

Notice of Annual General Meeting of Orexo

The shareholders in Orexo AB (publ.) are summoned to the annual general meeting, to be held on Thursday 6 April 2017, at 4.00 pm in Orexo's facilities at Virdings allé 32A, in Uppsala, Sweden.

Participation, etc

Shareholders who wish to participate in the meeting must be recorded in the share register maintained by Euroclear Sweden AB on Friday 31 March 2017, and notify Orexo of their intention to attend the meeting not later than on Friday 31 March 2017 by post to Orexo AB, P.O. Box 303, SE-751 05 Uppsala, Sweden, by telephone +46 (0) 18 780 88 00, by telefax +46 (0) 18 780 88 88, 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 www.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 Friday 31 March 2017, and the shareholders must therefore advise their nominees well in advance of this date.

There are 34,874,585 shares and 34,573,085 votes outstanding in Orexo, of which 335,000 shares are class C shares entitled to one-tenth vote per share and 34,539,585 shares are ordinary shares entitled to one vote per share. Orexo holds 335,000 own class C shares.

Proposed agenda

1. Opening of the meeting.
2. Election of chairman of the meeting.
3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons who shall approve the minutes of the meeting.
6. Determination of whether the meeting has been duly convened.
7. Speech by the chief executive officer.
8. Presentation of the annual report and the auditor's report as well as the consolidated financial statements and the auditor's report on the consolidated financial statements.
9. Presentation of the work performed by the board of directors and its committees.
10. Resolution regarding adoption of the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet.
11. Resolution regarding allocation of the company's result pursuant to the adopted balance sheet.
12. Resolution regarding discharge from liability of the board members and the chief executive officer.

13. Determination of the number of board members, and auditors.
14. Determination of fees for the board members and the auditor.
15. Election of board members, chairman of the board and auditor.
16. Resolution on guidelines for remuneration to the management.
17. Resolution regarding nomination committee.
18. Resolution regarding authorization for the board of directors to resolve to issue new shares.
19. Resolution regarding authorization for the board of directors to resolve to repurchase and transfer of own shares.
20. Resolution regarding adoption of new long term incentive programme.
21. Closing of the meeting.

Proposals regarding chairman of the meeting, the board of directors and auditors (items 2, 13, 14 and 15)

The nomination committee of Orexo, which consists of Martin Nicklasson (chairman of the board), Kasim Kutay (Novo A/S and chairman of the nomination committee), Björn Odlander (HealthCap) and Claus Berner Møller (Arbejdsmarkedets Tillaegspension), proposes:

- that the chairman of the board, Martin Nicklasson, is elected chairman of the meeting (item 2),
- that the board of directors shall consist of seven board members with no deputy members (item 13),
- that the number of auditors shall be one with no deputy auditors (item 13),
- that the fees to the board of directors shall amount to SEK 2,100,000 to be allocated as follows: SEK 600,000 to the chairman and, SEK 200,000 to each of the other board members, and in total SEK 300,000 to be allocated to the members of the audit committee so that the chairman of the committee receives SEK 200,000 and SEK 100,000 are allocated between the other members of the committee, that fees to the auditor shall be paid against approved accounts, and that fees to the board members may, if agreed with Orexo, be invoiced by a company, in which case the invoiced fee shall be determined so that it is cost neutral for Orexo (item 14),
- that the board members Raymond Hill, Staffan Lindstrand, Martin Nicklasson, Kristina Schauman, Michael Shalmi, David Colpman and Kirsten Detrick are re-elected, all for the period up until the end of the next annual general meeting (item 15),
- that Martin Nicklasson is re-elected as chairman of the board (item 15), and
- that Ernst & Young Aktiebolag is elected as auditor for the period up until the end of the next annual general meeting. The proposal is in accordance with the recommendation by the audit committee (item 15).

Allocation of the company's result (item 11)

The board of directors proposes that there shall be no dividend for 2016 and that the results of the company shall be carried forward.

Proposal regarding resolution on guidelines for remuneration to the management (item 16)

The board of directors proposes that the annual general meeting resolve to approve the board of directors' proposal concerning principles and guidelines for the remuneration of the company's management in accordance with what is stated below, to apply until the annual

general meeting 2018. The board's proposal principally conforms to guidelines previously applied to the remuneration of the company's management. "Management" refers to the chief executive officer and the other members of the management group, which in addition to the chief executive officer comprises four persons. The board has appointed a Remuneration Committee to draw up proposals regarding remuneration and other terms of employment for the management.

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 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, 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 chief executive officer and the management shall be in line with market conditions. 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 set goals met by the individual. Variable remuneration shall amount to no more than 40 percent of the fixed salary of the chief executive officer and not more than 30 percent of the fixed salary for the other members of the management group. 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.

Orexo has adopted share-based incentive programs intended to promote the company's long-term interests by motivating and rewarding the management of the company, among others.

The chief executive officer and the other members of the management group are covered by defined-contribution pension plans. The pension premiums paid by the company amount to not more than 20 percent of the chief executive officer's monthly salary, while premiums for the other members of the management group amount to between 20 and 25 percent of fixed annual salary. The employment agreement with the chief executive officer may be terminated with six months' notice. Employment agreements with the other members of the management group may be terminated with notice of between three and 12 months. The chief executive officer is entitled to severance pay equivalent to six months' salary if employment is terminated by the company. The other members of the management group are entitled to severance pay equivalent to between zero and 12 months' salary if employment is terminated by the company. The board is entitled to, so deemed appropriate on an individual case, assign company work to a board member over and above the board assignment, in which case the board member may be granted reasonable remuneration.

Resolution regarding nomination committee (item 17)

The nomination committee proposes that the meeting resolves that the company shall have a nomination committee consisting of a representative of each of the three largest shareholders, based on the number of votes held, together with the chairman of the board. If any of the three largest shareholders declines to appoint a member to the nomination committee, additional shareholders are, by order of size, to be offered appointment until three members are appointed. The names of the members of the nomination committee and the names of the shareholders they

represent shall be made public not later than six months before the annual general meeting and be based on shareholding statistics provided by Euroclear Sweden AB per the last banking day in August 2017. Unless the members of the nomination committee agree otherwise, the member representing the largest shareholder, based on the number of votes held, shall be appointed chairman of the nomination committee. If a shareholder representative no longer represents the owner or leaves the nomination committee before its work is completed, the shareholder shall be entitled to appoint a new member of the nomination committee. A shareholder who has appointed a member of the nomination committee has the right to remove such member and appoint a new member of the nomination committee. In the event a shareholder that has appointed a member is no longer one of the three largest shareholders, based on the number of votes held, the appointed member shall resign and be replaced by a new member in accordance with the above procedure. Unless special circumstances apply, no changes should be made in the composition of the nomination committee as a result of minor changes in voting rights or changes in voting rights which occur later than two months before the annual general meeting. Changes in the composition of the nomination committee shall be made public as soon as possible.

The nomination committee shall prepare and submit proposals to the general meeting on: chairman of the meeting, board members, chairman of the board, board fees to each of the board members and the chairman as well as remuneration for committee work, if any, fees to the company's auditor, and, when applicable, proposal regarding election of new auditor. Further, the nomination committee shall prepare and propose principles for the composition of the nomination committee to the annual general meeting 2018. The nomination committee shall be entitled to charge the company with costs for consultants and other expenses necessary for the nomination committee to carry out its duties.

Resolution regarding authorization for the board of directors to resolve to issue new shares (item 18)

The board of directors proposes that the meeting authorizes the board of directors to resolve to issue of new shares on one or several occasions until the next annual general meeting, with or without preferential rights for the shareholders, against cash payment or against payment through set-off or in kind, or otherwise on special conditions. However, such issue of shares must never result in the company's issued share capital or the number of shares in the company at any time, being increased by more than a total of 10 per cent. The purpose of the authorization is to enable the board to make corporate acquisitions, product acquisitions or to enter into collaboration agreements, or to raise working capital or broaden the shareholder base.

Resolution regarding authorization for the board of directors to resolve to repurchase and transfer of own shares (item 19)

The board of directors proposes that the meeting authorizes the board of directors to resolve to repurchase, on one or several occasions until the next annual general meeting, as many own shares as may be purchased without the company's holding at any time exceeding 10 per cent of the total number of shares in the company. The shares shall be purchased on Nasdaq Stockholm and only at a price per share within the price range applicable, i.e. the range between the highest purchase price and the lowest selling price.

The board of directors also proposes that the meeting authorizes the board of directors to resolve, on one or several occasions until the next annual general meeting, to transfer (sell) own

shares. Transfers may be carried out on Nasdaq Stockholm at a price within the price range applicable, i.e. the range between the highest purchase price and the lowest selling price. Transfers may also be made in other ways, with or without preferential rights for the shareholders, against cash payment or against payment through set-off or in kind, or otherwise on special conditions. Upon such transfers, the price shall be established so that it is not below market terms. However, a discount to the stock market price may apply, in line with market practice. Transfers of own shares may be made of up to such number of shares as is held by the Company at the time of the board of director's resolution regarding the transfer.

The purpose of the authorization to repurchase own shares is to promote efficient capital usage in the company and to provide flexibility as regards the company's possibilities to distribute capital to its shareholders. The purpose of the authorization to transfer own shares is to enable the board to make corporate acquisitions, product acquisitions or enter into collaboration agreements, or to raise working capital or broaden the shareholder base or for use in the context of the company's incentive plans.

Resolution regarding adoption of new long term incentive programme (item 20)

The board of directors proposes that the annual general meeting resolves to implement a new performance based long term incentive program for senior executives and key employees within the Orexo group (LTIP 2017) in accordance with items 20 (a) – 20 (d) below. The resolutions under items 20 (a) – 20 (d) below are proposed to be conditional upon each other and for that reason it is proposed that all resolutions are to be passed as one resolution. LTIP 2017 is proposed to include up to approximately 60-70 senior executives and key employees within the Orexo group.

LTIP 2017 is a three-year performance-based program similar to the programs adopted on the annual general meetings 2015 and 2016. Under LTIP 2017, the participants will be granted, free of charge, performance-based share awards ("Share Awards") that provide entitlement to a maximum of 330,000 shares in Orexo, in accordance with the terms stipulated below.

Proposal to adopt a performance based long-term incentive program (item 20 (a))

The rationale for the proposal

LTIP 2017 substantially corresponds with the performance based long-term incentive programs adopted on the annual general meetings 2015 and 2016 and LTIP 2017 is intended for certain senior executives and key employees within the Orexo Group. The board of directors of Orexo believes that an equity incentive program is an important part of a competitive remuneration package to be able to attract, retain and motivate qualified employees to the Orexo group and the board of directors confirm its intend to make annual grants of performance-based share awards. With reference thereto, the board of directors has decided to propose that a program corresponding to the programs adopted on the annual general meetings 2015 and 2016 shall be adopted on the annual general meeting 2017. LTIP 2017 is based on performance-based share awards and adapted to the current needs of the Orexo group and also in line with market practice for companies in the same phase and industry.

The purpose of LTIP 2017 is to attract, retain and motivate employees of the Orexo group, provide competitive remuneration packages and to align the interests of the senior executives and key employees with the interests of the shareholders. The board of directors is of the opinion that this strengthens the interest for Orexo's business and also stimulates company loyalty in

the future. In light of the above, the board of directors believes that implementation of LTIP 2017 will have a positive effect on the development of the Orexo group and consequently that LTIP 2017 is beneficial to both the shareholders and the company.

Conditions for Share Awards

The following conditions shall apply for the awards.

- The Share Awards shall be granted free of charge to the participants as soon as possible following the annual general meeting 2017 and no later than on 30 June 2017.
- Each Share Award entitles the holder to receive one share in the company, free of charge, three years after granting of the Share Award (the vesting period), provided that the holder, with some exceptions, still is employed by the Orexo group.
- A prerequisite for entitlement to receive shares on the basis of Share Awards is that the performance conditions for LTIP 2017 have been satisfied pursuant to the terms and conditions specified below.
- The number of Share Awards encompassed by LTIP 2017 is to be re-calculated in the event that changes occur in Orexo's equity capital structure, such as a bonus issue, merger or consolidation of shares, new issue, reduction of the share capital or similar measures.
- To make the participants' interest equal with the shareholders', Orexo will compensate the participants for distributed dividends, if any, during the vesting period by increasing the number of shares that each Share Award is entitled to after the vesting period.
- The Share Awards are non-transferable and may not be pledged.
- The Share Awards can be granted by the parent company and any other company within the Orexo group.

Performance Conditions

The Share Awards are to be divided according to two different performance conditions encompassed by LTIP 2017. The performance conditions focus on Orexo's financial and operational targets for 2017 ("Performance Target 1") and on the share-price development for the three year vesting period ("Performance Target 2"). Of each participant's granted Share Awards, 50 percent will pertain to Performance Target 1 and 50 percent will pertain to Performance Target 2. The allotment of shares that each participant later may receive depends on achievement of the established performance targets as described below.

Performance Target 1: This target pertains to the fulfilment of the financial and operational targets for the financial year 2017 as established by the board of directors and relates to Orexo's key KPIs as for example 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 percent 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 percent of the overall average performance is achieved. When calculating the overall performance achievement, individual targets may account for a maximum of 120 percent achievement, but the overall average performance is capped at 100 percent. If performance achievement falls below 80 percent for an individual target then this individual target accounts for zero in the calculation of the overall average achieved.

The board of directors will present the rate of achievement of Performance Target 1 in the Annual Report for 2017.

Performance Target 2: This target pertains to the development of the Orexo share price over the period from the date of the annual general meeting 2017 up to and including April 5, 2020. The share price will be measured as the volume weighted average share price 60 trading days prior to measurement date. Measurement dates are date defined as date of the annual general meeting 2017 and April 5, 2020. Should the Orexo share price increase by 60 percent, then 100 percent will be allotted, 66 percent will be allotted should the Orexo share price increase by 40 percent and 33 percent will be allotted should the Orexo share price increase by 20 percent. In between these figures, allotment of shares on the basis of the Share Awards will occur linearly. These categories correspond to a three-year average annual increase of approximately 17 percent, 12 percent and 7 percent per annum. In addition to satisfaction of the Performance Target 2 set out above, for any vesting to occur, the development of the Orexo share price shall have outperformed the Nasdaq Stockholm Pharmaceuticals & Biotechnology PI during the measurement period from the date of the annual general meeting 2017 up to and including April 5, 2020.

Allocation

The participants are divided into three allocation categories: (i) CEO; (ii) other members of Group Management; (iii) other key personnel. The maximum number of share awards that a participant may be granted in LTIP 2017 depends on the category to which the participant belongs.

The limits for each category is defined as the maximum granting value as a percent of annual base salary and will be maximum 75 percent of annual base salary for the CEO, maximum 50 percent of annual base salary for other members of the Group Management and finally maximum 33 percent of the annual base salary for other key personnel.

The board of directors shall resolve upon the final allocation of the Share Awards as soon as possible after the annual general meeting. Several factors will be considered to secure recruitment, retention and motivation when deciding upon individual allocations including position within Orexo, individual performance and total value of current remuneration package. Individual allocation cannot exceed the above mentioned limit for the category that the individual belongs to.

The share price that is to form the basis for calculating the number of share awards is to correspond to the average last price paid during a given period of trading. This period comprises the first ten days of trading immediately following the date of the 2017 annual general meeting. The share price is then divided by the individual granting value in order to arrive at the total number of Share Awards granted per participant.

Preparation and administration

The board of directors shall be responsible for preparing the detailed terms and conditions of LTIP 2017, in accordance with the mentioned terms and guidelines. To this end, the board of directors shall be entitled to make adjustments to meet foreign regulations or market conditions. The board of directors may also make other adjustments if significant changes in the Orexo group, or its operating environment, would result in a situation where the decided terms and conditions for LTIP 2017 no longer are appropriate. Prior to finally determining allotment of shares on the basis of Share Awards, the board of directors will assess whether the outcome of LTIP 2017 is reasonable. This assessment will be conducted in relation to the company's financial earnings and position, conditions in the stock market and other circumstances. Should

the board of directors not consider the outcome to be reasonable, the number of shares to be allotted will be reduced.

Preparation of the proposal

LTIP 2016 has been initiated by the board of directors of Orexo, and has been structured in consultation with external advisers based on an evaluation of prior incentive programs and best market practices. LTIP 2017 is similar to LTIP 2016 and LTIP 2015 and has been prepared by the Remuneration Committee and reviewed at meetings of the board of directors.

Scope and costs of the program

LTIP 2017 will be accounted for in accordance with “IFRS 2 – Share-based payments”. IFRS 2 stipulates that the Share Awards should be expensed as personnel costs over the vesting period and will be accounted for directly against equity. Personnel costs in accordance with IFRS 2 do not affect the company’s cash flow. Social security costs will be expensed in the income statement according to UFR 7 during the vesting period.

Assuming a share price at the time of implementation of SEK 35, that Performance Target 1 is achieved at 80 percent and that Performance Target 2 is achieved at 50 percent, including a share price increase of 30 percent during the vesting period, the annual cost for LTIP 2017, including social security costs, is estimated to approximately SEK 3.1 million before tax. The corresponding annual cost with full achievement of Performance Target 1 and Performance Target 2, including a share price increase of 60 percent during the vesting period, is estimated to approximately SEK 3.8 million before tax.

The effects of LTIP 2017 on Orexo’s key ratios had, provided that the programme was implemented in 2016 with full achievement of both Performance Target 1 and Performance Target 2 and that the company had incurred costs in accordance with the example above, resulted in a decrease in earnings per share for the financial year 2016 by SEK 0.08 to SEK 0.76 and a decrease in equity per share for the financial year 2016 by SEK 0.02 to SEK 8.87.

LTIP 2017 will comprise maximum 330,000 shares in total, which corresponds to approximately 0.9 percent of the total outstanding shares and votes in the company. If all outstanding long-term incentive programs in Orexo are included in the calculation, then the corresponding maximum level of dilution amounts to approximately 5.8 percent.

Information on Orexo’s existing incentive programs can be found in the Annual Report 2016, Note 11 and 25, and on the company’s website, www.orexo.com.

Delivery of shares under LTIP 2017

To ensure the delivery of shares under LTIP 2017, the board of directors proposes to issue Class C shares. The Class C shares are not listed, they are redeemable and may, upon the decision by the board of directors, be reclassified into ordinary listed shares. The Class C shares do not provide entitlement to dividend payment. The board of directors proposes that the general meeting authorises the board of directors to resolve on a directed issue of Class C shares to Danske Bank in accordance with item 20 (b), and an authorisation for the board of directors to subsequently resolve to repurchase the Class C shares from Danske Bank in accordance with item 20 (c). The Class C shares will then be held by Orexo as treasury shares during the vesting period, whereafter the appropriate number of Class C shares will be reclassified into ordinary shares and subsequently delivered to participants in LTIP 2017.

Proposal regarding authorisation to resolve to issue Class C shares (item 20 (b))

The board of directors proposes that the annual general meeting resolves to authorise the board, during the period until the next annual general meeting, to increase the company's share capital by not more than SEK 92,000 by the issue of not more than 230,000 Class C shares, each with a quota value of SEK 0.40. With disapplication of the shareholders' preferential rights, Danske Bank shall be entitled to subscribe for the new Class C shares at a subscription price corresponding to the quota value of the shares. Such issues must not lead to the company's share capital exceeding the maximum share capital pursuant to the company's at any given time adopted articles of association. The purpose of the authorisation is to ensure delivery of ordinary shares to participants under LTIP 2017 and to secure for future cash flow effects due to payments of social security costs connected with LTIP 2017.

Proposal regarding authorisation to resolve to repurchase Class C shares (item 20 (c))

The board of directors proposes that the annual general meeting authorises the board of directors to decide on the repurchase of up to 230,000 of the company's own Class C shares in accordance with the following terms and conditions:

1. The board of directors shall have the right to repurchase all issued Class C shares through an offer directed to all holders of Class C shares.
2. The repurchase may be exercised on one or several occasions until the next annual general meeting.
3. The number of repurchased shares may not exceed ten (10) per cent of all issued shares in the company at any given time.
4. The repurchase shall be made in cash at a price of SEK 0.40, corresponding to the share's quota value.

The reason for the proposed possibility to repurchase own shares is that the company shall be able to fulfill its obligations under LTIP 2017.

Proposal regarding transfer of ordinary shares (item 20 (d))

The board of directors proposes that the annual general meeting resolves that 230,000 Class C shares, having been purchased by the company by virtue of the authorisation to repurchase its own shares in accordance with item 20 (c) above, following conversion to ordinary shares, may be transferred to participants in accordance with the terms of LTIP 2017.

The board of directors' statements pursuant to Chapter 19, Section 22 of the Swedish Companies Act have been made available together with the proposal.

A resolution in accordance with the board of directors' proposal in item 18 and 19 shall only be valid where supported by not less than two-thirds of both the votes cast and the shares represented at the meeting and resolutions in accordance with the board of directors' proposal in item 20 shall only be valid where supported by not less than nine-tenths of both the votes cast and the shares represented at the meeting.

The shareholders are reminded of their right to request information in accordance with Chapter 7 Section 32 of the Swedish Companies Act. The annual report and all other documents, including the nomination committees' motivated statement and the auditor's report pursuant to Chapter 8 Section 54 of the Companies Act, are available at the company's office at Virdings allé 32 A, in Uppsala and at www.orexo.se no later than three weeks before the meeting and will be sent to shareholders who so request and who inform the company of their postal address. This notice is a translation of a Swedish notice and in case of any deviations between the both language versions, the Swedish version shall prevail.

Uppsala, Sweden, March 2017

Orexo AB (publ.)

The board of directors