

# Ready to capitalize on a strong foundation

**January 27,  
2021**

Orexo supports the UN's  
Agenda 2030 with a focus on:



# Agenda & presenters

## Q4 2021 Interim Report

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Q4 Key achievements

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Business update

- US Pharma
- Pipeline & HQ
- Digital Therapeutics

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Financial overview

- Financial development
- Outlook
- Legal update

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Future value drivers

- Incl. OX124 & OX640 market opportunities



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# Q4 Key achievements

# Expanding the business

- ✓ US Pharma revenues showed a mild decline QoQ
- ✓ Profit contribution from US Pharma continued to be strong (54%)
- ✓ The HQ & Pipeline business reached multiple milestones, with strong results from the OX124 pivotal trial, the novel amorphOX™ platform and the new pharma project OX640
- ✓ The online platform, Walgreens Find Care®, will include VORVIDA® and DEPREXIS® during Q1 2022<sup>1</sup>
- ✓ 2022 outlook includes i.a. lower selling expenses, mainly due to lower DTx costs as an effect of the new commercialization strategy

<sup>1</sup> Collaboration signed in January 2022

## US Pharma net revenues ▲

QoQ **-2** %

## US Pharma EBIT

**72** SEK M

## Group cash position

**504** SEK M

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A smiling man with grey hair, wearing a blue and white plaid shirt under a dark blue quilted vest, is shown from the chest up. He is holding the straps of a black backpack. The background is a blurred desert landscape with dry bushes and hills under a bright sky.

# Business update US Pharma

# ZUBSOLV® customers – target group for the MODIA™ awareness campaign

## Operational update

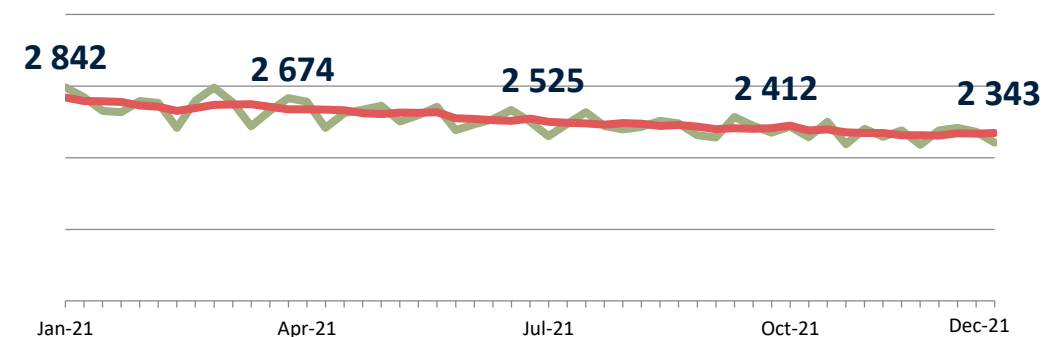
- ✓ Field force started MODIA™ awareness campaign to ZUBSOLV® customers
- ✓ Sales force access to prescribers higher than earlier in the pandemic but below Q3 due to holiday office closures
- ✓ Access to Public segment unchanged at 42%, while access to the Commercial segment decreased slightly from 99-98% (Non-reimbursed accounts)

## Development NTRx QoQ

Overall -4%  
Open segment<sup>1</sup> -2%  
UHG & Humana -5%  
Non-reimbursed -9%  
(minor part of total sales)

## High level comments +/-

- + 45% growth in Kentucky Medicaid
- + Good QoQ growth in several other Medicaid accounts
- UHG & Humana continues to impact overall demand
- Continued deceleration of market growth



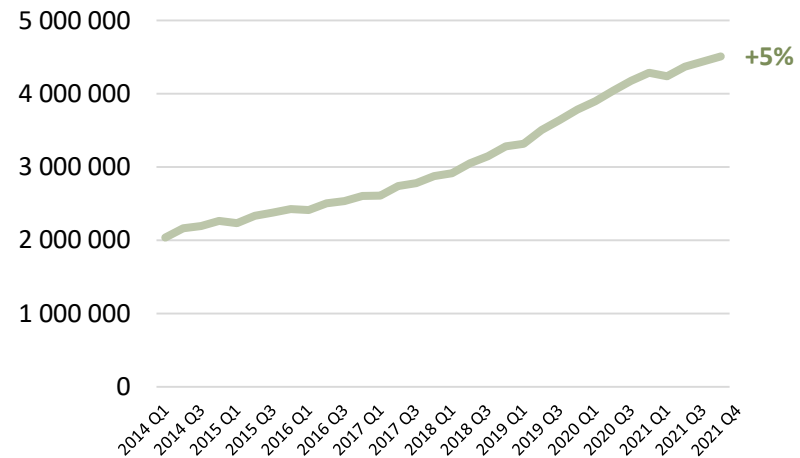
<sup>1</sup> Where ZUBSOLV® is reimbursed and competes on equal terms with both branded products and/or generics

<sup>2</sup> R4W Average NTRx in Bold Color; Single Week NTRx in Lighter Shade. Period 01.08.21-12.24.21

# Multiple drivers for future growth

## Q4 - 5% total market growth YoY

Driven primarily by Commercial and Medicaid growth



Market volume sales development<sup>1</sup>

<sup>1</sup> Volume sales, quarterly NTRx

### 1

Covid-19 effects likely to diminish improving patient access to care and Orexo access to customers

### 2

Multiple comprehensive activities on-going on federal and state levels will increase access to treatment

### 3

Overall improved market access for ZUBSOLV<sup>®</sup> maintained with Public payer access at 42% and a slight decrease in Commercial at 98% (99%)

### 4

The launch of MODIA<sup>™</sup> will open up new market segments and is a complementary message with ZUBSOLV<sup>®</sup>

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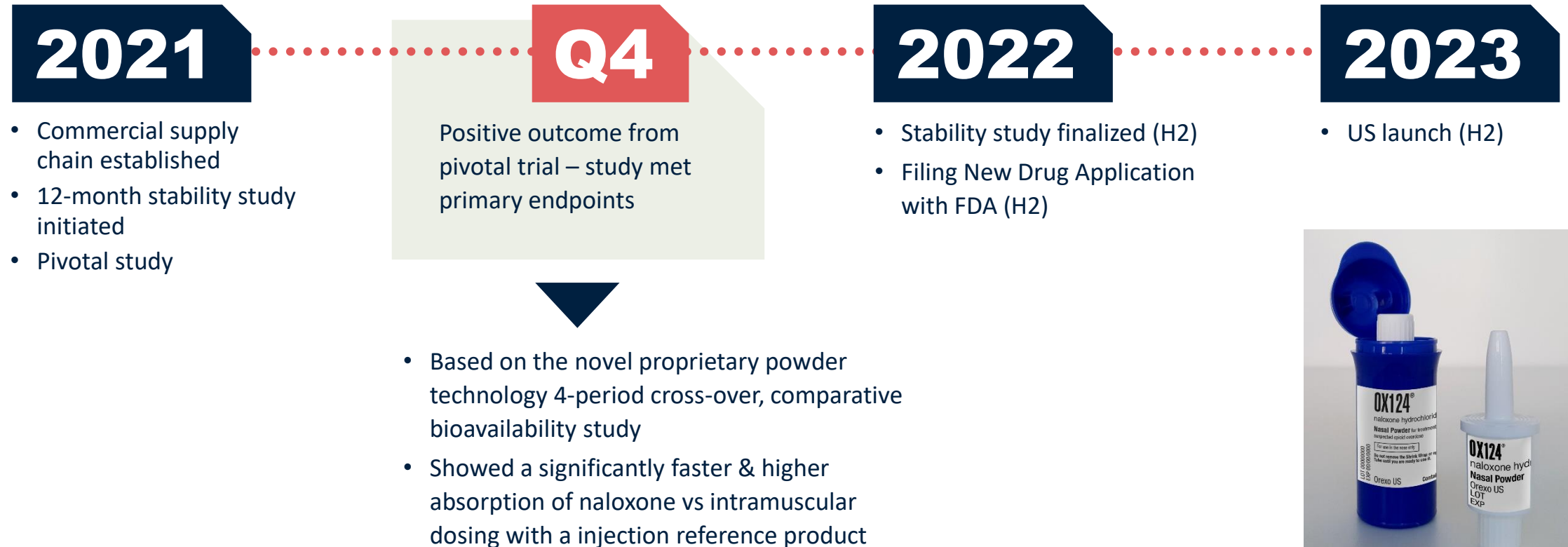
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# Business update HQ & Pipeline

# OX124 – positive results from pivotal trial





**amorphOX™  
drug delivery  
platform**

**Orexo has developed  
an amorphous  
powder that is  
rapidly dissolving,  
stable and works  
with different APIs**



## Validated in human trials

- ✓ The technology used in OX124 (naloxone) and OX125 (nalmefene)
- ✓ Developed to reverse (synthetic) opioid overdoses
- ✓ Needle-free, easy nasal administration
- ✓ OX124 dissolves near instantly in minimal amount of liquid and is remarkably stable
- ✓ Ideal emergency medication



### Successful trials

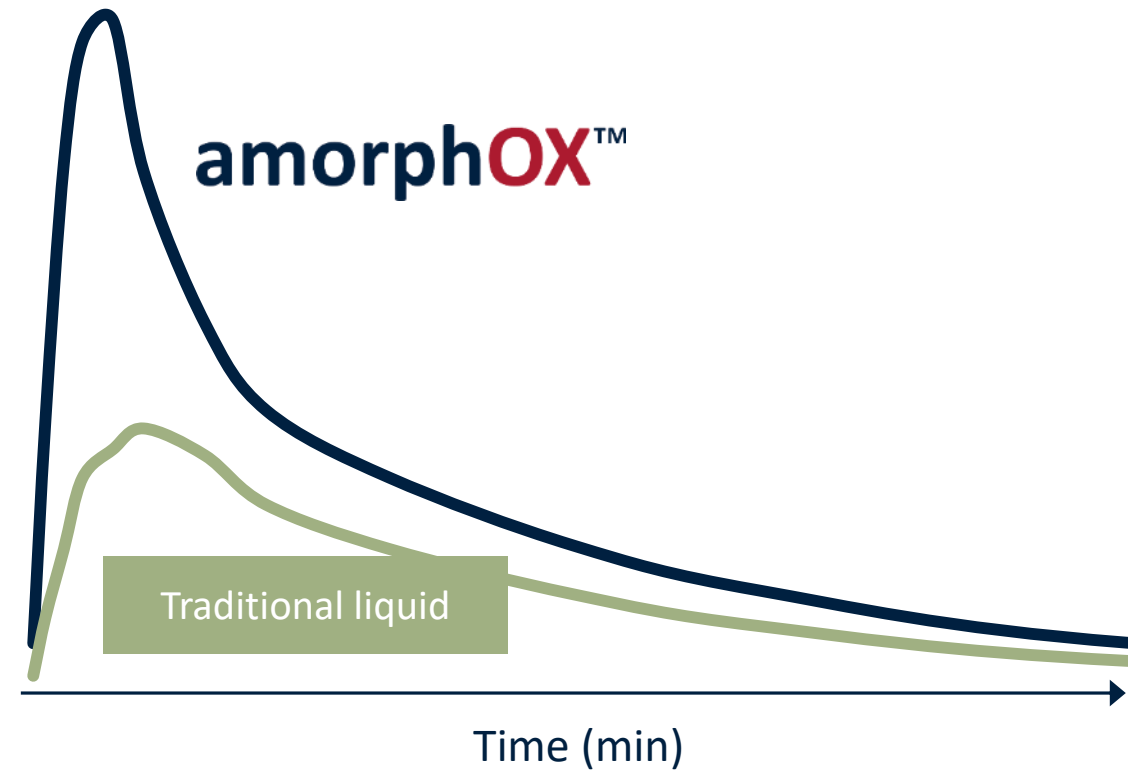
- Faster onset
- Higher exposure
- Lower variability
- Well tolerated

Note: product image for OX125 is a prototype

## Comparison to traditional liquid nasal sprays

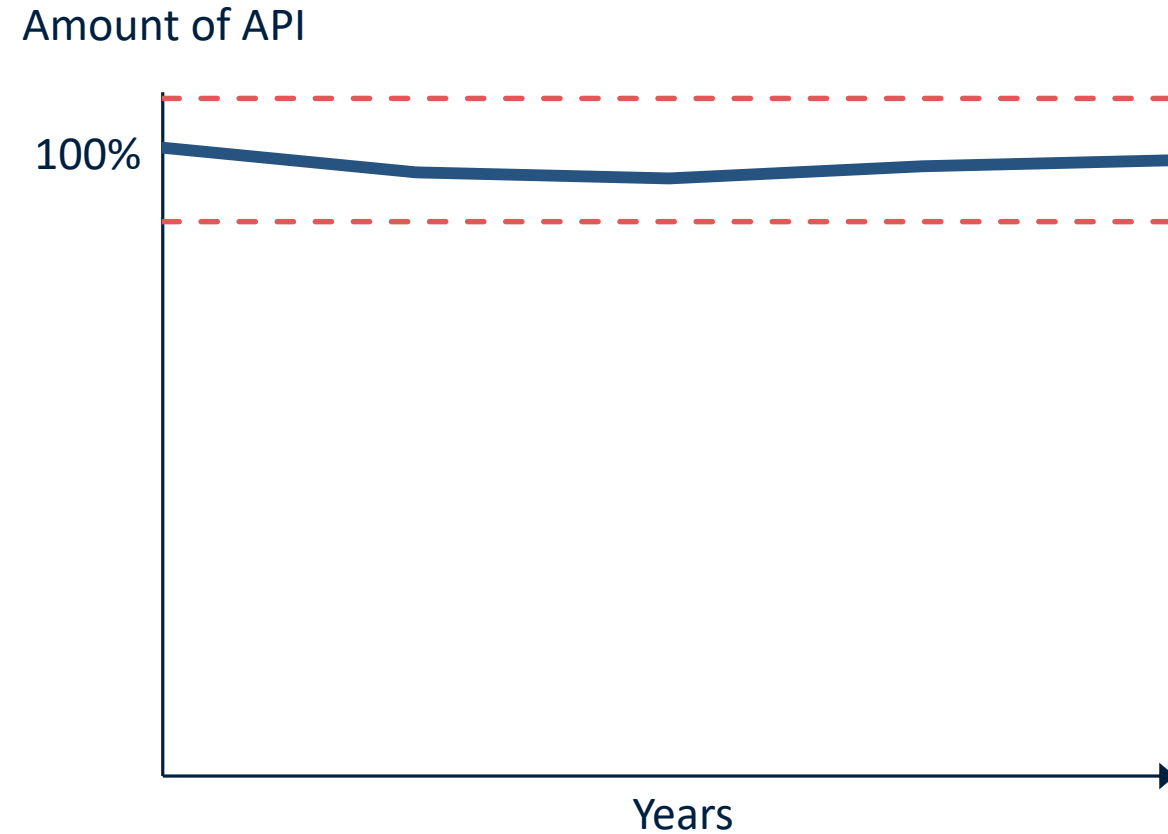
- ✓ Superior pharmacokinetic properties
- ✓ More rapid onset
- ✓ Higher peak and overall exposure
- ✓ Lower variability

Plasma concentration



## Stable storage under accelerated conditions

- ✓ Excellent stability even under accelerated conditions
- ✓ Works for a broad scope of API's
- ✓ Even very unstable API's can be formulated to provide for storage stable products



# Wide applicability

Significant potential outside the substance abuse field

## Various dosage forms ...

powder, capsule, tablet, powder for reconstruction

## ... administration routes ...

nasal, sublingual, pulmonary, oral

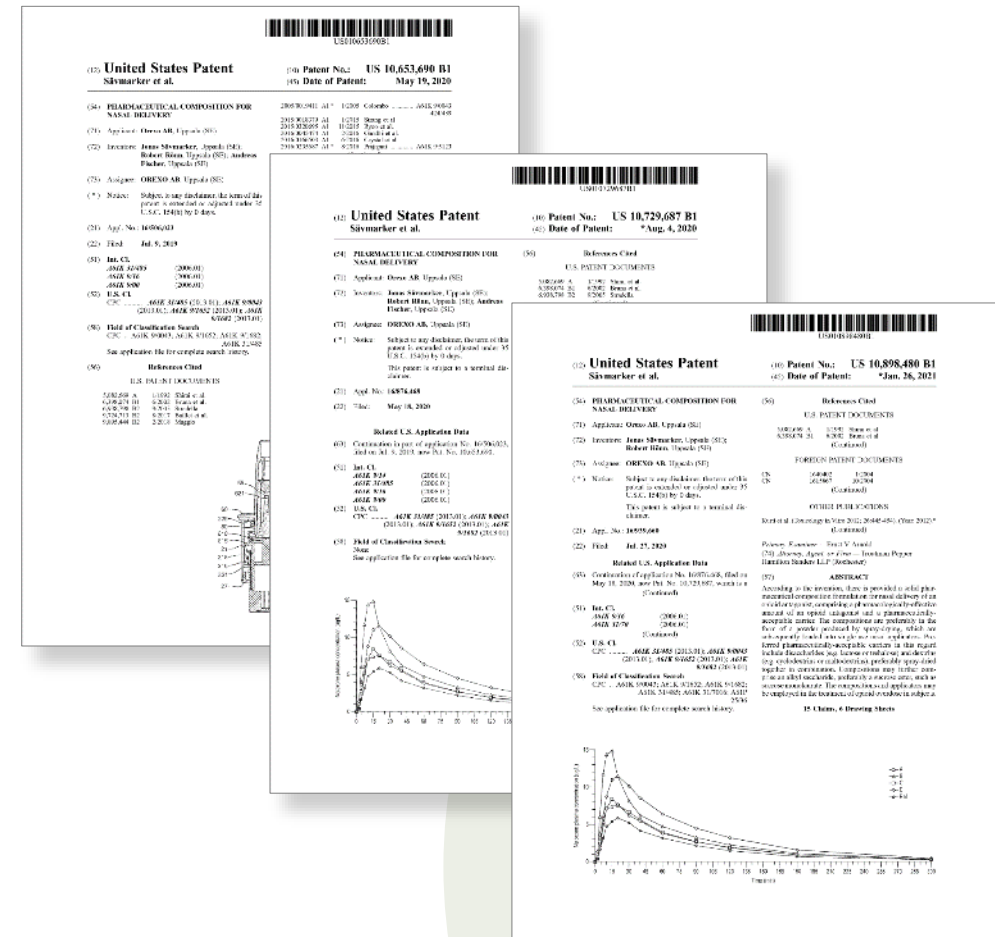
## ... and tailored properties

particle size, dissolution, mucosal retention



# Patent protected

- ✓ Three granted US patents protecting the OX124 and OX125 products until 2039
- ✓ Several distinct patent applications directed to the amorphOX™ platform have been filed
- ✓ Potential protection until 2042





**Nasal adrenaline  
rescue medication  
based on amorphOX™**

# OX640 – addressing an unmet need

## Indication

- ✓ Emergency treatment of allergic reactions and anaphylaxis

## First-line treatment

- ✓ Injectable adrenaline such as intramuscular auto-injectors, e.g. EpiPen®

## Significant advantages with OX640

- ✓ Less bulky
- ✓ Needle-free
- ✓ Flexible handling and storage
- ✓ Long shelf-life

**Going from this ...**



**... to this**



Note: product image is a prototype

# OX640 nasal adrenaline – Excellent stability

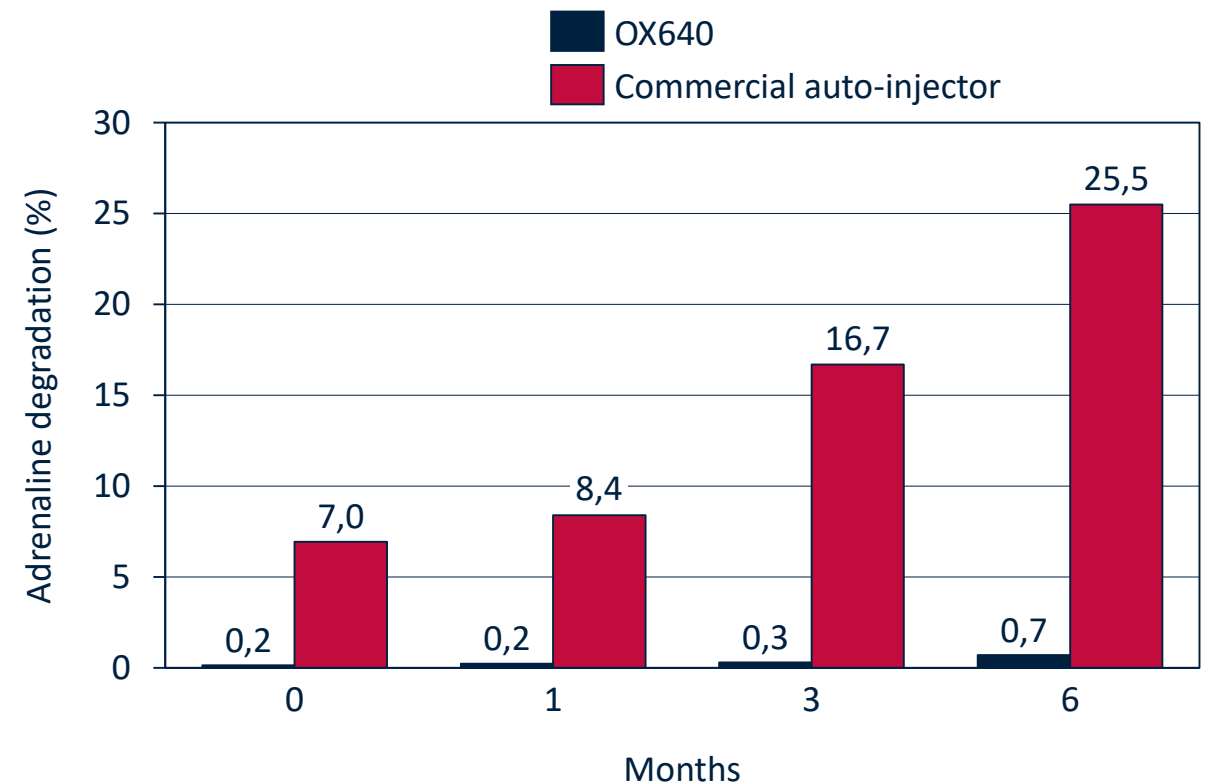
## Commercial injection solutions and auto-injectors

- ✓ Very sensitive to heat and light
- ✓ Contains antioxidant and sometimes chelating agent
- ✓ pH adjusted to improve stability, **BUT** too low pH may increase racemization of adrenaline

## OX640

- ✓ Very stable to heat and light
- ✓ No antioxidant or chelating agent
- ✓ No pH adjustment

## Comparative stability study @ 40°C/75% RH



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**DTx in brief**

- ✓ Subsection of digital health
- ✓ Evidence-based therapeutic intervention
- ✓ Prevent, manage, or treat a medical disorder or disease
- ✓ Particularly applicable in the mental illness & addiction space
- ✓ Standalone or along with pharma treatment
- ✓ Available 24/7



# Business update

# Digital

# Therapeutics (DTx)

# What to expect from DTx?

Digital Therapies are a new disruptive tool in healthcare

Significant interest exist and viable reimbursement pathways are evolving

The development of the overall market is still in its infancy

## Continued focus on new partnerships

- ✓ Leveraging learnings from Trinity Health to expand number of partnerships
- ✓ Working with Sober Grid with an expanded offering combining our services to new distribution channels
- ✓ Additional partners expected every quarter from now

## Pull through existing partnerships

- ✓ VORVIDA® & DEPREXIS® will be available on Walgreens Find Care® in Q1
- ✓ Finalize internal administrative processes at Trinity Health and start promoting solution
- ✓ First commercial patients from Trinity Health are expected near term

## Continued launch of MODIA™

- ✓ As the MODIA™ awareness campaign is finalized ZUBSOLV® customers will be able to test the therapy with patients in Q1
- ✓ Confirm viability of reimbursement pathways
- ✓ Trial programs will move into commercial use during the summer

# Number of partnerships increased with **Walgreens Find Care®** – a leading online healthcare marketplace



## Consumers

Moving from direct to consumer promotion to distribution through established and well-known partners



## Healthcare providers

Continued and intensified work with Trinity Health to establish feasible reimbursement pathways integrating DTx into reimbursed treatment programs



## Employers

Partnering with providers offering a broad range of services to employers



135 million visitors in Q3 2021 at **Walgreens Find Care®**<sup>1</sup>

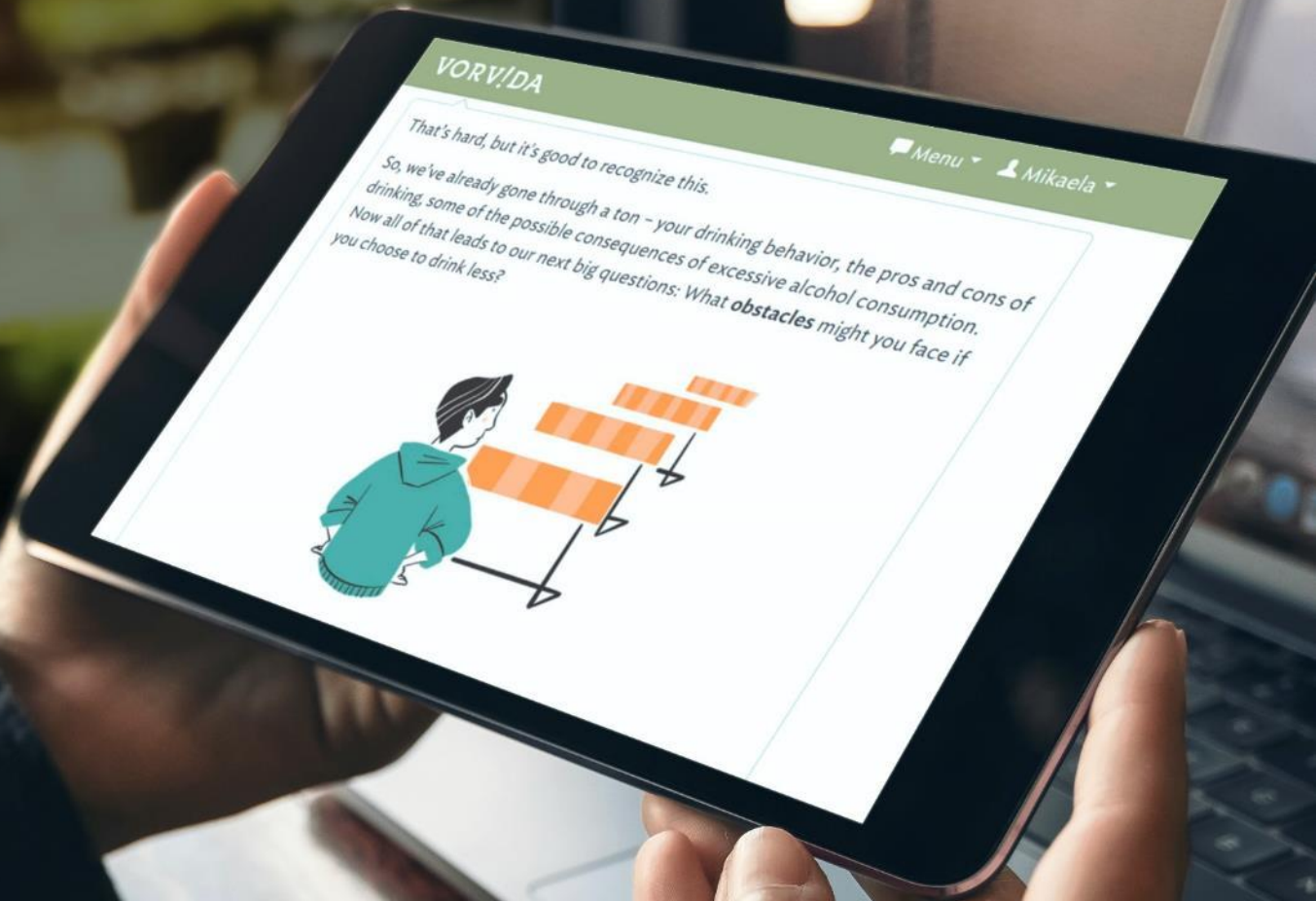
<sup>1</sup> Walgreens Q3 2021 Earnings call

# Market access and reimbursement is the main hurdle for digital therapies

- No established reimbursement system exist yet, but good progress made during the quarter
  - American Medical Association, agreed to create a CPT/reimbursement code for digital health solutions in mental health, with implementation latest January 1, 2023
  - CMS has decided a first reimbursement range for these services for implementation January 1, 2023
- Alternative pathways exist when digital therapies can be covered under existing medical benefit pathways
  - Require integration into existing treatment programs, involvement of HCPs and will not cover DTx as a stand alone tool
  - Intensive work with Trinity Health (ND) to develop a program for VORVIDA® and DEPREXIS®, and solve the administration process required
  - MODIA™ reimbursement confirmed with CMS provided integration into a broader treatment program, which aligns well with existing programs followed by most OUD treatment centers
  - Medical benefit is based on a "buy & bill" process where healthcare providers will be invoiced by Orexo, adding complexity to the implementation

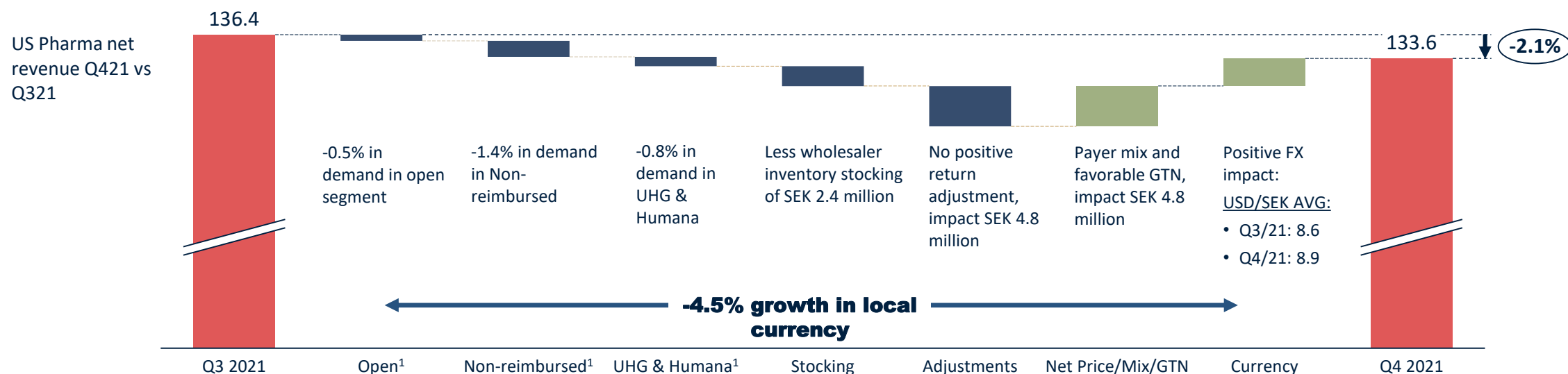
# Financial & legal

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# ZUBSOLV® sales declined 2% QoQ, H2 exceeded H1

Net revenue per segment	SEK m	Q4 2021	Q4 2020	H1 2021	H2 2021	Jan - Dec 2021	Jan - Dec 2020	Comments
ZUBSOLV® US		133.6	143.1	252.8	269.9	522.7	623.3	✓ ZUBSOLV® Net sales declined YoY with 6.7% primarily due to competition in previously exclusive plans and less wholesaler inventory stocking
<b>US Pharma – Total</b>		<b>133.6</b>	<b>143.1</b>	<b>252.8</b>	<b>269.9</b>	<b>522.7</b>	<b>623.3</b>	
DTx		0.3	0.0	0.4	0.7	1.1	0.0	
<b>DTx – Total</b>		<b>0.3</b>	<b>0.0</b>	<b>0.4</b>	<b>0.7</b>	<b>1.1</b>	<b>0.0</b>	
Abstral® royalties		8.3	15.1	17.0	15.1	32.1	29.7	
Edluar® royalties		1.8	0.9	4.9	4.2	9.1	10.4	✓ Q4 supported by 3% price increase and positive payer mix
ZUBSOLV® – ex US		0.0	0.0	0.0	0.0	0.0	0.1	
<b>HQ &amp; Pipeline – Total</b>		<b>10.1</b>	<b>16.0</b>	<b>21.9</b>	<b>19.3</b>	<b>41.2</b>	<b>40.2</b>	
<b>TOTAL</b>		<b>144.0</b>	<b>159.2</b>	<b>275.1</b>	<b>289.9</b>	<b>565.0</b>	<b>663.6</b>	



<sup>1</sup>Estimated change in demand by segment, based on Net Sales development during the quarter, IQVIA demand data, institutional sales and claims data from insurance companies

# Investing in future growth drivers

## Income statement

SEK m	Q4 2021	Q4 2020	Jan - Dec 2021	Jan - Dec 2020	Comments Q4
Net revenues	144.0	159.2	565.0	663.6	✓ <b>Gross Profit</b> below prior year due to: <ul style="list-style-type: none"> <li>• Lower ZUBSOLV US sales</li> <li>• Higher Z US COGS mainly due to a negative exchange-rate impact vs prior year and due to lower positive production variances</li> <li>• Higher Infrastructure costs for the DTx product portfolio explained by adding MODIA™ to the DTx product portfolio</li> </ul>
Cost of goods sold (COGS)	-20.3	-11.3	-78.9	-65.6	
<b>Gross Profit</b>	<b>123.7</b>	<b>147.9</b>	<b>486.1</b>	<b>598.0</b>	
Selling expenses	-70.9	-79.0	-280.4	-286.6	
Administrative expenses	-39.1	-19.8	-151.5	-102.8	
Research & development expenses	-80.0	-59.0	-272.3	-224.9	
Other operating income & expenses	2.1	-1.1	4.0	-3.6	
<b>Operating Costs</b>	<b>-187.8</b>	<b>-158.9</b>	<b>-700.2</b>	<b>-617.9</b>	
<b>EBIT</b>	<b>-64.1</b>	<b>-11.0</b>	<b>-214.1</b>	<b>-19.9</b>	
Net financial items	-2.1	-29.3	-8.4	-18.4	
<b>EBT</b>	<b>-66.2</b>	<b>-40.3</b>	<b>-222.5</b>	<b>-38.3</b>	✓ <b>Operating Costs</b> above prior year explained by: <ul style="list-style-type: none"> <li>• Higher legal expenses</li> <li>• OX124 development expenses</li> <li>• DTx associated expenses</li> </ul>
Tax	0.3	-9.2	-1.0	-46.1	
<b>Net profit/loss</b>	<b>-66.0</b>	<b>-49.6</b>	<b>-223.5</b>	<b>-84.4</b>	
<b>EBITDA</b>	<b>-48.5</b>	<b>1.0</b>	<b>-161.0</b>	<b>19.0</b>	✓ <b>ZUBSOLV® EBIT contribution</b> of USD 32.4m (35.9) <ul style="list-style-type: none"> <li>• EBIT Margin of 53.2% (53.1%)</li> </ul>

# Sufficient cash position to continue investments in DTX and OX124

## Cash flow

SEK m	Q4 2021	Q4 2020	Jan - Dec 2021	Jan - Dec 2020	Comments
Cash flow from operating activities	-80.6	-11.2	-229.0	16.8	✓ SEK 80.6 m negative contribution from operating activities and extended wholesaler payment terms in return of unchanged wholesaler fee increasing Account Receivables with SEK 43 m from Q3
Investment activities	-2.9	-29.0	-52.9	-189.2	
Financing activities	-5.5	-4.3	250.6	-111.3	
Cash flow (excl. exchange rate differences)	-89.0	-44.6	-31.2	-283.7	✓ Investment activities had a negative impact of SEK 2.9 m primarily due to purchase of equipment for the development organization and investments in DTx enterprise platform
<b>Liquid funds</b>	<b>504.1</b>	<b>505.3</b>	<b>504.1</b>	<b>505.3</b>	
Net cash position	11.7	280.8	11.7	280.8	

# Legal update

## **ZUBSOLV® patent dispute vs Sun Therapeutics**

No changes in Q4

- ✓ 9 patents listed in the Orange Book
- ✓ Expiring dates Dec 2027 – Sep 2032
- ✓ Previously successfully managed to defend ZUBSOLV® IP rights in the US appeal court

## **Subpoena with regards to ZUBSOLV®**

No changes in Q4

- ✓ No additional information received since issuance of subpoena July 2020

# Financial outlook

Based on USD/SEK exchange rate as of Dec. 2021

Metric	Outlook 2022	Reaffirmed/revised
Overall Covid-19 impact and mitigation	With the Covid-19 pandemic continuing, the financial outlook is associated with increased uncertainties	-
Key market development	Due to the continuing pandemic the buprenorphine/naloxone market will show a growth pace in line with 2021, and reach a level of 5-8 percent	N.A.
Lead product net sales	ZUBSOLV® net sales will decline slightly in H1 2022 vs H2 2021. In H2 ZUBSOLV® net sales will increase comparing to H1.	N.A.
Group OPEX	OPEX in line with 2021, with R&D expenses increasing and selling expenses declining	N.A.
US Pharma EBIT	US Pharma EBIT margin will exceed 50 percent	N.A.

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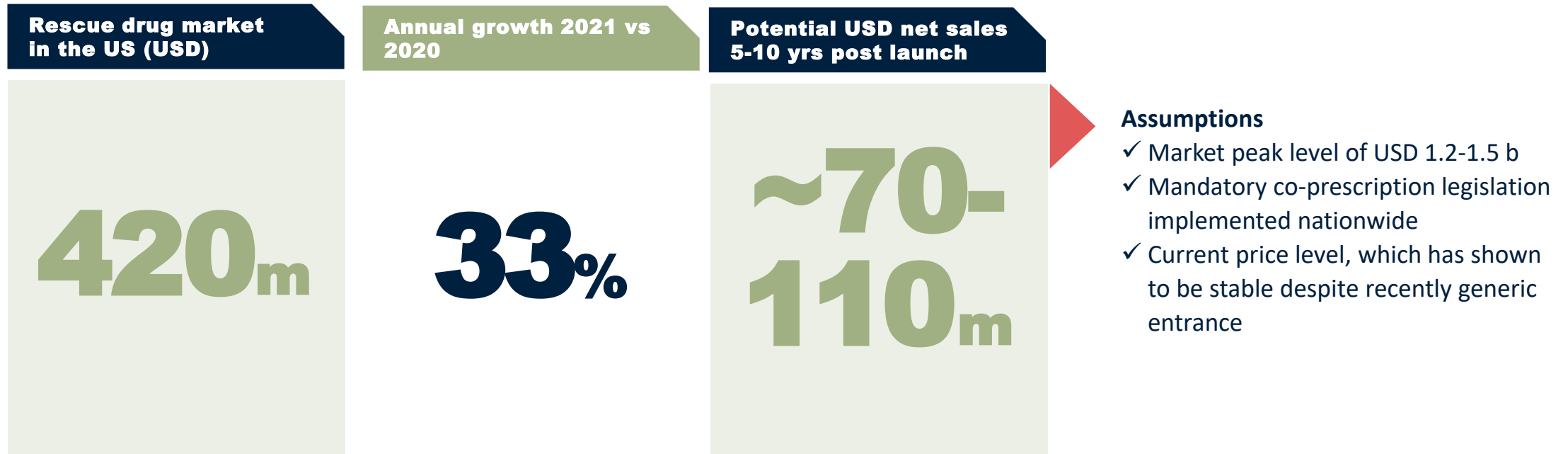
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# Future value drivers

# OX124 market opportunity



NOTE: The potential USD net sales is associated with significant uncertainties

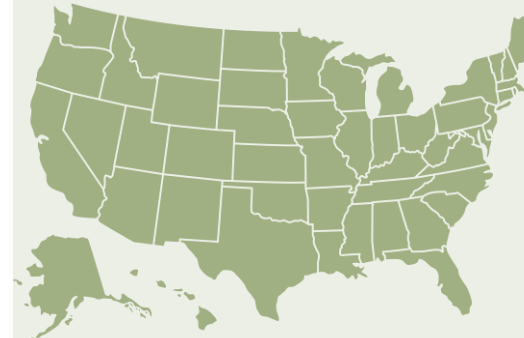
# The adrenaline auto-injector market

**7–8% expected global YoY market growth for the coming five years**



- ✓ Growth drivers: increase in life-threatening food allergies, rise in chronic illnesses due to allergies, rapid launch of advanced epinephrine injections and products and affordable generics
- ✓ The US will contribute about half of the growth potential

**The global market size exceeds US 2 billion**



- ✓ US largest market (>50% of the global market)
- ✓ EU is the second-largest market

**EpiPen® is the global market leader**



- ✓ Auto-injector (IM) market is concentrated with few players
- ✓ New delivery alternatives are under development
- ✓ But no meaningful innovation for decades

## Several exciting milestones in 2022/ 2023

**H1**

- ZUBSOLV® launch in Europe
- DTx partnering progression
- First DTx sales through Trinity Health and other large health care providers
- DTx sales progression expected in Q2

**H2**

- OX124 filing of a new drug application with FDA
- OX640 first human exploratory trial
- MODIA™ commercial launch
- DTx partnering and sales progression
- ZUBSOLV® market access development in the US
- ZUBSOLV® sales progression in Europe

**2023**

- MODIA™ trial results in H1
- Patent litigation trial in the District Court of New Jersey for ZUBSOLV® in H1
- Approval and launch of OX124 H2
- New projects based on the amorphOX™ platform

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