Uppsala, December 2013

Dear Orexo Shareholders,

2013 has truly been a turning point in terms of Orexo's business operations, thanks to the approval and launch of Zubsolv® in the US. In my letter in July this year, I told you about the ongoing preparations in anticipation of a launch in September. I am pleased to report that Orexo executed a successful pipeline fill and launched the product on September 16, just 11 weeks post approval. A vital part of the launch preparation was the establishment of Orexo's US commercial subsidiary in Morristown, New Jersey, and to organize the working relationship with our commercial partner Publicis Touchpoint Solutions, which had an established infrastructure in the US and the capacity to recruit a full team of field representatives in 6 weeks.

The collaboration with Publicis Touchpoint Solutions is based on a risk-sharing agreement where both companies make the necessary investments within their agreed areas of responsibility. This means that Publicis Touchpoint Solutions is responsible for all investments in the field force and medical liaison team, whereas Orexo is responsible for the investments in R&D, marketing, account management (payers) and supply. Publicis Touchpoint Solutions will recover their expenses and receive a return on their investment when the partnership is profitable. For Orexo it was critical to limit the financial exposure during the launch phase of the product. The agreement will end in December 2016, which gives Orexo ample opportunity to strategically establish the commercial infrastructure most beneficial for the company.

Personally, I have seen launches of new products facing initial manufacturing and supply problems. I am very pleased to note that our manufacturing and supply people have done a great job in making sure Orexo is not facing any issues. We have to make sure that each patient who receives a prescription is guaranteed to receive the product. If not, stakeholders will lose confidence and trust in Zubsolv and Orexo. Orexo has therefore made great efforts to ensure product supply for all possible demand scenarios, which has led to a considerable investment in inventory. For Zubsolv this is even more critical as the lead time for producing one of the active ingredients, buprenorphine, is 9-12 months, i.e. the orders we make and the inventory we build today meet demand in late 2014. This requires a substantial amount of working capital. Therefore, I am very satisfied with the agreement we recently reached with Danske Bank, which provides Orexo with access to a revolving credit facility of 200 MSEK. This creates a stable financial position, while Zubsolv gains revenue momentum.

As I told you in my July letter, Orexo continues to make major investments in the clinical and pharmaceutical development of Zubsolv. It is Orexo's ambition to improve opioid dependence treatment and become a driving force in the required paradigm shift of treatment patterns in the US. Today, most patients seek medical

consultation when they are caught up in severe opioid abuse, with a high level of opioids used every day, mixing of several opioids, and many have tested heroin as a treatment. Feedback from prescribers tells us that earlier treatment intervention will substantially increase the chances of treatment success. Orexo will design research and development activities to enable earlier treatment of patients. The feedback from key stakeholders makes us confident that this is feasible and it will have the potential to drive further growth of Zubsolv in the future. A first major step will be the results of our Induction Study, which will enable us to apply for a new indication for Zubsolv – induction (start of treatment), whereby it will become the product of choice for new patients seeking treatment. If this is successful, Zubsolv will be the only buprenorphine/naloxone brand with this indication.

The launch of Zubsolv in the US is still in an early phase. I am pleased to note the positive growth in both volume and market share. Looking at the publicly available weekly data from Walters Kluwer, we are now approaching a 2% market share of all prescriptions and we continue to grow market share on a weekly basis. This is before the expected impact of improved reimbursement, especially at CVS Caremark, which will be in place from January 1, 2014. Even though Zubsolv is reimbursed by nearly all commercial insurance plans and several public plans, we continue to work hard to get Zubsolv into even better positions from a competitive perspective, which, as I told you in my previous letter, takes some time to achieve in the US. However, we are optimistic about the prospects, and we continue to make good progress in our efforts to improve reimbursement. We will provide you with a more comprehensive status report in the full-year report, on January 30, 2014.

With the feedback we receive daily from prescribers and patients, I remain confident that Zubsolv will succeed and take a substantial share of the US market over time.
However, we have just started this exciting journey for Orexo, and we look forward to your continued support in the period to come.

This is my last Chairman letter. I am pleased that Orexo has made a successful turnaround in becoming a commercially focused company, and I encourage you all to follow our future business progress via our quarterly reports.

I wish you a joyful Holiday Season and a prosperous 2014.

Martin Nicklasson
Chairman of Orexo