orexo

The patent win, critical enabler for future growth

July 18th 2023

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Agenda & presenters Q2 2023 Interim Report

1 Key achievements

2 Business update
- Commercial
- Products under Development

3 Financial & legal overview
- Financial development
- Outlook
- Legal Update

4 Future value drivers

Nikolaj Sørensen,
President and CEO

Fredrik Järrsten
Chief Financial Officer

Key achievements

Good progress towards profitability

Orexo won the patent litigation against SUN Pharmaceuticals in the District Court of New Jersey

- ✓ Improvement in performance on all financial KPIs
- ✓ Net revenues ahead of Q2 2022 supported by currency and ZUBSOLV® sales slightly above Q1 2023 in USD
- ✓ Positive EBITDA on a group level reflecting lower legal costs after the patent win
  - Significant focus to reduce OPEX to secure cash position and profitability
  - Expectation of balanced EBITDA in H2
- ✓ R&D pipeline showing good progress
  - OX124 Q3 submission on track
  - Advanced negotiations around OX640 partnering

Net revenues

158 SEK M

Group EBITDA

6 SEK M

Cash and invested funds

251 SEK M

Business update

Commercial products

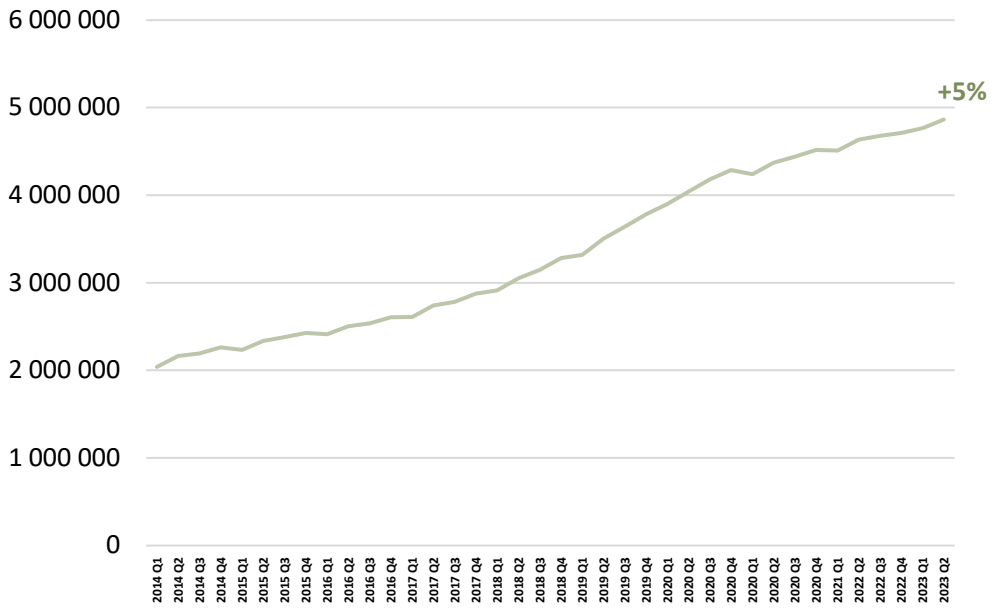
ZUBSOLV® volume grew in all three segments - open, non-reimbursed, & UHC/ Humana

- ✓ Market growth of 5% vs Q2 2022 and 2% vs Q1 2023
- ✓ ZUBSOLV® nearly grew with the market in Q2, but declined YoY with 4%
- ✓ No segments declined vs Q1
  - Michigan Medicaid, 2nd largest ZUBSOLV® Medicaid state grew 8%
  - NY (+64% YoY) and Kentucky Medicaid (+46% YoY) continue to show strong growth
- ✓ ZUBSOLV® Commercial market access formulary levels maintained at 98%
- ✓ Public access increasing from 47 to 50%, in Q3 2023 due to access gain in Indiana Medicaid, the 5th largest Medicaid payer

[1] Where ZUBSOLV® is reimbursed and competes on equal terms with both branded products and/or generics

Multiple initiatives will spark access to OUD treatment

5% total market growth Q2 23 vs Q2 22[1]



Growth drivers

- New legislation removing most hurdles to prescribe Bup/Nal products
- Increased funding from settlements in opioid litigations
- Continued rise in OUD and overdosages

Growth inhibitors

- Fentanyl crisis makes treatment more difficult
- New legislation not fully implemented
- Attrition of experienced physicians during Covid-19

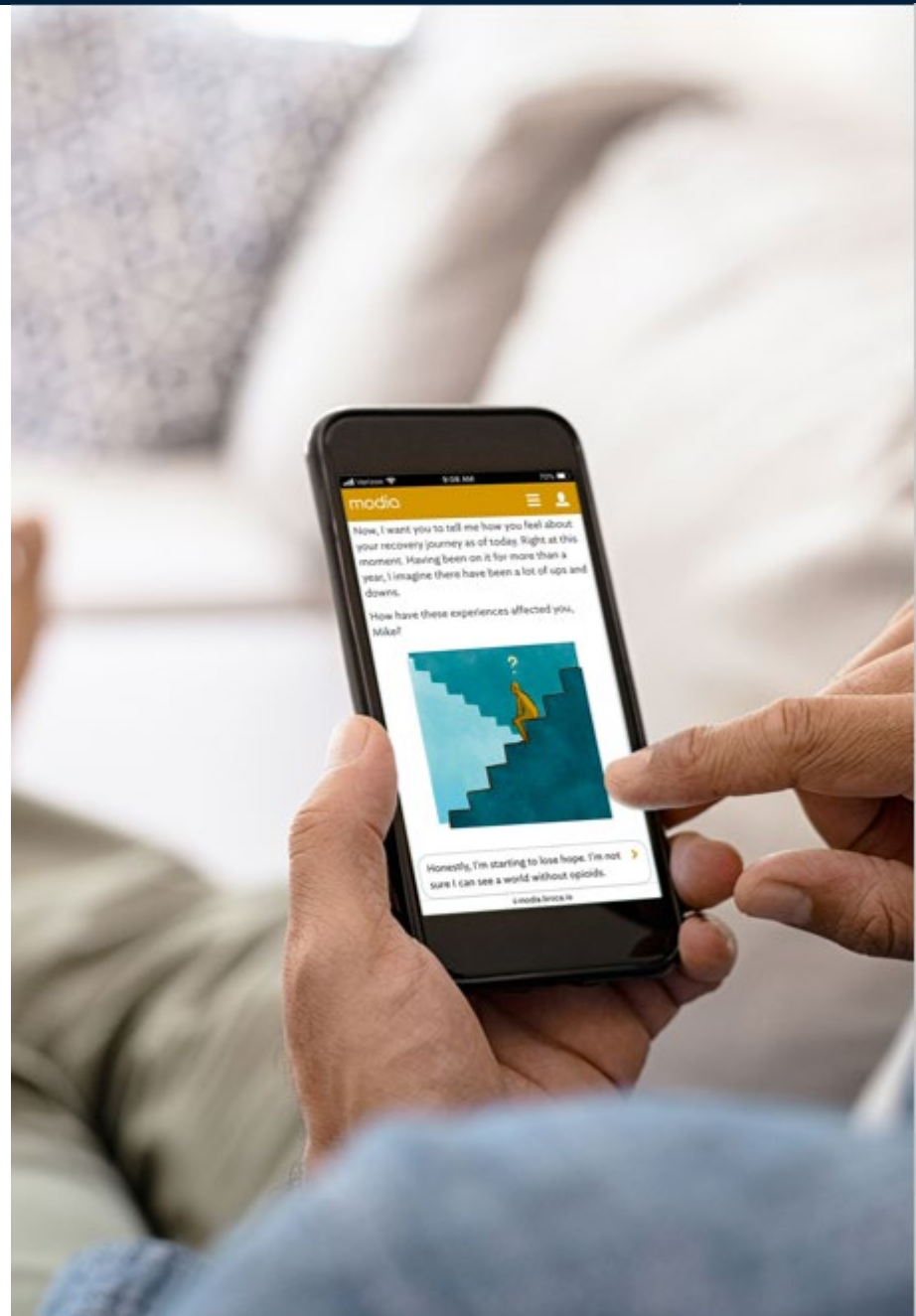
Streamlining the DTx business

Revising the challenging reimbursement and distribution model

- Previous model functional, but complex and associated with expensive IT Support
- The Veterans Affairs (VA) solution being finalized and will be functional nation wide
- Focus on fewer accounts to secure proof of concept, before broader commercialization
    - MODIA® clinics who have implemented the therapy in the standard of care and previous users of a competing product
    - MATCore™ in Arizona and additional grant applications pending in several states
    - Deprexis® and vorvida® in VA
    - Trinity Health when they are ready following new reimbursement process

DTx remain attractive, but without efficient reimbursement and distribution processes, it is a long term opportunity

- Focus on reducing direct and fixed expenses
- Overall direct expenses reduced 40% YoY in SEK
    - Additional reductions expected in Q3
    - Majority of expenses today are from depreciations and internal allocations



Business update

Products under development

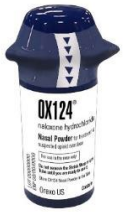
R&D – Making good progress

amorphOX® - a scalable drug delivery platform

- Successful formulation of biomolecules in ongoing feasibility studies, showing the API remain active after amorphOX® formulation process and formulation result in homogenous powder

OX124 – overdose rescue medication based on amorphOX®

- Packaging issues appears to be solved through adjustment of one step in the packaging process
- New filing expected in Q3, subject to successful qualification of packaging equipment at the contract manufacturer, starting this week
- Ordinary approval timeline of 10 month after filing, but recent approvals in the category has been up to 13 months



OX640 – adrenaline rescue medication based on amorphOX®

- Partnering discussions in the last stages of due diligence
- Orexo proceed preparing manufacturing in commercial scale for pivotal trials
- A nasal liquid spray received positive feedback from FDA advisory board in May, reducing the regulatory risk for OX640

Note: product images are prototypes

Financial & legal

ZUBSOLV® net revenue grew 4.1% in Q2

Net revenue per segment SEK m	Q2 2023	Q2 2022	H1 2023	H1 2022	Jan – Dec 2022	Q1 2023
ZUBSOLV® US	145.4	139.6	286.0	278.7	571.4	140.3
US Pharma – Total	**145.4**	**139.6**	**286.0**	**278.7**	**571.4**	**140.3**
DTx	0.0	0.1	0.1	0.3	0.4	0.0
DTx – Total	**0.0**	**0.1**	**0.1**	**0.3**	**0.4**	**0.0**
Abstral® royalties	8.0	5.0	14.2	17.4	30.4	6.2
Edluar® royalties	4.0	1.6	5.3	4.8	10.4	1.3
ZUBSOLV® – ex US	0.2	1.5	11.2	6.1	11.8	10.9
HQ & Pipeline – Total	**12.3**	**8.1**	**30.8**	**28.3**	**52.6**	**18.5**
TOTAL	**157.7**	**147.8**	**316.8**	**307.3**	**624.3**	**158.8**

Comments Q2

- ✓ ZUBSOLV® net revenue grew YoY with 4.1% primarily due to stronger USD (+SEK 9.4 m) and lower wholesaler destocking (+ SEK 5.2 m)
- ✓ Partly offset by lower volumes (4% vs Q2 2022), unfavorable payer mix (increased share of Medicaid) and increased GTN reductions
- ✓ In comparison to Q1 2023, ZUBSOLV® volumes grew with 1% and net revenue with 3.6% (SEK 5.1 million) primarily due to lower wholesaler destocking and stronger USD vs SEK

Significantly lower OPEX

Income statement SEK m	Q2 2023	Q2 2022	H1 2023	H1 2022	Jan – Dec 2022
Net revenues	157.7	147.8	316.8	307.3	624.3
Cost of goods sold (COGS)	-17.2	-21.2	-46.0	-48.7	-102.6
Gross Profit	**140.5**	**126.6**	**270.8**	**258.5**	**521.7**
Operating Costs	**-153.4**	**-176.4**	**-343.0**	**-321.5**	**-705.6**
EBIT	**-12.9**	**-49.7**	**-72.3**	**-62.9**	**-183.9**
Net financial items	-2.9	12.3	-12.0	10.4	13.5
EBT	**-15.8**	**-37.4**	**-84.3**	**-52.5**	**-170.4**
Tax	3.2	1.7	7.8	-6.8	-7.2
Net profit/loss	**-12.6**	**-35.8**	**-76.5**	**-59.4**	**-177.6**
EBITDA	**5.6**	**-32.5**	**-35.4**	**-29.7**	**-115.2**

Comments Q2

OPEX significantly lower mainly due to

- Lower expenses for IP litigation and OX124
- Lower expenses for DTx
- Partly offset by negative impact from stronger USD

ZUBSOLV® US EBIT contribution of SEK 71 m (77)

- EBIT Margin for the quarter 49% (55%)

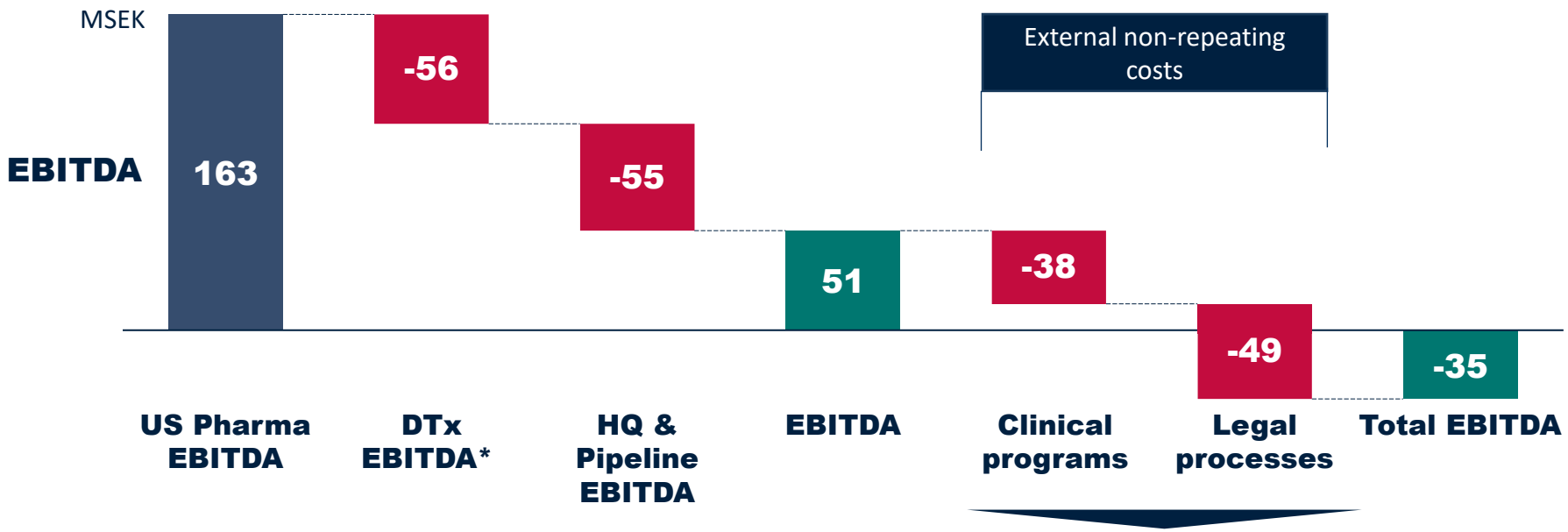
EBITDA of SEK 5.6 m (-32.5)

- Exclusion of costs for legal processes and external non-repeating costs for R&D, would result in an EBITDA of SEK 30 m (11) for Q2.

NET FINANCIAL ITEMS of SEK -2.9 m (12.3)

- Lower positive unrealized exchange rate impact of SEK 5.3 m (18.1) derived from the parent company's foreign currency bank accounts mainly in USD
- Higher interest rate for corporate bonds of SEK -9.3 m (-5.6).
- Partly offset by interest income of SEK 1.5 m (0.4) from short-term cash investments and bank accounts.

H1 EBITDA positive SEK 51 m, excluding non-repeating expenses



- MODIA® study
- OX640 project
- OX124 project
- Sun Litigation
- Subpoena

* DTx EBITDA including internal allocations from US Pharma

Sufficient cash position enables continued R&D investments for growth

Cash Flow SEK m	Q2 2023	Q2 2022	H1 2023	H1 2022	Jan - Dec 2022
Cash flow from operating activities	-12.7	14.5	-70.5	-47.1	-156.6
Investment activities	125.1	-226.3	208.3	-231.9	-234.7
Financing activities	-14.0	-5.3	-25.5	-10.6	-21.4
Cash flow (excl. exchange rate differences)	98.5	-217.0	112.3	-289.6	-412.8
Exchange-rate differences in cash and cash equivalents	10.1	23.4	6.5	29.7	40.9
Add back short-term investments	0.0	223.5	0.0	223.5	219.6
Cash and cash equivalents at the beginning of the period	142.2	437.8	132.2	504.1	504.1
Liquid funds	**251.1**	**467.7**	**251.1**	**467.7**	**351.9**
Net cash position including short-term investments	-229.9	-25.9	-229.9	-25.9	-142.9

Comments Q2

- ✓ Liquid funds (SEK 251 m) decreased with SEK 28 m from Q1 2023 (SEK 279 m)
  - ✓ SEK 12.7 m negative contribution from operating activities primarily impacted by negative changes in working capital
  - ✓ Investment activities had a positive impact of SEK 125.1 m on cash flow from maturing of all invested surplus cash in certificates of deposits and in US treasuries.
  - ✓ Financing activities had a negative impact of SEK 14 m on cash flow primarily from buy back of the corporate bond with a nominal value of SEK 8.75 m and amortization of lease liability

Financial outlook

Metric	Outlook 2023	Reaffirmed/revised
Key market development	The buprenorphine/naloxone market will grow 4-7 percent, based on current growth trajectory. The new legislation, effective January 1, 2023, will have a positive effect over time, but due to uncertainty related to timeline of the implementation its impact on market growth in 2023 is excluded.	Reaffirmed
Lead product net sales	Group revenues will increase, with ZUBSOLV® US revenues being in line with 2022	Reaffirmed
Group OPEX	Reduced OPEX in H2 compared to H1, which amounted to SEK 343 million including depreciation of SEK 37 million	Revised
Group EBITDA	EBITDA in balance in H2	Reaffirmed

Q2 legal update

ZUBSOLV® patent dispute vs Sun Pharmaceuticals

- ✓ In Q1 2023 the trial was conducted in the US District Court for the District of New Jersey.
- ✓ **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**

Overall strong IP rights for ZUBSOLV®:

- ➢ In total 10 patents listed in the Orange Book, validity reaffirmed by the District Court
- ➢ Patent expiring dates Dec 2027 – Sep 2032

US authorities' investigations with regards to ZUBSOLV® promotion

- ✓ Investigation initiated in July 2020
- ✓ 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.

Future value drivers

Several significant milestones near term

- ✓ **Corporate EBITDA profitability in sight[1]**
  - Increased income from partners
  - Main current external cost drivers will diminish during H2 2023 and significant reduction in direct expenses for DTx
  - No new activities driving external expenses to be initiated without certainty of associated revenues
- ✓ **ZUBSOLV® sales stabilized and improved access to patients**
  - Settlements providing approx. USD 54 billions announced and new legislation open up for all physician's to prescribe ZUBSOLV®
- **R&D pipeline expected to result in revenue generating partnerships in 2023**
  - OX640 and amorphOX® partnering discussions on-going
  - New OX124 FDA filing in Q3 2023 providing a new alternative to save patients with fentanyl overdose
- **DTx progress with the potential to democratize access to psychosocial support**
  - MATCore® implementation in Arizona and potentially additional states providing grants or subsidies to improve treatment for patients in rural areas or with other hurdles access OUD treatment
  - VA and restart of Trinity Health implementation
  - MODIA® study result during the summer
- ✓ **Decision in SUN IP litigation during the summer of 2023**

[1] Assuming no unexpected events outside the control of Orexo e.g. legal expenses associated with the government investigation or new IP litigations

Thanks

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