) or investing in new Orexo shares with part of or the entire annual cash bonus of the participant (Opt-in 2). Out of the granted Share Awards and Employee Stock Options, 50% shall constitute Share Awards and 50% shall constitute Employee Stock Options. Every five shares kept in accordance with Opt-in 1 and every five shares acquired in accordance with Opt-in 2, respectively, entitle the participant to one Share Award and one Employee Stock Option. Each Share Award entitles the holder to receive one share in the company, free of charge, except for the appropriate taxes, three years after the granting of the Share Award (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group. Each Employee Stock Option entitles the holder to receive one share in the company upon payment of the strike price, three years after the granting of the Employee Stock Option (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group. Of each participant's granted Share Awards, 50% will pertain to Performance Target 1 and up to 50% will pertain to Performance Target 2. Of each Participant's granted Employee Stock Options, 100% will pertain to Performance Target 1, meaning that no Employee Stock Options will vest unless the performance target is met. The allotment of Shares that each participant later may receive depends on achievement of the Performance Targets.

Performance criterion 1

This target is fulfilled if the holder is employed at the end of the vesting period.

Performance criterion 2

This target pertains to the fulfilment of the financial and operational targets for the financial year 2020 as established by the Board of Directors and relates to Orexo's key KPIs such as revenue, profitability and achieved milestones, etc. Performance achievement of individual targets is weighted into an overall average performance achievement. The outcome will be measured lineally; meaning that from zero to 100% of the Share Awards will vest depending on the overall average rate of performance of the finan-

cial and operational targets. All Share Awards will vest and entitle to one share each if 100% of the overall average performance is achieved. When calculating the overall performance achievement, individual targets may account for a maximum of 120% achievement, but the overall average performance is capped at 100%. If performance achievement falls below 80% for an individual target, this individual target accounts for zero in the calculation of the overall average achieved.

Performance criteria LTIP 2021

LTIP 2021 is a program based on share awards and employee stock options. Each Share Award entitles the holder to receive one share in the company free of charge, except for the appropriate taxes, three years after the granting of the Share Award (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group. Each Employee Stock Option entitles the holder to receive one share in the company upon payment of the strike price, three years after granting of the Employee Stock Option (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group. Of each participant's granted Share Awards, 33% will pertain to Performance Target 1 and up to 67% will pertain to Performance Target 2. Of each Participant's granted Employee Stock Options, 100% will pertain to Performance Target 1, meaning that no Employee Stock Options will vest unless the performance target is met. The allotment of Shares that each participant later may receive depends on achievement of the Performance Targets.

Performance criterion 1 (for Share Awards and Employee Stock Options)

This target is fulfilled if the holder is employed at the end of the vesting period.

Performance criterion 2 (for Share Awards)

This target pertains to the fulfilment of the financial and operational targets for the financial year 2021 as established by the Board of Directors and relates to Orexo's key KPIs such as revenue, profitability and achieved milestones, etc. Performance achievement of individual targets is weighted into an overall average performance achievement. The outcome will be measured lineally; meaning that from zero to 100% of the Share Awards will vest depending on the overall average rate of performance of the financial and operational targets. All Share Awards will vest and entitle to one share each if 100% of the overall average performance is achieved. When calculating the overall performance achievement, individual targets may account for a maximum of 120% achievement, but the overall average performance is capped at 100%. If performance achievement falls below 80% for an individual target, this individual target accounts for zero in the calculation of the overall average achieved.

Performance criteria LTIP Stay-on 2021

LTIP Stay-on 2021 is a program intended for certain GMT and USLT employees within the Orexo group. The program is based on Share Awards and Employee Stock Options and qualification for participation is conditional upon the participant either keeping shares from allocations in Orexo's other on-going long-term incentive programs (Opt-in 1) or investing in new Orexo shares with part of or the entire annual cash bonus of the participant (Opt-in 2). Out of the granted Share Awards and Employee Stock Options, 50% shall constitute Share Awards and 50% shall constitute Employee Stock Options. Every five shares kept in accordance with Opt-in 1 and every five shares acquired in accordance with Opt-in 2, respectively, entitle the participant to one Share Award and one Employee Stock Option. Each Share Award entitles the holder to receive one share in the company, free of charge, except for the appropriate taxes, three years after the granting of the Share Award (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group. Each Employee Stock Option entitles the

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

◀ BACK TO START

NOTE 24 CONT. SHARE-BASED PAYMENTS

holder to receive one share in the company upon payment of the strike price, three years after the granting of the Employee Stock Option (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group. Of each participant's granted Share Awards, 50% will pertain to Performance Target 1 and up to 50% will pertain to Performance Target 2. Of each Participant's granted Employee Stock Options, 100% will pertain to Performance Target 1, meaning that no Employee Stock Options will vest unless the performance target is met. The allotment of Shares that each participant later may receive depends on achievement of the Performance Targets.

Performance criterion 1

This target is fulfilled if the holder is employed at the end of the vesting period.

Performance criterion 2

This target pertains to the fulfilment of the financial and operational targets for the financial year 2021 as established by the Board of Directors and relates to Orexo's key KPIs such as revenue, profitability and achieved milestones, etc. Performance achievement of individual targets is weighted into an overall average performance achievement. The outcome will be measured lineally; meaning that from zero to 100% of the Share Awards will vest depending on the overall average rate of performance of the financial and operational targets. All Share Awards will vest and entitle to one share each if 100% of the overall average performance is achieved. When calculating the overall performance achievement, individual targets may account for a maximum of 120% achievement, but the overall average performance is capped at 100%. If performance achievement falls below 80% for an individual target, this individual target accounts for zero in the calculation of the overall average achieved.

Performance criteria LTIP 2022

LTIP 2022 is a program based on share awards and employee stock options. Each Share Award entitles the holder to receive one share in the company free of charge, except for the appropriate taxes, three years after the granting of the Share Award (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group. Each Employee Stock Option entitles the holder to receive one share in the company upon payment of the strike price, three years after granting of the Employee Stock Option (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group. Of each participant's granted Share Awards, 33% will pertain to Performance Target 1 and up to 67% will pertain to Performance Target 2. Of each Participant's granted Employee Stock Options, 100% will pertain to Performance Target 1, meaning that no Employee Stock Options will vest unless the performance target is met. The allotment of Shares that each participant later may receive depends on achievement of the Performance Targets.

Performance criterion 1 (for Share Awards and Employee Stock Options)

This target is fulfilled if the holder is employed at the end of the vesting period.

Performance criterion 2 (for Share Awards)

This target pertains to the fulfilment of the financial and operational targets for the financial year 2022 as established by the Board of Directors and relates to Orexo's key KPIs such as revenue, profitability and achieved milestones, etc. Performance achievement of individual targets is weighted into an overall average performance achievement. The outcome will be measured lineally; meaning that from zero to 100% of the Share Awards will vest depending on the overall average rate of performance of the financial and operational targets. All Share Awards will vest and entitle to one share each if 100% of the overall

average performance is achieved. When calculating the overall performance achievement, individual targets may account for a maximum of 120% achievement, but the overall average performance is capped at 100%. If performance achievement falls below 80% for an individual target, this individual target accounts for zero in the calculation of the overall average achieved.

Performance criteria LTIP Stay-on 2022

LTIP Stay-on 2022 is a program intended for certain GMT and USLT employees within the Orexo group. The program is based on Share Awards and Employee Stock Options and qualification for participation is conditional upon the participant either keeping shares from allocations in Orexo's other on-going long-term incentive programs (Opt-in 1) or investing in new Orexo shares with part of or the entire annual cash bonus of the participant (Opt-in 2). Out of the granted Share Awards and Employee Stock Options, 50% shall constitute Share Awards and 50% shall constitute Employee Stock Options. Every five shares kept in accordance with Opt-in 1 and every five shares acquired in accordance with Opt-in 2, respectively, entitle the participant to one Share Award and one Employee Stock Option. Each Share Award entitles the holder to receive one share in the company, free of charge, except for the appropriate taxes, three years after the granting of the Share Award (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group. Each Employee Stock Option entitles the holder to receive one share in the company upon payment of the strike price, three years after the granting of the Employee Stock Option (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group. Of each participant's granted Share Awards, 50% will pertain to Performance Target 1 and up to 50% will pertain to Performance Target 2. Of each Participant's granted Employee Stock Options, 100% will pertain to Performance Target 1, meaning that no Employee Stock Options will vest unless the performance target is met. The allotment of Shares that each participant later may receive depends on achievement of the Performance Targets.

Performance criterion 1

This target is fulfilled if the holder is employed at the end of the vesting period.

Performance criterion 2

This target pertains to the fulfilment of the financial and operational targets for the financial year 2022 as established by the Board of Directors and relates to Orexo's key KPIs such as revenue, profitability and achieved milestones, etc. Performance achievement of individual targets is weighted into an overall average performance achievement. The outcome will be measured lineally; meaning that from zero to 100% of the Share Awards will vest depending on the overall average rate of performance of the financial and operational targets. All Share Awards will vest and entitle to one share each if 100% of the overall average performance is achieved. When calculating the overall performance achievement, individual targets may account for a maximum of 120% achievement, but the overall average performance is capped at 100%. If performance achievement falls below 80% for an individual target, this individual target accounts for zero in the calculation of the overall average achieved.

Performance criteria LTIP 2023

LTIP 2023 is a program based on share awards and employee stock options. Each Share Award entitles the holder to receive one share in the company free of charge, except for the appropriate taxes, three years after the granting of the Share Award (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group. Each Employee Stock Option entitles the holder to receive one share in the company upon payment of the strike price, three years after granting of the

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

◀ BACK TO START

NOTE 24 CONT. SHARE-BASED PAYMENTS

Employee Stock Option (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group. Of each participant's granted Share Awards, 33% will pertain to Performance Target 1 and up to 67% will pertain to Performance Target 2. Of each Participant's granted Employee Stock Options, 100% will pertain to Performance Target 1, meaning that no Employee Stock Options will vest unless the performance target is met. The allotment of Shares that each participant later may receive depends on achievement of the Performance Targets.

Performance criterion 1 (for Share Awards and Employee Stock Options)

This target is fulfilled if the holder is employed at the end of the vesting period.

Performance criterion 2 (for Share Awards)

This target pertains to the fulfilment of the financial and operational targets for the financial year 2023 as established by the Board of Directors and relates to Orexo's key KPIs such as revenue, profitability and achieved milestones, etc. Performance achievement of individual targets is weighted into an overall average performance achievement. The outcome will be measured lineally; meaning that from zero to 100% of the Share Awards will vest depending on the overall average rate of performance of the financial and operational targets. All Share Awards will vest and entitle to one share each if 100% of the overall average performance is achieved. When calculating the overall performance achievement, individual targets may account for a maximum of 120% achievement, but the overall average performance is capped at 100%. If performance achievement falls below 80% for an individual target, this individual target accounts for zero in the calculation of the overall average achieved.

Performance criteria LTIP Stay-on 2023

LTIP Stay-on 2023 is a program intended for certain GMT and USLT employees within the Orexo group. The program is based on Share Awards and Employee Stock Options and qualification for participation is conditional upon the participant either keeping shares from allocations in Orexo's other on-going long-term incentive programs (Opt-in 1) or investing in new Orexo shares with part of or the entire annual cash bonus of the participant (Opt-in 2). Out of the granted Share Awards and Employee Stock Options, 50% shall constitute Share Awards and 50% shall constitute Employee Stock Options. Every five shares kept in accordance with Opt-in 1 and every five shares acquired in accordance with Opt-in 2, respectively, entitle the participant to one Share Award and one Employee Stock Option. Each Share Award entitles the holder to receive one share in the company, free of charge, except for the appropriate taxes, three years after the granting of the Share Award (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group. Each Employee Stock Option entitles the holder to receive one share in the company upon payment of the strike price, three years after the granting of the Employee Stock Option (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group. Of each participant's granted Share Awards, 50% will pertain to Performance Target 1 and up to 50% will pertain to Performance Target 2. Of each Participant's granted Employee Stock Options, 100% will pertain to Performance Target 1, meaning that no Employee Stock Options will vest unless the performance target is met. The allotment of Shares that each participant later may receive depends on achievement of the Performance Targets.

Performance criterion 1

This target is fulfilled if the holder is employed at the end of the vesting period.

Performance criterion 2

This target pertains to the fulfilment of the financial and operational targets for the financial year 2023 as established by the Board of Directors and relates to Orexo's key KPIs such as revenue, profitability and achieved milestones, etc. Performance achievement of individual targets is weighted into an overall average performance achievement. The outcome will be measured lineally; meaning that from zero to 100% of the Share Awards will vest depending on the overall average rate of performance of the financial and operational targets. All Share Awards will vest and entitle to one share each if 100% of the overall average performance is achieved. When calculating the overall performance achievement, individual targets may account for a maximum of 120% achievement, but the overall average performance is capped at 100%. If performance achievement falls below 80% for an individual target, this individual target accounts for zero in the calculation of the overall average achieved.

NOTE 25 PROVISIONS

Long-term provisions, personnel	Group		Parent company	
	2023	2022	2023	2022
On January 1	10.2	13.5	9.8	12.8
Additional provisions	3,9	-1.8	2,3	-1.5
Utilized during the year	-2,6	-1.5	-1,3	-1.5
Per December 31	11.5	10.2	10.8	9.8

Long-term provisions primarily refer to estimated costs for incentive programs settled in cash, as well as estimated costs for social security fees in respect of employee incentive programs.

Short-term provisions, rebates and chargebacks	Group		Parent company	
	2023	2022	2023	2022
On January 1	121.5	160.1	0.0	0.0
Additional provisions	625.7	633.7	—	—
Utilized during the year	-628.9	-686.5	—	—
Reversed unused amounts	19.2	-10.3	—	—
Exchange rate difference	-4.5	24.4	—	—
Per December 31	133.1	121.5	0.0	0.0

Short-term provisions primarily refer to estimated costs for accrued rebates and returns.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

NOTE 26 BORROWINGS

The interest-bearing liability consists of a bond loan and is recognized at amortized cost. Any difference between the amount received (net after transaction costs) and the repayment amount is recognized in the statement of operations allocated over the borrowing period by applying the effective interest method.

Borrowings are classified as a current liability unless the Group has an unconditional right to defer payment of the liability by at least 12 months.

	Group	Parent company
January 1, 2022	495.0	495.0
Repurchase bond	—	—
Interest expenses	23.0	23.0
Interest paid	-21.4	-21.4
Recognition of loan issuance cost	2.5	2.5
December 31, 2022	499.0	499.0
January 1, 2023		
Repurchase bond	-48.8	-48.8
Interest expenses	36.9	36.9
Interest paid	-35.9	-35.9
Recognition of loan issuance cost	2.5	2.5
December 31, 2023	453.8	453.8

The long-term portion consists of a bond loan amounting to a total of SEK 500.0 million. It matures on February 11, 2025. The loan has a variable interest rate of STIBOR 3 months +3.75 percent (STIBOR is calculated as zero at the lowest) and has a total framework amount of SEK 1,000 million. The loan agreement contains limitations regarding any change in the company's ownership structure, so-called change-of-control, and quarterly reporting of maintenance test and, when applicable, incurrence test.

	Group	Parent company
December 31, 2023		
Interest-bearing liabilities	448.4	448.4
Accrued interest costs	5.4	5.4
	453.8	453.8
December 31, 2022		
Interest-bearing liabilities	494.8	494.8
Accrued interest costs	4.2	4.2
	499.0	499.0

NOTE 27 ACCRUED EXPENSES AND OTHER LIABILITIES

Other liabilities	Group		Parent company	
	2023	2022	2023	2022
Employee withholding tax	2.0	2.0	2.0	2.0
Social security fees	1.6	1.6	1.6	1.6
Special salary tax	2.3	2.3	2.3	2.3
Other current liabilities	4.7	15.6	2.8	2.9
Sum Other liabilities	10.5	21.5	8.6	8.8
Accrued expenses	Group		Parent company	
	2023	2022	2023	2022
Accrued salaries	23.7	26.3	3.6	2.6
Accrued vacation pay	7.2	6.5	7.2	6.5
Accrued social security fees	3.4	2.8	3.4	2.8
Accrued expenses interest rates	5.4	4.2	5.4	4.2
Trade allowance	6.9	21.1	—	—
Wholesaler fee reserve	3.4	39.9	—	—
Other accrued expenses	12.3	34.7	5.4	23.2
Sum accrued expenses	62.2	135.6	24.9	39.3
Sum other liabilities and accrued expenses	72.7	157.1	33.5	48.1

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

NOTE 28 SHARES IN SUBSIDIARIES AND JOINT VENTURES

Direct and indirect holdings Dec 31, 2022	Corp. Reg. No.	Reg. office	Number of shares	Shareholding	Cost/Contribution	Accumulated write-up	Carrying amount
Biolipox AB	556588-3658	Stockholm	12,883,944	100%	106.0	—	106.0
Orexo US Inc	90-0643931	USA	100	100%	56.8	123.4	180.2
Orexo Pharmaceuticals Inc	87-3270695	USA	100	100%	0.0	—	0.0
Total							286.2

All holdings are owned directly, except Orexo Pharmaceuticals Inc, which is owned by Orexo US Inc.

Shareholders Equity amounted to SEK 146.2 million and net revenue amounted to SEK -10.8 thousand in Biolipox AB¹

Shareholders Equity amounted to SEK 173.1 million and net revenue amounted to SEK 6.3 million in Orexo US Inc¹

Shareholders Equity amounted to SEK 0.0 million and net revenue amounted to SEK 0.0 million in Orexo Pharmaceuticals Inc¹

Förändring av redovisat värde av direkta innehav

2023	Opening carrying amount	Acquisition	Contribution	Sales	Write-up	Closing carrying amount
Biolipox AB	106.0	—	—	—	—	106.0
Orexo US Inc	55.2	—	1.5	—	123.4	180.2
Orexo Pharmaceuticals Inc	0.0	—	—	—	—	0.0
Summa	161.2	0.0	1.5	0.0	123.4	286.2
2022	Opening carrying amount	Acquisition	Contribution	Sales	Write-up	Closing carrying amount
Biolipox AB	106.0	—	—	—	—	106.0
Orexo US Inc	56.4	—	-1.2	—	—	55.2
Orexo Pharmaceuticals Inc	0.0	—	—	—	—	0.0
Summa	162.4	0.0	-1.2	0.0	0.0	161.2

¹ Shareholders Equity and net revenue refers to established numbers as of December 31, 2022.

Write-up of the book value in Orexo US Inc was made during 2023, reflecting the subsidiary's current net asset value.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

 BACK TO START

NOTE 29 AUDITORS' FEES

	Group		Parent company	
	2023	2022	2023	2022
Audit assignment				
Ernst & Young	4.5	2.6	4.5	2.6
Non-auditing assignments				
Ernst & Young	0.2	0.6	0.2	0.6
Tax advice				
Ernst & Young	—	—	—	—
Other services				
Ernst & Young	—	—	—	—
Total	4.6	3.1	4.6	3.1

Audit assignment refers to the auditing of the annual report and accounting records as well as the administration of the Board and the President, other tasks required by the company's auditors, and advisory services and other assistance required as a result of observations arising from such audits or such other tasks. Everything else comes under other assignments.

NOTE 30 DEFERRED TAX

	Group		Parent company	
	2023	2022	2023	2021
Deferred tax assets				
Temporary differences in current provision	35.0	19.4	—	—
RoU lease assets and similar assets	5.3	8.7	—	—
Other temporary differences	12.0	14.4		
Deferred tax liabilities				
RoU lease liabilities and similar liabilities	4.2	9.3	—	—
Total	48.1	33.1	—	—

The tax-loss carry-forward in the Group amounts to SEK 1,576 million (1,540) as of December 31, 2023 and refers to the Swedish companies. No deferred tax assets for tax-loss carry-forwards have been capitalized as per December 31, 2023. There is no time limit for when the remaining tax-loss carry-forwards can be utilized.

Temporary differences for short-term provisions are related to non-deductible short-term provisions for sales rebates, returns, distribution and other relevant deductions in Orexo Inc, as well as inter-company gains on inventory. No deferred tax relating to Swedish companies in the Group has been activated during the year.

Deferred tax assets have, in view of the taxable income attributable to the Swedish companies in recent years, been reported only insofar as management estimates that there are factors convincingly suggesting that sufficient taxable surpluses will be generated in the future.

Amendments to IAS 12 clarify that the exception, which means that deferred tax is not recognized on temporary differences arising on initial recognition of an asset or liability, is not applicable to transactions that simultaneously give rise to both an asset and a liability, such as right-of-use assets and lease liabilities. The amendments have meant that deferred tax attributable to right-of-use assets and lease liabilities has been recognized gross in the note, while in the balance sheet they are still recognized net. Deferred tax assets attributable to right-of-use assets amount to SEK 5.3 (8.7) million and deferred tax liabilities attributable to lease liabilities amount to SEK 4.2 (9.3) million.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

NOTE 31 LEASING

Carrying amounts of right-of-use assets

Group	Group			
	Offices	Motor vehicles	Other	Total
1 January 2022	49.3	8.8	1.1	59.2
Disposals	—	-1.1	—	-1.1
Additions	3.6	0.1	0.0	3.7
Depreciation expense	-15.3	-3.1	-0.5	-18.9
Translation difference	1.7	1.4	0.1	3.2
31 December 2022	39.3	6.1	0.6	46.0
1 January 2023	39.3	6.1	0.6	46.0
Effect change accounting system	-0.6	-1.7	0.1	-2.1
Disposals	—	-1.9	-1.0	-3.0
Additions	1.2	—	—	1.2
Depreciation expense	-16.3	-1.4	0.3	-17.4
Translation difference	-0.2	0.0	0.0	-0.2
31 December 2023	23.4	1.1	0.0	24.5

Carrying amounts of lease liabilities

Group	Group			
	Offices	Motor vehicles	Other	Total
1 January 2022	48.9	7.9	1.5	58.3
Disposals	—	-1.1	—	-1.1
Additions	3.6	0.1	0.0	3.7
Interest expense	2.0	0.3	0.0	2.4
Payments	-19.2	-2.1	-0.3	-21.6
Translation difference	2.3	0.9	0.1	3.3
31 December 2022	37.8	5.8	1.3	44.9
1 January 2023	37.8	5.8	1.3	44.9
Effect change accounting system	3.5	-1.1	-0.1	2.3
Disposals	—	-0.3	-1.0	-1.4
Additions	1.2	—	—	1.2
Interest expense	1.5	0.1	0.0	1.7
Payments	-19.7	-3.2	-0.1	-23.0
Translation difference	-0.3	0.0	0.0	-0.2
31 December 2023	24.1	1.3	0.0	25.4

	Group	
	2023	2022
Depreciation of right of use assets	-17.4	-18.9
Interest expense on lease liabilities	-1.2	-3.7
Expenses for short-term leases	-0.3	-0.4
Variable lease payments	—	—
Total lease amounts in statement of operations	-18.8	-23.0
Total cash outflow for leases	23.0	21.6

Nominal value of future leasing fees for non-cancellable leasing contracts	Group		Parent company	
	2023	2022	2023	2022
Within one year	21.8	22.9	15.9	15.2
After one year but not more than five years	5.1	36.3	—	17.5
More than five years	—	—	—	—
Total	26.9	59.1	15.9	32.6

The Group has no lease extension options which have been determined as virtually certain to be utilized, and hence has not included any such extensions in the calculation of lease liabilities.

The Group has leases for mainly premises, cars and other equipment used in the business.

The term of the lease extends between 3–6 years.

The Group also has certain leases for machines with rental terms of 12 months or less and leases for equipment with low value. The Group applies the exceptions to short-term leasing agreements and leasing of low-value assets for these leases. The costs for these agreements are shown below. Leasing of low value assets in 2023 amounted to SEK 0.3 million.

During the year, the Group received revenue from releasing rights of use of SEK 0,7 million. The Group does not have any profits or losses from sale and leaseback transactions.

The Groups leasing contracts regarding facilities in Sweden is subject to variable leasing fees in the form of indexation, which is not included in the valuation of leasing liabilities until the increase is known. The Group has no other costs relating to variable leasing fees that are not included in the valuation of leasing liabilities.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

◀ BACK TO START

NOTE 32 DISCLOSURES ON THE CASH FLOW STATEMENT

Adjustments for items not included in cash flow	Group		Parent company	
	2023	2022	2023	2022
Depreciation and impairment	77.0	68.7	47.2	42.1
Gain/loss on disposal	0.0	-0.2	0.0	-0.2
Change in provisions	18.2	-64.9	1.0	-3.0
Share based payments	—	-0.1	—	—
Exchange rate income and expense	1.4	-7.0	0.9	-7.0
Other non-cash items	3.1	—	—	-1.2
Total	99.8	-3.5	49.1	30.6

Cash flow from financing activities amounted to SEK -70.1 million (21.4), which is attributable to amortization of lease liabilities of SEK -21.4 million (-21.4) and repurchase of bonds of SEK -48.7 million (0.0).

NOTE 33 RELATED PARTY TRANSACTIONS

Purchase and sales between Group companies	2023	2022
Forward invoicing of costs		
Orexo US Inc	-16.4	-20.9
Sale of goods and services		
Orexo US Inc	433.2	295.6
Marketing support		
Orexo US Inc	-96.9	-106.9
Total	319.8	167.9

The Group has no losses or doubtful credits on receivables from related parties.

Remuneration and other commitments regarding pensions and similar benefits to Board members and the President and CEO, see Note 10.

There have been no other related party transactions. All transactions have been performed within market conditions.

NOTE 34 SUBSEQUENT EVENTS

MODIA and Vorvida® will be reimbursed within US Veterans Affairs Supply Schedule as of January 2024.

Orexo and Sobi agree to advance feasibility study where AmorphOX is tested with one of their bio-molecules.

To refinance the existing bond, a senior secured social bond of SEK 500 million was issued.

NOTE 35 APPROPRIATION OF RESULT

The following funds are at the disposal of the Annual General Meeting:

SEK	
Share premium reserve	1,187,617,020
Loss carried forward	-1,383,411,740
Profit/loss for the year	-70,443,892
Total	-266,238,612

The Board proposes that the funds at their disposal SEK -266,238,612 be carried forward.

NOTE 36 PLEDGED ASSETS AND CONTINGENT LIABILITIES

No collateral or contingent liabilities exists as of December 31, 2023, or as of December 31, 2022.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

◀ BACK TO START

Assurance of the Board of Directors and president

The Board of Directors and President hereby give their assurance that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and present a true and fair view of the Group's financial position and earnings. The Annual Report has been prepared in accordance with generally accepted accounting

principles and presents a true and fair view of the parent company's financial position and earnings.

The Board of Directors' Report for the Group and the parent company presents a true and fair review of the Group's and the parent company's operations, financial positions and earnings and describes the significant risks and uncertainties facing the parent company and the companies included in the Group.

Uppsala, Sweden, March 25, 2024

Orexo AB (publ)

James Noble
Chairman of the Board

Fred Wilkinson
Board member

Staffan Lindstrand
Board member

Charlotte Hansson
Board member

Robin Evers
Board member

Christine Rankin
Board member

Michael J Matly
Board member

Mary Pat Christie
Board member

Nikolaj Sørensen
President and CEO

Our audit report was submitted on March 28, 2024

Ernst & Young Aktiebolag

Oskar Wall
Authorized Public Accountant

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

◀ BACK TO START

Auditor's report

To the general meeting of the shareholders of Orexo AB

Corporate identity number 556500-0600

Report on the annual accounts and consolidated accounts Opinions

We have audited the annual accounts and consolidated accounts of Orexo AB for the year 2023 except for the sustainability report on pages 34–50. The annual accounts and consolidated accounts of the company are included on pages 17–92 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

Revenue from contracts with customers**Description**

Revenue from contracts with customers for 2023 was MSEK 638.8 in the consolidated income statement and MSEK 494.0 in the parent company income statement.

As is stated in Note 5, revenue from the sale of goods is calculated net of deductions including actual and estimated rebates to payers and provisions for expected future returns. These gross-to-net adjustments are based partly on management's estimates. The extent of deductions of revenue from rebates, returns etc. and the accounting for royalties connected to licensing agreements are affected by estimates and judgments made by management.

A description of the judgments on which revenue recognition is based is provided in the section "Important estimations and judgments for accounting purposes" in Note 4. In summary, revenue recognition for the group contains significant elements of judgment, and for this reason revenue recognition has been determined to be a key audit matter.

How our audit addressed this key audit matter

In our audit we have reviewed the company's processes for revenue recognition, and reviewed significant agreements to assess whether the accounting for these is compliant with relevant standards. We have also performed sample testing of accruals.

We have also reviewed the calculation models on which the deductions from gross sales are based, as well as the reasonableness of key assumptions on which the calculations are based, such as the distribution between different payer categories and expected future returns.

Finally, we have reviewed disclosures provided in the annual report.

Intangible assets**Description**

Intangible assets are recorded at MSEK 173.3 in the consolidated balance sheet and MSEK 147.7 in the parent company balance sheet as of December 31, 2023.

The Company tests, when there is an indication of impairment, but at least annually for intangible assets not yet in use, that carrying amounts do not exceed estimated recoverable amounts for these assets. Recoverable amounts are determined through generally adopted models utilizing discounted cash flows based on management's assessments of future cash flows and other significant assumptions such as discount rate and growth that can have a major impact on the estimated recoverable amount. The impairment test of intangible assets performed by management has therefore been considered to be a key audit matter.

A description of the impairment test is provided in Note 16 and in the section "Important estimates and assessments for accounting purposes" in Note 4.

How our audit addressed this key audit matter

In our audit we have reviewed management's models, assessments and assumptions that are utilized for calculating the recoverable amount of the intangible assets.

We have reviewed and compared management's forecasts from prior periods against outcomes, and reviewed the plausibility of the forecasts and assumptions underlying this year's impairment test.

With the support of our valuation specialists, we have reviewed the company's models and method for conducting impairment tests. We have conducted our own sensitivity analyses of key assumptions and possible impact factors.

Finally, we have reviewed disclosures provided in the annual report.

OREXO OVERVIEW**BOARD OF DIRECTORS REPORT****FINANCIAL REPORTS AND NOTES****Financial reports****Notes****Assurances of the Board of Directors and President****Auditor's report****Reconciliations and definitions of key figures****CORPORATE GOVERNANCE****◀ BACK TO START****Other Information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–16 and 98–112. The report on management remuneration for the financial year 2023 is also considered to be other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the

company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

OREXO OVERVIEW**BOARD OF DIRECTORS REPORT****FINANCIAL REPORTS AND NOTES****Financial reports****Notes****Assurances of the Board of Directors and President****Auditor's report****Reconciliations and definitions of key figures****CORPORATE GOVERNANCE**

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements**Report on the audit of the administration and the proposed appropriations of the company's profit or loss****Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Orexo AB for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable

degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

OREXO OVERVIEW**BOARD OF DIRECTORS REPORT****FINANCIAL REPORTS AND NOTES****Financial reports****Notes****Assurances of the Board of Directors and President****Auditor's report****Reconciliations and definitions of key figures****CORPORATE GOVERNANCE****The auditor's examination of the ESEF report
Opinion**

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Orexo AB for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Orexo AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness

of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 34–50, and that it is prepared in accordance with the Annual Accounts Act.

My (Our) examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, Hamngatan 26, 111 47, Stockholm, was appointed auditor of Orexo AB by the general meeting of the shareholders on 18 April 2023 and has been the company's auditor since 15 April 2016.

Uppsala 28 March 2024
Ernst & Young AB

Oskar Wall
Authorized Public Accountant

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of
Directors and President

Auditor's report

Reconciliations and definitions
of key figures

CORPORATE GOVERNANCE

 BACK TO START

Reconciliations and definitions of key figures

Group

Key figures and certain other operating information per share are reconciled as follows:

	2023	2022
EBITDA SEK million		
EBIT	-109.5	-183.9
Depreciation and amortization	77.0	68.7
EBITDA	-32.5	-115.2
External costs for clinical studies	56.7	96.4
IP litigation and subpoena costs	63.7	76.6
EBITDA excluding external costs for clinical studies. IP litigation and subpoena	88.0	57.8
Cash and invested funds SEK million	2023	2022
Short-term investments	-	219.6
Cash and cash equivalents	171.0	132.2
Cash and invested funds	171.0	351.9
Return on shareholders' equity SEK million	2023	2022
Shareholders' equity beginning balance	193.9	349.6
Shareholders' equity ending balance	58.9	193.9
Average shareholders' equity	126.4	271.8
Net earnings	-128.3	-177.6
Return on shareholders' equity %	-101.5	-65.4
Operating expenses SEK million	2023	2022
Selling expenses	-181.5	-199.0
Administrative expenses	-188.0	-202.3
Research and development costs	-303.1	-318.0
Other operating income and expenses	13.3	13.7
Operating expenses	-659.5	-705.6
Gross investments SEK million	2023	2022
Investments in tangible fixed assets	18.5	18.8
Investments in intangible fixed assets	0.7	5.1
Operating expenses	19.2	23.9

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

Key figures and certain other operating information per share are defined as follows:

Margins	Definition/calculation	Purpose
Gross margin	Gross profit divided by net revenues	Gross Margin is used to measure the relative direct profitability from sold products
Operating margin (EBIT margin)	Operating earnings as a percentage of net revenues	Operating profit margin is used for measuring the operational profitability
Return	Definition/calculation	Purpose
Return on equity	Net earnings for the period as a percentage of average shareholders' equity	Return on equity is used to measure profit generation, given the resources attributable to the owners of the parent company
Capital structure	Definition/calculation	Purpose
Cash and invested funds	Short-term investments plus cash and cash equivalents	Cash and invested funds is used to measure how much cash company has available in short-term from bank balances and invested funds
Net Debt	Current and long-term interest-bearing liabilities including pension liabilities, less cash and cash equivalents	The net debt is used as an indication of the ability to pay off all debts if these became due simultaneously on the day of calculation, using only available cash and cash equivalents
Debt/equity ratio	Total liabilities divided by shareholders' equity	The debt/equity ratio measures how much debt a company is using to finance its assets relative to the amount of value represented in shareholder's equity.
Equity/assets ratio	Shareholders' equity as a percentage of total assets	This ratio is an indicator of the company's leverage used to finance the firm
Working capital	Current assets excluding cash and cash equivalents less current liabilities excluding interest bearing liabilities	Working capital is used to measure the company's ability, besides cash and cash equivalents, to meet current operational obligations
Capital employed	Interest-bearing liabilities and shareholders' equity	Capital employed measures the amount of capital used and serves as input for the return on capital employed
Gross investments	Value of investment before amortization	Gross investments is a measure of the company's investments in tangible and intangible fixed assets

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

Financial reports

Notes

Assurances of the Board of Directors and President

Auditor's report

Reconciliations and definitions of key figures

CORPORATE GOVERNANCE

Data per share	Definition/calculation	Purpose
Number of shares after dilution	Shares at the end of the period adjusted for the dilutive effect of potential shares	Is used to calculate earnings per share after dilution
Earnings per share, before dilution	Net earnings for the period after tax divided by the average number of shares outstanding before dilution during the period	The earnings per share before dilution measures the amount of net profit that is available for payment to its shareholders per share before dilution
Earnings per share, after dilution	Net earnings for the period after tax divided by the average number of shares outstanding after dilution during the period	The earnings per share after dilution measures the amount of net profit that is available for payment to its shareholders per share after dilution
Other definitions	Definition/calculation	Purpose
Gross Revenues	Grand total of all invoiced sales transactions reported in a period, without any deductions	Reflects the company's invoiced revenues without any deductions
Net Revenues	Gross Revenues less deductions for sales rebates, sales allowances, distribution, sales returns and other relevant deductions	Reflects the company's invoiced revenues after deductions
Gross to net ratio	Net Revenues divided by Gross Revenues	Reflects a relative portion of net revenue as percentage of gross revenue
Operating expenses	An expense incurred in daily operating activities. Expense related to financing is not considered part of daily operating activities.	Operating expenses reflect costs for selling, administration, research and development, depreciation and other operating income and operating expenses
EBIT	Earnings before net financial items and tax, the same as Operating earnings	This measure enables the profitability to be compared across locations where corporate taxes differ and irrespective the financing structure of the company
EBITDA	Earnings before interest, taxes, depreciation and amortization. EBIT plus depreciation	Profit measure which is more closely correlated with cash flow as non-cash items like Depreciation and Amortization are excluded
Earnings after financial items	Operating earnings (EBIT) plus financial income less financial expense	Earnings after financial items reflects earnings after, any results from participations in Group and associated companies, results from securities and receivables that fall within the type of fixed assets as well as interest expenses and interest income

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Corporate Governance report

Board of Directors

Management

Auditor's opinion

Corporate Governance report

Orexo AB (publ)



[◀ BACK TO START](#)

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

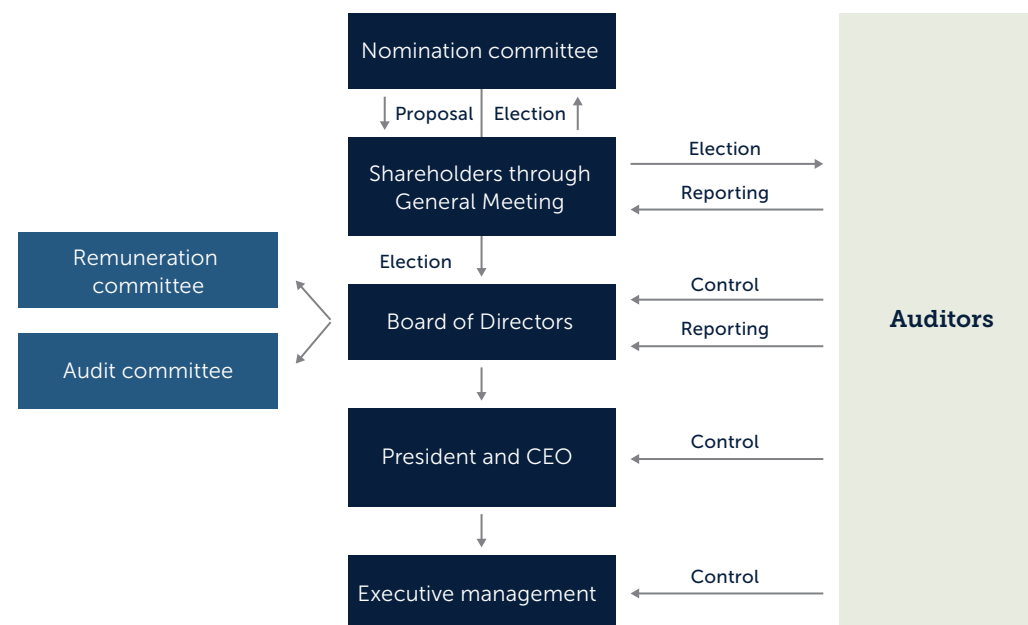
CORPORATE GOVERNANCE**Corporate Governance report**

Board of Directors

Management

Auditor's opinion

Orexo's Corporate governance report presents an overview of the Group's corporate governance and management, description of internal control systems and risk management of financial reporting.



Orexo is a Swedish public limited liability company, with its registered office in Uppsala, Sweden. The company's shares are listed on Nasdaq (Small Cap) Stockholm under the symbol ORX and with American Depositary Receipts (ADRs) traded on OTCQX under the symbol ORXOY. Corporate Governance in Orexo is established based on applicable laws, rules and recommendations such as the Swedish Code of Corporate Governance ("the Code"), Orexo's articles of association and internal regulations and guide-

lines. The aim of corporate governance at Orexo is to create a clear division of roles and responsibilities between shareholders, the Board of Directors and Management. Internal governance, control and risk management concerning financial reporting are fundamental factors in Orexo's business control. The governance, management and control of Orexo are divided between the General Meeting of Shareholders, the Board of Directors and the President.

Examples of external regulations influencing corporate governance

- Swedish Companies Act
- Regulations governing external reporting, such as the accounting law and the Annual Report law
- Nasdaq Stockholm rules for issuers
- OTCQX rules for companies trading ADRs on OTCQX
- Swedish Code of Corporate Governance (the Code, www.bolagsstyrning.se)

Examples of internal rules of significance for corporate governance

- Articles of Association
- Formal work plan for the Board of Directors (including terms of reference for Board Committees)
- Terms of reference for the President
- Guidelines for remuneration of senior executives
- Finance policy
- IR policy
- IT policy
- HR guidelines
- Business Compliance and Ethics code

◀ BACK TO START

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Corporate Governance report

Board of Directors

Management

Auditor's opinion

◀ BACK TO START

Articles of Association

The Articles of Association are adopted by the General Meeting of Shareholders and outline a number of mandatory tasks of a fundamental nature for the company. Notification of the convening of the General Meetings is issued through an advertisement being placed on Orexo's website and in Post och Inrikes Tidningar (Official Swedish Gazette). Confirmation that a General Meeting has been convened shall be announced in the Svenska Dagbladet newspaper. The Articles of Association state that Orexo shall conduct research and development, and manufacture, market and sell pharmaceuticals and diagnostic preparations. Orexo's Articles of Association also state that the Board of Directors shall have its registered office in Uppsala, Sweden, and shall consist of a minimum of three and a maximum of nine members, with a maximum of three deputies. The Articles of Association contain no special provisions on the appointment or dismissal of Board members. Amendments to the Articles of Association are made in accordance with the provisions of the Swedish Companies Act following a resolution of the General Meeting. The complete Articles of Association are available at www.orexo.com.

1 Shareholders

Orexo's share has been listed on Nasdaq Stockholm since 2005. At year-end, the total number of shares amounted to 34,710,639 (34,710,639), distributed among 6,623 shareholders (7,158).

The 10 largest shareholders held 52.7 percent (54.2) of the outstanding shares, management 0.6 percent (0.5) and other shareholders 46.7 percent (45.3). At December 31, 2023, one shareholder held shares representing 10 percent or more of the company – Novo Holdings A/S, 27.78 percent. Non-Swedish shareholders accounted for approximately 45 percent (43) of the total number of shares. Institutions and industrial owners hold the majority of shares. At year-end, 60 percent (62) of the shares were held by legal entities, and 40 percent (38) by private individuals. Since November 13, 2013, the share is available in the US as an ADR on the OTCQX market.

2 Nomination Committee

The 2023 Annual General Meeting adopted a resolution that the Company should have a Nomination Committee. The Nomination Committee represents the company's shareholders. It has the task of creating the best possible basis for the General Meeting's resolutions regarding the election of Board members and Board fees and with submitting proposals concerning, for example, the appointment of auditors and auditors' fees. The Nomination Committee comprises representatives of the three largest shareholders in terms of voting rights as per the last banking day in August, 2023, in addition to the Chairman of the Board. The composition of the Nomination Committee was announced on Orexo's website and in a press release on October 26, 2023. The Committee held 2 (1) meetings during the year. Through the Chairman of the Board, the Nomination Committee reviewed the evaluation of the Board's work and received information regarding developments in the company. The principal requirements to be imposed on the Board of Orexo and the importance of independent Board members were discussed.

No special remuneration was paid for participation in the Nomination Committee.

Nomination Committee for the Annual General Meeting 2024

Namn	Representanter
Henrik Kjaer Hansen	Novo Holdings A/S, and Chairman of the Nomination Committee
Claus Berner Møller	Arbejdsmarkedets Tillaegspension (ATP)
Robert Florczykowski	Third Dot
James Noble	Chairman of the Board of Orexo

Combined, the Nomination Committee represents about 35 percent of the number of shares and votes in the company, based on shareholder data at the time of appointment.

3 Annual General Meeting

Orexo's highest decision-making body is the General Meeting, at which every shareholder who is entered in the share register and who has provided notification of their attendance within the stipulated time is entitled to participate and vote for the amount of shares held. Shareholders can also be represented by proxy at General Meetings. One share entitles the holder to one vote at General Meetings, and there are no limits as to how many votes each shareholder can cast at a General Meeting. Resolutions at General Meetings are passed with a simple majority, unless the Companies Act stipulates a higher percentage of the shares and votes represented at the Meeting.

The Annual General Meeting elects members to the Board of Directors and sets Board fees. The other mandatory tasks of the Annual General Meeting include adopting the company's balance sheet and income statement, passing resolutions on the appropriation of earnings from operations, remuneration guidelines for senior executives and decisions concerning discharge from liability for Board members and the President. The Annual General Meeting also elects the company's auditor and sets the auditors' fees. In accordance with the Articles of Association, the Annual General Meeting shall be held in either Uppsala or Stockholm..

Annual General Meeting 2023

The Annual General Meeting was held on Tuesday, April 18, 2023 in Uppsala. At the Meeting:

- James Noble, Staffan Lindstrand, Henrik Kjaer Hansen, Fred Wilkinson, Mary-Pat Christie, Charlotte Hansson, Christine Rankin and Michael J Matly were re-elected as Board Members.

Complete information about the 2023 Annual General Meeting is available at www.orexo.com



OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Corporate Governance report

Board of Directors

Management

Auditor's opinion

- James Noble was re-elected as Chairman of the Board.
- Ernst and Young Aktiebolag was re-elected as auditor.
- A resolution was adopted that fees for Board members should amount to SEK 3,550,000, with SEK 900,000 paid to the Chairman of the Board, SEK 300,000 to each of the other Board members, and a total of SEK 400,000 distributed between the members of the Audit Committee, so that the Chairman of the committee receives SEK 200,000 and SEK 200,000 is distributed between the other committee members for their work on the committee, and in total 150,000 to be allocated to the members of the remuneration committee in equal parts between the members of the committee, and that fees to the auditor should be paid against approved accounts.
- Further, the Annual General Meeting resolved on an additional board fee in accordance with the nomination committee's proposal to the board members James Noble, Staffan Lindstrand, Fred Wilkinson, Mary Pat Christie, Charlotte Hansson, Christine Rankin and Michael J Matly of SEK 1,050,000, subject to (i) the board member's acquisition of shares in Orexo for the entire part (after taxes) of such additional board fee as soon as possible following the Annual General Meeting's resolution and the pay-out of the additional board fee, and (ii) the board member's commitment not to sell the shares during the board member's entire tenure on the Orexo board. The additional board fee is to be allocated as follows: SEK 450,000 to the chairman, corresponding to 50 percent of the ordinary board fee to the chairman, and SEK 100,000 to each of Staffan Lindstrand, Fred Wilkinson, Mary Pat Christie, Charlotte Hansson, Christine Rankin and Michael J Matly, corresponding to 33 percent of the ordinary board fee to such board members. In the event that the board member, before the succeeding Annual General Meeting, is dismissed due to breach of his/ her obligations as a board member or leaves the board at his/her own request, the board member must repay the entire additional board fee (after taxes).
- The Board's motion concerning guidelines for remuneration to the management was approved.



- The motion concerning the appointment of a Nomination Committee for AGM 2024 was approved.
- The balance sheet and income statement for the parent company and the Group for the 2022 fiscal year were adopted.
- It was resolved that there should be no dividend for 2022 and that the results of the company shall be carried forward.
- The Annual General Meeting granted Board members and the President discharge from liability for the 2022 fiscal year.

- A resolution was adopted in accordance with the Board's proposal concerning authorization of the Board to resolve to issue shares.
- A resolution was adopted in accordance with the Board's proposal concerning authorization of the Board to re-purchase and transfer the company's own shares.

Complete information about the 2024 Annual General Meeting is available at www.orexo.com



◀ BACK TO START

OREXO OVERVIEW**BOARD OF DIRECTORS REPORT****FINANCIAL REPORTS AND NOTES****CORPORATE GOVERNANCE****Corporate Governance report****Board of Directors****Management****Auditor's opinion**

- A resolution was adopted in accordance with the Board's proposal concerning to adopt a long-term incentive program for senior executives and key employees within the Orexo group.
- The Board's motions concerning a long-term incentive program for senior executives and key employees and a longterm incentive program for for certain Global Management Team employees and US Leadership Team employees were approved.

Extraordinary General Meeting 2023

- At the Extraordinary General Meeting in Orexo AB (publ) on October 26, 2023, Robin Evers was elected as a new Board member. Furthermore, the Board member Henrik Kjær Hansen was dismissed, as he had announced that he would resign from the Board of Directors in connection with the Extraordinary General Meeting.
- The Extraordinary General Meeting also resolved, in accordance with the nomination committee's proposal,

that the remuneration to the members of the Board of Directors and the committees resolved at the Annual General Meeting on 18 April, 2023 shall continue to apply and shall, if applicable, be distributed pro rata to the chairman and the ordinary members of the Board of Directors, respectively, elected by each general meeting. Robin Evers shall not receive the additional board fee for acquisition of shares in Orexo. Complete proposals regarding the resolutions by the Extraordinary General Meeting in accordance with the above are available at Orexo's website, www.orexo.com.

- The nomination committee has identified a significant need to strengthen the medical research and development expertise of Orexo's Board of Directors and Robin Evers was identified through Novo Holdings A/S' network. Robin Evers has been proposed as a new board member in light of his extensive knowledge of global regulatory, medical and R&D activities and not because of his indirect relationship with Novo Holdings A/S,

which owns 28% of the capital in Novo Nordisk A/S but holds a majority of the votes. He is a member of the research and development management team, but not of the Novo Nordisk A/S group management and has no relationship with members of the Board of Directors representing Novo Holdings A/S. For these reasons, and after having sought further assurance, the Nomination Committee considers that Robin Evers is independent in relation to major shareholders, including Novo Holdings A/S, as well as the company and its management.

- At the Extraordinary General Meeting on October 26, 2023, as many members of the Board of Directors required for a quorum were not present at the meeting, which constitutes a deviation from the Code. The main matter at the Extraordinary General Meeting was the appointment of a new board member in accordance with the Nomination Committee's proposal after the board member Henrik Kjær Hansen had announced his intention to resign from the Board of Directors. Due to the nature of the matter, it was not necessary to have a quorum of the Board of Directors present and representatives from the Board of Directors were available for questions.

Annual General Meeting 2024

The Annual General Meeting of Orexo AB will be held on Friday, April 26, 2024. Full information about the Annual General Meeting can be found on the company's website, <https://www.orexo.com>

4 Board of Directors

The Board of Directors have a responsibility to the shareholders for the Group's management and organization. They monitor the president's work and continuously follow the business development and the reliability of the internal control within the company. The Board's responsibility is regulated in the Companies Act and the formal work plan that is established annually. The formal work plan establishes the division of the Board's work between the Board in its entirety and the Board's various committees and between the Board and the President. It also sets

Composition of the Board

Name	Function	Independent	Elected	Present at Board Meetings	Present at Remuneration Committee	Present at Audit Committee
James Noble	Chairman of the Board	■	2020	19/19	3/3	3/4
Charlotte Hansson	Board Member	■	2020	19/19	–	4/4
Henrik Kjaer Hansen ¹	Board Member	■	2018	17/19	–	–
Mary-Pat Christie	Board Member	■	2019	18/19	–	–
Staffan Lindstrand	Board Member	■	2002	18/19	3/3	–
Fred Wilkinson	Board Member	■	2019	19/19	–	–
Christine Rankin	Board Member	■	2021	19/19	3/3	4/4
Michael J Matly	Board Member	■	2021	19/19	–	–
Robin Evers ²	Board Member	■	2023	2/19	–	–

■ Independent, according to the Nomination Committee, in relation to Orexo and its management

■ Independent, according to the Nomination Committee, in relation to Orexo, its management and the company's largest shareholders

¹ Board member until October 26, 2023

² Board member from October 26, 2023

OREXO OVERVIEW**BOARD OF DIRECTORS REPORT****FINANCIAL REPORTS AND NOTES****CORPORATE GOVERNANCE****Corporate Governance report****Board of Directors****Management****Auditor's opinion**

out the items to be addressed at Board meetings and the manner in which the President provides the Board with information and reports. The Board has appointed Audit and Remuneration Committees from within its ranks.

At year-end, Orexo's Board of Directors consisted of Chairman James Noble and Board members Staffan Lindstrand, Robin Evers, Charlotte Hansson, Mary-Pat Christie, Fred Wilkinson, Christine Rankin and Michael J Matly. For a more detailed description of Board members, please refer to pages 109–110.

The work of the Board

The Board's formal work plan establishes the items to be addressed at the scheduled Board meetings. Following presentations by the Audit Committee and President, the Board reviews all interim reports prior to publishing. The company's long-term targets and strategy and its budget are evaluated and approved by the Board. At each Board meeting, the President or another senior executive reports on the business situation and the status of relevant projects.

In addition to the statutory Board meeting, at least six scheduled Board meetings must be held. At the Board meeting during which the annual audit is to be considered, the Board meets with the auditors without the participation of the company's management.

It is incumbent upon the Board to ensure that the guidelines for remuneration to senior executives approved by the Annual General Meeting are followed and that the Annual General Meeting proposes guidelines for remuneration to senior executives.

Each year, the Board's work is evaluated by way of discussions and through external assessment. The results of the evaluation are presented to the Board and Orexo's Nomination Committee and form the basis for proposals for Board members. In matters concerning ownership Orexo is represented by the Chairman of the Board.

During the year, the Board held 19 (14) meetings, of which 14 (14) were telephone conferences or meetings by circulation. The Board mainly addressed and resolved on

issues concerning the company's strategic direction, the status of projects, the follow-up of financial performance, financing, investment matters, external reporting, budget planning and follow-up. These issues are addressed by the Board in its entirety.

Remuneration of the Board

The 2023 Annual General Meeting resolved that Board fees should amount to SEK 3,550,000, of which SEK 900,000 was to be paid to the Chairman of the Board, SEK 300,000 to each of the other Board members, and a total of SEK 400,000 to be divided among the members of the Audit Committee, so that the Chairman of the committee receives SEK 200,000 and the other committee members share SEK 200,000, and in total 150,000 to be allocated to the members of the remuneration committee in equal parts between the members of the committee. Further, the Annual General Meeting resolved on an additional board fee in accordance with the nomination committee's proposal to the board members James Noble, Staffan Lindstrand, Fred Wilkinson, Mary Pat Christie, Charlotte Hansson, Christine Rankin and Michael J Matly of SEK 1,050,000, subject to (i) the board member's acquisition of shares in Orexo for the entire part (after taxes) of such additional board fee as soon as possible following the Annual General Meeting's resolution and the pay-out of the additional board fee, and (ii) the board member's commitment not to sell the shares during the board member's entire tenure on the Orexo board. The additional board fee is to be allocated as follows: SEK 450,000 to the chairman, corresponding to 50 percent of the ordinary board fee to the chairman, and SEK 100,000 to each of Staffan Lindstrand, Fred Wilkinson, Mary Pat Christie, Charlotte Hansson, Christine Rankin and Michael J Matly, corresponding to 33 percent of the ordinary board fee to such board members. In the event that the board member, before the succeeding Annual General Meeting, is dismissed due to breach of his/her obligations as a board member or leaves the board at his/her own request, the board member must repay the entire additional board fee (after taxes).

Composition of the Board

Board members, their positions and whether or not they are considered to be independent in relation to Orexo, its management and the company's largest shareholders are stated in the table on page 105. Orexo's Board of Directors is deemed to have satisfied the requirements of the Code in respect of independence, as all members elected by the Meeting have been deemed to be independent in relation to Orexo and its management and all of these members, with the exception of one, have also been deemed to be independent in relation to the company's largest shareholders.

Evaluation of the Board's and President's work

The work of the Board, similar to that of the President, is evaluated annually in a systematic and structured process. The Nomination Committee is informed of the results of the evaluation.

5 President and the Management

The President leads the work of the Management Team and makes decision in consultation with them. At the end of 2023 the Management Team consisted of six persons inclusive the President. The Management Team meets regularly under the leadership of the President. For a more detailed description of the CEO and the Management Team, see pages 111–112.

6 Remuneration Committee

The Remuneration Committee is tasked with addressing matters concerning salaries and other terms of employment, pension benefits and bonus systems, including any allocation of employee stock options and share awards under the terms of approved incentive programs for the President and the senior executives and managers, as well as remuneration issues of principle nature. The Committee shall meet as often as required. The above issues are addressed by the Committee and the Board makes resolutions on the basis of the proposals from the Committee.

OREXO OVERVIEW**BOARD OF DIRECTORS REPORT****FINANCIAL REPORTS AND NOTES****CORPORATE GOVERNANCE****Corporate Governance report****Board of Directors****Management****Auditor's opinion**

The Committee should possess the required knowledge and expertise to deal with issues related to the remuneration of senior executives. The Remuneration Committee comprises James Noble (Chairman), Christine Rankin and Staffan Lindstrand. During the year, the Remuneration Committee was convened on 3 (2) occasions and managed other issues with written communication.

7 Audit Committee

Orexo's Audit Committee is primarily concerned with ensuring compliance with established principles for financial reporting and internal controls. The Audit Committee must also remain informed about the audit of the Annual Report and consolidated accounts, inspect and monitor the impartiality and independence of the auditor, paying particularly close attention to instances where the auditor provides the company with services outside the scope of the audit, and assist in the preparation of proposals to the General Meeting in respect of auditor selection. The Audit Committee presents the final version of Orexo's interim reports and of the Annual Report to the Board for approval and publication. The Audit Committee meets prior to the publication of each interim report, in connection with the auditor's review of the internal control over the financial reporting and when otherwise necessary. The aforementioned issues are addressed by the Committee and the Board makes resolutions on the basis of the proposals produced. Orexo's auditor attends the meetings of the Audit Committee before the publishing of the interim reports and to present the outcome of the review of the internal control. Matters addressed in the Audit Committee is reported to the Board on a regular basis and the minutes are distributed to the Board.

During the year, the Audit Committee was convened on 4 (4) occasions. At least one of the members of the Committee must be independent in relation to the company and Executive Management, and also be independent in relation to the company's largest shareholders and have accounting or auditing expertise. The Committee is currently made up of Charlotte Hansson (Chairman), James Noble and Christine Rankin.

Auditors

Orexo's auditors is the auditing firm EY, with Authorised Public Accountant Oskar Wall as auditor in charge. At the Annual General Meeting 2023 EY was re-elected as auditors until the Annual General Meeting 2024. The external auditors discuss the external audit plan and risk management with the Audit Committee. The auditors perform a review of the interim report for the third quarter, and audit the annual accounts and consolidated financial statements. The auditors also express an opinion on whether this Corporate Governance Report has been prepared in accordance with, and whether certain disclosures herein are consistent with, the annual accounts and consolidated financial statements. The auditors report the results of their audit of the annual accounts and consolidated financial statements in the auditor's report and their review of the Corporate Governance Report in a separate opinion on the Corporate Governance Report, in a presentation to the AGM. In addition, the auditors present detailed findings from their reviews to the Audit Committee three times per year, and to the Board in its entirety once per year.

For information regarding fees for the company's auditors, see Note 29.

8 Board of Directors' Report on Internal Control and Risk Management regarding Financial Reporting

The aim of Orexo's risk management systems and processes is to ensure that the shareholders can have the utmost confidence in the financial operation and presented reports, including the information given in this Annual Report and all interim reports. Orexo has established a methodology for developing, implementing, driving and evaluating internal controls and risk management in respect of all parts of the company, including financial reporting.

This methodology conforms to internationally established standards in the industry and comprises a framework with five principal components: control environment, risk assessment, control activities, information and communication, and follow-up and evaluation.

Control environment

Pursuant to the Swedish Companies Act, the Board of Directors is responsible for the internal control and governance of the company. To maintain and develop a functional control environment, the Board has implemented a process of risk mapping and established a number of basic control documents and procedures that are of importance to financial reporting. These include the formal work plan for the Board of Directors and the terms of reference for the President, which are reviewed and approved annually by the Board.

In addition, the control environment is continuously updated and secured by means of continuous monitoring and regular evaluations of risk profiles within various functions. Responsibility for the daily work of maintaining the control environment is primarily incumbent on the President. He reports regularly to the Board of Directors and the Audit Committee pursuant to established procedures. In addition, the Board also receives regular reports directly from the company's auditor. Company managers have defined authorities, control functions and responsibilities within their respective areas for financial and internal controls.

Risk assessment

Orexo regularly conducts evaluations of financial risks and other risks that may impact financial reporting. These reviews extend to all parts of the company and are carried out to ensure that there is no significant risk of errors occurring in financial reporting. There are several areas where the control of financial information is particularly important, and Orexo has established a risk map that highlights a number of key potential risks in the financial reporting system.

The company continuously monitors and evaluates these areas and regularly examines other areas in order to create a set of control procedures that will minimize the risks and impact in these areas. In addition, new and existing risks are identified, addressed and regulated through a process of discussion in forums such as the Management Team, The Board of Directors and Audit Committee.

OREXO OVERVIEW**BOARD OF DIRECTORS REPORT****FINANCIAL REPORTS AND NOTES****CORPORATE GOVERNANCE****Corporate Governance report****Board of Directors****Management****Auditor's opinion****Control activities**

In light of the risks identified on the risk map, and the continuous monitoring of the methods used to manage financial information, Orexo has developed control activities that ensure good internal control of all aspects of financial reporting. A number of policy documents and procedures have been applied throughout the year to manage reporting and accounting. Standard procedures, attestation systems and the risk map are examples of such policy documents.

The finance and controller functions are responsible for ensuring that financial reporting is correct, complete and timely. Orexo strives to continually improve its internal control systems and has, on occasion, engaged external specialists when validating these controls.

Information and communication

Orexo is a listed company in one of the most regulated markets in the world – healthcare. In addition to the highly exacting requirements that Nasdaq Stockholm and the supervisory authorities impose on the scope and accuracy of information, Orexo has internal control functions for information and communication designed to ensure that correct financial and other corporate information is communicated to employees and other stakeholders.

The Board receives monthly reports concerning financial performance, commercial performance and the status of Orexo's development projects and other relevant information.

The corporate intranet provides detailed information about applicable procedures in all parts of the company and describes the control functions and how they are implemented.

The security of all information that may affect the market value of the company and mechanisms to ensure that such information is communicated in a correct and

timely fashion are the cornerstones of the company's undertaking as a listed company. These two factors, and the procedures for managing them, ensure that financial reports are received by all players in the financial market at the same time, and that they provide an accurate presentation of the company's financial position and performance. These procedures are continuously updated to secure compliance with the EU Market Abuse Regulation (MAR).

Follow-up

Orexo's management conducts monthly performance follow-up, with an analysis of deviations from the budget and plans. Orexo's controller function also conducts monthly controls, evaluations and follow-ups of financial reporting. Since a large part of the company's product development is done in project form, these are continuously monitored from a financial point of view. Routines and reporting is implemented to secure continuous follow-up on all aspects of the Zubsolv® business, e.g. manufacturing, sales performance, wholesaler orders, sales force performance, inventory levels etc. The Board of Directors and the Audit Committee review the Annual Report and interim reports prior to publication. The Audit Committee discusses special accounting policies, internal control framework, risks and other issues associated with the reports. The company's external auditor also participates in these discussions.

Internal audit

Orexo has no separate internal audit function. The Board annually evaluates the need for such a function and, considering the size and structure of the company, has found no basis for establishing a separate internal audit function. The Board of Directors monitors the internal control over financial reporting through regular follow-ups by the Audit Committee and the Board.

Further information about Orexo's Corporate Governance

The following information is available at www.orexo.se (in Swedish) and at www.orexo.com (in English):

- Articles of Association
- Information about the Swedish Code of Corporate Governance
- Information from General Meetings of previous years
- Information from the Nomination Committee
- Information about remuneration principles for senior executives
- Corporate Governance reports from 2009 onwards
- Information for the 2024 Annual General Meeting (convening notice, Nomination Committee proposals, presentation of the work of the Nomination Committee, etc.).

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Corporate Governance report

Board of Directors

Management

Auditor's opinion

Board of Directors



James Noble

Chairman of the Board of Directors since 2020.
(b. 1959)

Education

M.A. from the University of Oxford.

Other appointments

Chairman of the Board of Pneumagen Ltd, Ingenox Therapeutics, and another private UK-based cancer research company. Board member of Lava Therapeutics.

Previous experience

Co-founder and CEO of Adaptimmune and Immunocore. Board member and Deputy Chairman of GW Pharmaceuticals until its acquisition by Jazz Pharmaceuticals. Chairman and CEO of Avidex, which was acquired by Medigene. Other positions as Board member include companies, such as Medigene, PowderJect Pharmaceuticals and CuraGen Corporation.

Holdings

51,450 shares, and bonds of a nominal value of SEK 2,500,000.



Staffan Lindstrand

Board member since 2002.
(b. 1962)

MSc. in Engineering.

Partner of HealthCap since 1997, Board member of HealthCap AB, Doctrin AB, Elsa Science AB, GET.ON Institut für Online Gesundheitstrainings GmbH, and The Swedish Association of Exchange-listed companies.

Ten years in investment banking.

30,843 shares.



Robin Evers

Board member since 2023.
(b. 1970)

Management Studies at University of Reading and a BSc. in Molecular Biology from University of Portsmouth.

Senior Vice President, Head of Global Regulatory Affairs & Global Safety, Medical Writing and R&D Quality, at Novo Nordisk A/S.

Prior to his current position, similar senior leading position at Novo Nordisk since 2013. Vice President, Worldwide Safety & Regulatory at Pfizer Inc. and Vice President and Head of Global Regulatory Affairs for Europe, Middle East & Africa at Wyeth Pharmaceuticals. Combined, more than 25 years in the pharmaceutical industry with expertise in the development of biologics, vaccines, and small molecule drugs.

Does not hold any shares in Orexo.



Charlotte Hansson

Board member since 2020.
(b. 1969)

MSc. in Business Administration from the School of Business, Economics and Law at the University of Gothenburg.

CFO at Tele 2 AB.

CFO at Systembolaget AB, CFO & Executive VP at Cision AB, CFO at Addici AB and various positions within business controlling at Modern Times Group.

8,500 shares.

All holdings as of December 31, 2023.

◀ BACK TO START

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Corporate Governance report

Board of Directors

Management

Auditor's opinion

Board of Directors cont.

**Christine Rankin**Board member since 2022.
(b. 1964)**Education**

BSc. in Business Administration and Economics from Stockholm University.

Other appointments

Board member of CoinShares International Ltd, Bonesupport AB and 4C Group AB.

Previous experience

Board member of Adventure Box Technology AB and Technopolis Plc. SVP Corporate Control at Veoneer Inc., CFO at Cherry AB, interim CFO/Head of Finance at Serneke Group, Head of Corporate Control at Spotify and Partner/Head of the US Capital Markets group in Sweden at PwC.

Holdings

5,595 shares.

**Michael J Matly**Board member since 2022.
(b. 1981)**Education**

MBA from Harvard Business School, Medical Doctorate from Mayo Clinic College of Medicine, and BSc. from Cornell University.

Other appointments

Co-Founder and Managing Director at 111° West Capital.

Previous experience

Managing Director at Montreux Growth Partners and Director within Business Development and Investments at Mayo Clinic.

Holdings

5,870 shares.

**Mary Pat Christie**Board member since 2019.
(b. 1963)**Education**

MBA.

Other appointments

Board member of Hackensack Meridian Health's Carrier Clinic and Restaurant Technologies.

Previous experience

Managing Director at Angelo Gordon & Co., where she focused on business development of new fund strategies and new strategic alliances. Prior to that at Cantor Fitzgerald as an Institutional Salesperson and was an original partner at the Seaport Group. Christie was also the founder of Mendham Capital Management. Her career also includes high level roles at JP Morgan, Donaldson, Lufkin & Jenrette, and Fleet Bank.

Holdings

7,015 shares.

**Fred Wilkinson**Board member since 2019
(b. 1956)**Education**

MBA., BSc. Pharmacy.

Other appointments

Board member of Alter Pharma Group.

Previous experience

Chief Executive Officer and Board member of Impax Laboratories, Inc., President of the Specialty business at Watson Pharmaceuticals, Inc. (currently Allergan), President of Duramed Pharmaceuticals, Inc., Chief Executive Officer of Columbia Laboratories, and multiple positions at Sandoz Pharmaceutical Corporation, Inc.

Holdings

10,200 shares.

◀ BACK TO START

All holdings as of December 31, 2023.

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Corporate Governance report

Board of Directors

Management

Auditor's opinion

Management



Nikolaj Sørensen

President and CEO since 2013, employed since 2011. (b. 1972)

Education

B.Sc., and M.Sc., Copenhagen Business School, DK.

Other appointments

Member of the Board of Moberg Pharma AB and Gesynta Pharma AB.

Previous experience

Senior management positions at Pfizer Inc. with a focus on commercialization in Europe. Chairman of the Board and Managing Director at Pfizer AB. Prior to Pfizer management, consultant at Boston Consulting Group (BCG), leading several projects within M&A, commercial transformation, and turnarounds.

Holdings

156,135 shares and stock options/share awards entitling to 517,429 shares.

All holdings as of December 31, 2023.



Fredrik Järsten

EVP and Chief Financial Officer since 2022.

Education

B.Sc. and M.Sc. majoring in Accounting and Finance at the Stockholm School of Economics, SE, and International Business at the University of Michigan – Stephen M. Ross School of Business, US.

Other appointments

Member of the Board of Absorbest AB.

Previous experience

CFO Vivesto AB, 2021–juni 2022. CFO och vVD Karolinska Development AB, 2018–2020. CFO Bactiguard AB, 2014–2017. Prior to holding various positions as CFO Fredrik Järsten served as Director Business Development at Aleris AB, 2006–2013. Additionally, Fredrik Järsten has worked as Investment Manager at Litorina Kapital and within Corporate Finance at Lazard and SEB Enskilda.

Holdings

23,190 shares and stock options/share awards entitling to 218,966 shares.



Robert A. DeLuca

President of Orexo US Inc. since 2013.

Education

R.Ph.

Other appointments

Member of American Society of Addiction Medicine, Academy of Managed Care Pharmacy and the American and New Jersey Pharmacists Associations. Co-chair, SDHB PheoPara Coalition.

Previous experience

Extensive experience establishing commercial operations in the US with a combined background in market access, marketing, and sales. Has held leadership positions at multinational pharmaceutical companies including Sanofi-Aventis, Schering Plough, Berlex and Pharmacia, and most recently served as Chief Commercial Officer at Archimedes Pharmaceuticals.

Holdings

9,396 shares and stock options/share awards entitling to 268,988 shares.

◀ BACK TO START

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Corporate Governance report

Board of Directors

Management

Auditor's opinion

Management cont.



Edward Kim

Chief Medical Officer since 2022.



Robert Rönn

SVP and Head of R&D since 2019,
employed since 2007.



Cecilia Coupland

SVP and Head of Operations since 2019,
employed since 2006.

Education

MBA in Healthcare Management from University of Massachusetts, US, MD from Thomas Jefferson University, US and AB in Biology from Harvard University, US.

MSc in Chemical Engineering and PhD in Medicinal Chemistry, Uppsala University, SE.

MSc in Chemical Engineering, Uppsala University, SE.

Other appointments

–

–

–

Previous experience

Extensive experience in medical affairs, health economics and outcomes research, and clinical development across multiple senior positions within the pharmaceutical industry. Most recently served as VP and Head of Medical Affairs at Biohaven Pharmaceuticals. Over a decade of experience in clinical practice, academia, and hospital administration as a board-certified psychiatrist.

Head of Pharmaceutical Development & IP at Orexo AB since 2016 and prior to that extensive experience of drug discovery and development, as well as patent prosecution and litigation, from various key positions at Biolipox AB and Orexo AB.

Head of Supply Chain & Planning at Orexo since 2014 and prior to that extensive experience of global pharmaceutical manufacturing and supply chain management, as well as drug development and project management, from various key positions at AstraZeneca and Orexo AB.

Holdings

Does not hold any shares in Orexo. Owns stock options/share awards entitling to 65,600 shares.

16,544 shares and stock options/share awards entitling to 208,735 shares.

14,390 shares and stock options/ share awards entitling to 192,523 shares.

All holdings as of December 31, 2023.

◀ **BACK TO START**

OREXO OVERVIEW

BOARD OF DIRECTORS REPORT

FINANCIAL REPORTS AND NOTES

CORPORATE GOVERNANCE

Corporate Governance report

Board of Directors

Management

Auditor's opinion

Auditor's report on the Corporate Governance report

To the general meeting of the shareholders of Orexo AB,

Corporate identity number 556500-0600

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2023 on pages 101–112 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement

is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 in the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Uppsala, Sweden, March 28, 2024
Ernst & Young AB

Oskar Wall
Authorized Public Accountant

 **BACK TO START**

ABOUT OREXO

Orexo develops improved pharmaceuticals and digital therapies addressing unmet needs within the growing space of substance use disorders and mental health. The products are commercialized by Orexo in the US or via partners worldwide. The main market today is the American market for buprenorphine/naloxone products, where Orexo commercializes its lead product Zubsolv for treatment of opioid use disorder. Total net sales for 2023 amounted to SEK 639 million and the number of employees was 116. Orexo is listed on the Nasdaq Stockholm Main Market (ORX) and is available as ADRs on OTCQX (ORXOY) in the US. The company is headquartered in Uppsala, Sweden, where research and development activities are performed.

For more information about Orexo please visit www.orexo.com
You can also follow Orexo on X, LinkedIn and YouTube